



Interim report January–September 2023

This is Vitec

Vitec is the market leader for vertical software and has its origin and headquarters in Umeå, Sweden. 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 societal benefit. The expertise of our employees, combined with our shared corporate culture and business model, enable continuous improvement and innovation. Vitec is listed on the Nasdaq Stockholm Large Cap list.

GROWTH – DEVELOP AND ACQUIRE

Vitec is an industry player with a long-term outlook. Our growth mainly occurs through corporate acquisitions, but also organically. Our strong cash flow enables us to both reinvest in products and make acquisitions. Continual development of our products is crucial to ensure that our offering will remain relevant in the future.

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.

OUR VISION

Shaping a wiser and more sustainable future

OUR VALUES

Our products – our foundation
Vertical Market Software

Keep it simple

Simple solutions succeed

Trust and transparency

Collaboration and responsibility create success

VITEC'S BRAND PROMISE

To rely on — today and tomorrow

VITEC'S BUSINESS CONCEPT

To contribute to the success of our customers by developing and providing standardized and niche business-critical software.

SUSTAINABILITY

Sustainability is integral to our business model and culture. To structure our work, we have defined four focus areas: Responsible growth, Enabling products, Empowered people and Reduced footprint. They are specified based on where and how our business has the greatest impact on the world around us, as well as areas where we believe we can make the greatest difference. Read more in the annual report's sustainability report.

Brief facts

24,600
customers


1,430
employees

84%
proforma recurring revenues, ARR

2,801
MSEK proforma net sales

11
countries

38
Business units

 Vitec Software Group has its origin and headquarters in Umeå, Sweden. A forum for networking and knowledge sharing within the Group is provided here.

SUMMARY OF INTERIM PERIOD, JULY–SEPTEMBER 2023

- Net sales SEK 701 million (505), an increase of 39%
- Recurring revenues SEK 614 million (417), an increase of 47%
- EBITA SEK 240 million (161), an increase of 49%
- EBITA margin 34% (32)
- Operating profit SEK 158 million (92), an increase of 71%
- Operating margin 22% (18)
- Earnings per share before dilution SEK 2.26 (1.76)
- Cash flow from operating activities SEK 158 million (87)
- Acquisition of Neagen Oy

SUMMARY OF INTERIM PERIOD, JANUARY–SEPTEMBER 2023

- Net sales SEK 2,037 million (1,400), an increase of 46%
- Recurring revenues SEK 1,735 million (1,180), an increase of 47%
- EBITA SEK 652 million (411), an increase of 59%
- EBITA margin 32% (29)
- Operating profit SEK 444 million (250), an increase of 78%
- Operating margin 22% (18)
- Earnings per share before dilution SEK 6.94 (5.05)
- Cash flow from operating activities SEK 727 million (489)



“We have both the organizational and the financial resources to continue our growth journey.”



Message from the CEO

Strong quarter demonstrates the strength of our business model once again



A strong quarter in a challenging macroeconomic environment demonstrates the strength of our business model, in which we deliver business-critical software, that is continuously developed to contribute to the success of our customers.

In the third quarter, revenues rose 39% to SEK 701 million compared with the same period last year; the corresponding figures for the first nine months are 46% and SEK 2,037 million. Revenues have now exceeded SEK 2 billion for the first time after only nine months. Our recurring revenues increased organically by 14%. We are also proud of our sustained margin growth; EBITA margin was 34% compared with 32% and EBITA rose 49% to SEK 240 million. Net profit was affected by higher interest rates and increased borrowing, but non-cash remeasurement of supplementary contingent consideration and long-term security holdings also had a negative impact of SEK 34 million for the entire period.

During the third quarter, the previously announced acquisition of Finnish Neagen was completed and we signed a contract for another Finnish acquisition, Codea. Codea develops and delivers

critical software for field management of emergency vehicles. At the beginning of October, we completed our sixth acquisition this year (a new record!): Dutch Memorix, which provides software for managing archives, digital cultural heritage and collections.

Excellent vertical software companies, which we evaluate on an ongoing basis, are continuously added to our list of acquisition candidates. In our assessment, company valuations have begun to demonstrate a slight downward trend as the impact of higher interest rates becomes evident, and sellers appreciate the simple acquisition process and long-term approach Vitec offers. We have used a supplementary contingent consideration approach to address valuation concerns for many years. These only apply if the company can report a clear improvement in performance compared to the time of acquisition. These payments are therefore a good indicator that the companies are performing well within the Vitec Group.

In the past year, we have expanded our internal resources for both acquisition activities and for integration into the Group, allowing us to handle our new companies well. This strategy provides

us with both the organizational and financial resources to continue our growth journey.

Recruitment of new employees has been a challenge for us and for many other players in the technology sector. In recent months, we have begun to see an improvement as more and more qualified candidates apply for our available positions. We hope that in Vitec, they see exciting work tasks and a stable and growing company.

To further align the common interest of shareholders and employees in generating value, Vitec has had various share-based incentive programs for over 20 years. At the 2023 Annual General Meeting, shareholders resolved to implement a share savings plan for staff in nine countries. We are pleased to announce that as much as 35% of the employees chose to invest in this long-term share savings plan.

A handwritten signature in black ink, appearing to read 'Olle Backman'.

Olle Backman, CEO,
Vitec Software Group

◀ Fall day in northern Finland. Neagen has its headquarters in Oulu and an office in Helsinki.

Group financial information

NET SALES AND EARNINGS

July–September 2023

Net sales

Net sales for the period totaled SEK 701.0 million (504.8) and included recurring revenues of SEK 613.7 million (417.4), license revenues of SEK 7.6 million (16.8), service revenues of SEK 70.7 million (60.7) and other revenues of SEK 9.1 million (10.0). Recurring revenues consist of subscription-based revenue of SEK 480.8 million (377.3) and transaction-based revenue of SEK 132.9 million (40.1). The increase in transaction-based revenue is due to acquisitions.

Comments on sales

Net sales rose a total of 39% for the period; recurring revenues rose 47%. Organic growth in subscription-based recurring revenues calculated on a rolling 12-month basis is 14%. We estimate that approximately five percentage points of this growth is attributable to currency effects.

Other revenues totaled SEK 9.1 million, which is a decrease of 9% compared with the corresponding period last year. Licensing declined 55%, compared with the corresponding period in 2020. Service revenues gained 16%, compared with the corresponding period in 2022. Recurring revenues accounted for 88% of net sales, compared with 83% for the corresponding period in 2022. During the year acquired companies contributed SEK 99.6 million in net sales.

Earnings

EBITA was SEK 240.2 million (160.8), with an EBITA margin of 34% (32). Operating profit was SEK 157.6 million (92.2), with an operating margin of 22% (18). Profit after tax for the period amounted to SEK 85.2 million (61.9). Earnings per share before dilution totaled SEK 2.26 (1.76).

Comments on earnings

EBITA gained 49%, compared with the corresponding period in 2022. IFRS 16 related to leases had an impact of to SEK 11.5 million (13.4) on operating profit, and SEK -13.2 million (-12.8) on depreciation. The net of capitalized development costs, amortization on intangible fixed assets and acquisition-related amortization had a negative effect on operating profit of SEK 19.7 million, compared with negative SEK 11.4 million the corresponding period last year. Acquisition-related costs are included in operating profit and amount to SEK -15.5 million (-19.6), of which transfer tax is SEK -7.9 million (0).

Net financial items total SEK -38.8 million (-17.1). The items consist of net interest income of SEK -24.3 million (-17.1) and non-cash remeasurement to fair value of supplementary purchase considerations of SEK -6.1 million (0) and long-term security holdings of SEK -8.4 million (0). The increase in net interest income is attributable to higher interest rates and increased borrowing in conjunction with acquisitions.

Vitec Software Group develops and provides software for clients such as the education sector in Sweden, Norway and Denmark.



January–September 2023

Net sales

Net sales for the period totaled SEK 2,037.3 million (1,400.1) and included recurring revenues of SEK 1,735.1 million (1,180.1), license revenues of SEK 32.4 million (29.5), service revenues of SEK 242.1 million (162.8) and other revenues of SEK 27.6 million (27.7). Recurring revenues consist of subscription-based revenue of SEK 1,382.3 million (1,049.4) and transaction-based revenue of SEK 352.9 million (130.7). The increase in transaction-based revenue is due to acquisitions.

Comments on sales

Net sales rose a total of 46% for the period; recurring revenues rose 47%. Organic growth in subscription-based recurring revenues calculated on a rolling 12-month basis is 14%. We estimate that approximately five percentage points of this growth is attributable to currency effects.

Other revenues totaled SEK 27.6 million, which is the same level compared with the corresponding period last year. Licensing increased by 10% and service revenues increased by 49%, compared with the corresponding period in 2022. Recurring revenues accounted for 85% of net sales, compared with 84% for the corresponding period in 2022. During the year acquired companies contributed SEK 230.9 million in net sales.

Earnings

EBITA was SEK 651.8 million (410.8), with an EBITA margin of 32% (29). Operating profit was SEK 444.1 million (249.8), with an operating margin of 22% (18). Profit after tax for the period amounted to SEK 259.2 million (177.0). Earnings per share before dilution totaled SEK 6.94 (5.05).

Comments on earnings

EBITA gained 59%, compared with the corresponding period in 2022. IFRS 16 related to leases had an impact of to SEK 41.7 million (37.3) on operating profit, and SEK -40.0 million (-35.7) on depreciation. The net of capitalized development costs, amortization on intangible fixed assets and acquisition-related amortization had a negative effect on operating profit of SEK 24.3 million, compared with negative SEK 17.5 million the corresponding period last year. Acquisition-related costs are included in operating profit and amount to SEK -26.9 million (-28.7), of which transfer tax is SEK -7.9 million (-0.7).

Net financial items total SEK -95.2 million (-26.9). The items consist of net interest income of SEK -61.3 million (-26.9) and non-cash remeasurement to fair value of supplementary purchase considerations of SEK -25.5 million (0) and long-term security holdings of SEK -8,4 million (0). The increase in net interest income is attributable to higher interest rates and increased borrowing in conjunction with acquisitions.

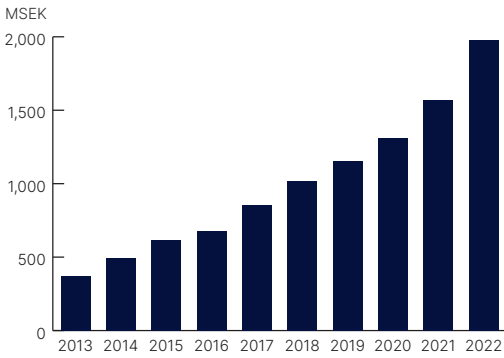
2,037

Net sales, SEK million
January–September

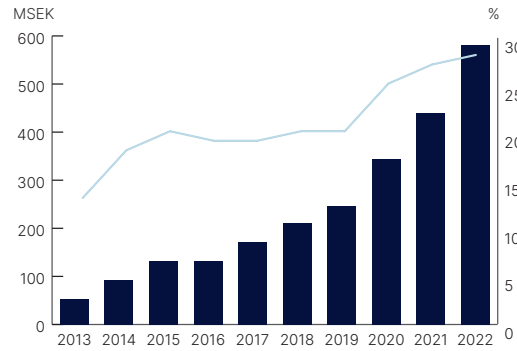
	2023 Jul-Sep	2022 Jul-Sep	Change	2023 Jan-Sep	2022 Jan-Sep	Change
Net sales, SEK million	701	505	39%	2,037	1,400	46%
Recurring share of net sales, %	88%	83%		85%	84%	
EBITA, SEK million	240	161	49%	652	411	59%
EBITA margin, %	34%	32%		32%	29%	
Operating profit/loss, SEK million	158	92	71%	444	250	78%
Operating margin, %	22%	18%		22%	18%	
Net profit/loss for the period, SEK million	85	62	38%	259	177	46%
Earnings per share, SEK	2.26	1.76		6.94	5.05	

Diagrams on Group trends

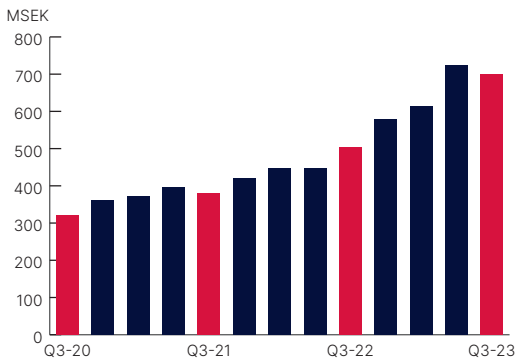
Sales



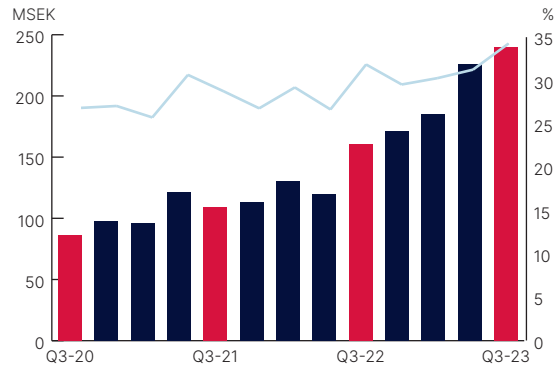
EBITA and EBITA margin



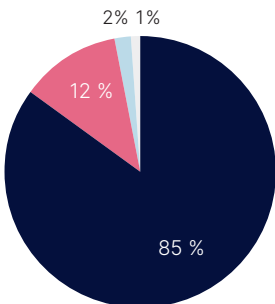
Sales by quarter



EBITA and EBITA margin by quarter

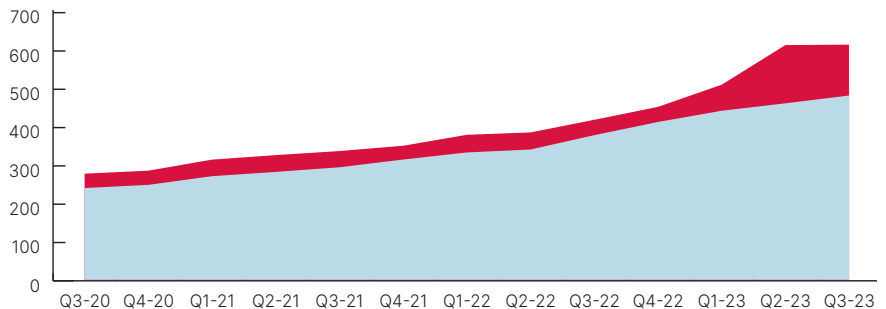


Breakdown of revenue, January-September 2023



- Recurring
- Services
- Licenses
- Other

Allocation of recurring revenues Q3 2020-Q3 2023



Quarter	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23
Transaction-based revenue	11%	11%	12%	11%	11%	9%	11%	10%	8%	7%	11%	21%	19%

Subscription-based revenue	75%	68%	72%	71%	77%	74%	74%	76%	75%	71%	72%	64%	69%
----------------------------	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

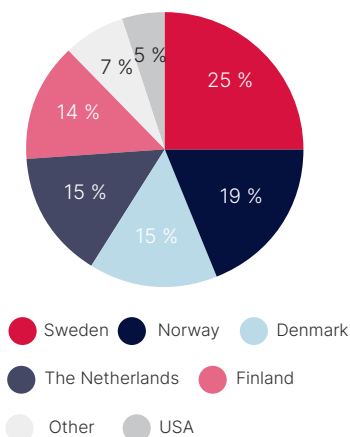
Quarter	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23
Total percentage of recurring revenues	86%	79%	84%	82%	88%	83%	85%	86%	83%	78%	83%	85%	88%

Sales broken down by business unit and customer

Because we operate in a number of niche markets and countries, we have good distribution 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. Some are complete enterprise systems, while others provide support for specific aspects of our customers' operations.

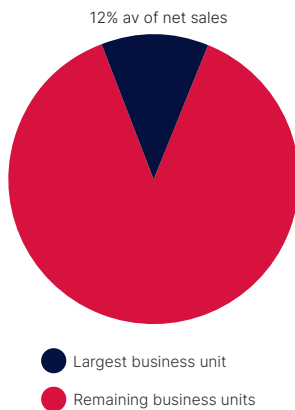
As we continue to acquire profitable vertical software companies, we expect the distribution of risk to continue in a positive direction.

Sales by market, January–September 2023



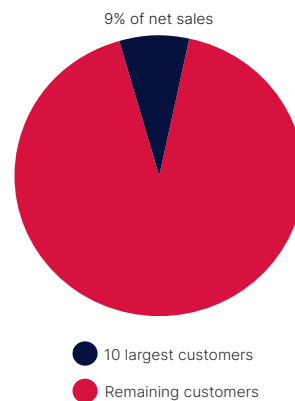
BREAKDOWN OF SALES

Our sales are evenly spread across our 38 business units. No individual business unit accounts for more than 12% of consolidated sales.



CUSTOMERS

We have about 24,600 customers. The Group's ten largest software customers account for approximately 9% of sales. The single largest software customer accounts for approximately 1.7% of sales.



▲ Vitec operates in 11 countries









































Our business units

We conduct our operations through our 38 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 societal benefit.

BUSINESS UNITS

Business unit	Software for:	Registered office	Acquisition year	Sales 2022, SEKm	Recurring, 2022
ABS Laundry Business Solutions	 The global laundry and textile rental industry.	NL	2022	257	41%
Enova	 Energy management and grid balancing services in the Netherlands.	NL	2023	309	100%
Vabi	 Sustainable energy management for the real estate and property management industry in the Netherlands.	NL	2021	82	99%
Vitec Actor Smartbook	 Municipal culture and recreation administration offices, as well as other visitor facilities in Norway and Sweden.	SE	2018	45	82%
Vitec Acute	 Healthcare companies in Finland.	FI	2013	80	91%
Vitec Agrando	 Church-related administration in Norway.	NO	2018	38	93%
Vitec ALMA	 Information management within the process industry and energy companies in Finland.	FI	2020	40	56%
Vitec Aloc	 Banking and finance industry in the Nordic countries and western Europe.	DK	2014	126	84%
Vitec Appva	 Healthcare and social services sector in Sweden.	SE	2020	46	94%
Vitec Autosystemer	 Automotive, transportation and machinery industry in Norway.	NO	2015	52	93%
Vitec Avoine	 Local associations, national organizations and golf facilities in Finland.	FI	2019	48	88%
Vitec Bygg & Fastighet	 Construction and property management industry in Sweden.	SE	1985	216	76%
Vitec Capitex Finanssystem	 Banking and finance industry, primarily in Sweden and with some establishment in Norway and Finland.	SE	2010	29	90%
Vitec Cito	 Pharmacy market in Denmark.	DK	2018	45	71%
Vitec Datamann	 Car dealers and auto repair shops in Denmark.	DK	2015	56	83%
Vitec DL System	 Enterprise-management system for facilities in the tourism sector.	SE	2023	8	87%
Vitec DocuBizz	 Automotive industry in northern Europe and the US.	DK	2022	32	94%
Vitec Energy AB	 Electricity traders and owners of electricity and district heating grids in about 25 different countries.	SE	1998	39	89%
Vitec Fixit	 Hair and beauty salons in Norway.	NO	2019	69	90%

Business unit	Software for:	Registered office	Acquisition year	Sales 2022 , SEKm	Recurring, 2022
Vitec Futursoft	 Automotive industry and machinery sector in Finland and Sweden.	FI	2016	95	91%
Vitec HK data	 Health and welfare sector in Norway.	NO	2019	18	84%
Vitec Hotelinx	 Hotels and tourism in Finland	FI	2022	21	86%
Vitec Katrina	 Church-related administration in Finland.	FI	2019	24	86%
Vitec Megler	 Real estate agents in Norway.	NO	2012	97	94%
Vitec MV	 Education sector in Denmark, Norway and Sweden.	DK	2017	44	95%
Vitec Mäklarsystem	 Real estate agents in Sweden.	SE	2010	87	96%
Vitec Neagen	 Healthcare sector in Finland.	FI	2023	57	55%
Vitec Nice	 Liability insurance companies in Norway and Sweden.	NO	2015	16	58%
Vitec Nordman	 Food and grocery retail industry in Sweden	SE	2021	21	90%
Vitec Plania	 Building and facility management in Norway.	NO	2016	40	73%
Vitec Raisoft	 Healthcare and social services company in Finland and Switzerland.	FI	2022	66	73%
Vitec Samfundssystem	 Administrative services for churches and preschools in Sweden.	SE	2018	46	77%
Vitec Scanrate	 Bond market in Denmark.	DK	2022	57	86%
Vitec Tietomitta	 Private and municipal waste-and-resource processing in Finland.	FI	2016	61	93%
Vitec Travelize	 Travel agencies, primarily in Scandinavia.	SE	2021	22	84%
Vitec Unikum	 Retail trade and manufacturing industry in Sweden.	SE	2021	109	81%
Vitec Visiolink	 Media companies in Europe.	DK	2020	69	74%
Vitec WIMS	 Insurance companies in Norway.	NO	2019	33	71%

Balance sheets and cash flow

LIQUIDITY AND FINANCIAL POSITION

The Group's cash and cash equivalents at the end of the period totaled SEK 362.7 million (522.1). In addition to cash and cash equivalents, Vitec has an overdraft facility of SEK 125.0 million and SEK 666.9 million in unutilized portions of the credit facility, which amount to a total of SEK 2,500 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.

At September 30, 2023, interest-bearing liabilities totaled SEK 2,054.6 million (2,046.3) and comprised SEK 2,023.2 million (1,057.6) in non-current interest-bearing liabilities and SEK 31.4 million (2.8) in current interest-bearing liabilities. Non-current interest-bearing liabilities comprised bank loans of SEK 1,839.9 million, as well as convertible debentures totaling SEK 180.6 million. Current interest-bearing liabilities comprised bank loans of SEK 2.8 million as well as convertible debentures totaling SEK 28.7 million. Interest-bearing net debt amounts to SEK 1,691.9 million (1,525.3).

The convertible loans consist in part of convertible debentures subscribed for in conjunction with acquisitions, and in part of employee convertibles that were approved at the most recent annual general meetings.

During the period, convertible loans 2101 and 2102 were converted, which reduced financial liabilities by SEK 16.9 million.

Liabilities relating to right-to-use assets in the form of leases for premises are included in other non-current liabilities of SEK 39.2 million and in other current liabilities of SEK 37.0 million.

The total supplementary contingent purchase consideration as of September 30 was SEK 855.1 million, including a non-current portion of SEK 747.2 million and a current portion of SEK 107.9 million.

CASH FLOW AND INVESTMENTS

During the period, SEK 860.3 million from the credit facility was used for financing. Repayment of the facility totaled SEK 334.3 million, amortization of bank loans amounted to SEK 2.1 million, and amortization related to right-to-use assets was SEK 41.7 million. Cash flow from operating activities was SEK 726.8 million (489.2). Investments totaled SEK 252.4 million in capitalized work, SEK 2.0 million in other intangible assets and SEK 17.1 million in property, plant and equipment. Investments in right-of-use assets not affecting cash flow totaled SEK 23.0 million. As a result of acquisitions, SEK 1,623.1 million was invested in product rights, brands, customer agreements and goodwill.

The fourth and final payment of the dividend for financial year 2021 was made on March 30, 2023, when SEK 18.7 million was paid. Payments relating to the 2022 financial year were made on June 30 and September 29 in the amount of SEK 21.3 million on both occasions.

SHAREHOLDERS' EQUITY

Equity attributable to Vitec's shareholders totaled SEK 3,483.1 million (2,253.8). The equity/assets ratio is 45% (39). On April 25, the Annual General Meeting resolved to pay a dividend of SEK 2.28 per share, totaling SEK 91.5 million. The dividend will be divided up and paid on four payment dates: June 30, September 30, December 30 and March 30, 2024.

During the period, convertible loans 2101 and 2102 were converted. As a result of the conversions the number of class B shares in Vitec increased by 46,147 and share capital increased by SEK 4,614.6. The number of shares in Vitec after the conversions is 37,374,686 shares, including 2,650,000 class A shares.

On April 25, the Annual General Meeting decided on the introduction of a new long-term share savings program, Employee Share Savings Plan, "ESSP 2023". The program is aimed at all employees in the Vitec Group and requires own investment in B shares in Vitec

("Saving shares"), during a period of twelve (12) months ("Savings period"), normally through monthly savings. The employees are offered the opportunity to obtain allocation of B shares in Vitec free of charge after a lock-in period that begins after the first acquisition of Saving shares until June 30 2026 (the "Lock-in Period"). Employees receive an award of B Shares provided that their employment has not been terminated by the employee prior to the end of the Lock-up Period and provided that the participant retains his or her initial investment in Saving shares ("Matching shares"). The program was launched during the third quarter of 2023 and the value of the matching shares for the period amounts to SEK 2.7 million, which has been reported as a personnel cost and against equity.

TAXES

Current tax for the period amounted to SEK 85.8 million (45.1). Deferred tax totaled SEK 3.8 million (0.9). Tax expense for the year corresponds to an average tax rate of 25% (21).

Outstanding warrant program:

Warrants	Number of options	Grant date	Maturity date	Exercise price, SEK	Max increase share capital	Dilution capital	Dilution votes
TO 2020:1	251,000	Sep 16, 2020	Sep 1, 2023– Sep 15, 2023	333	0.025	0.7%	0.4%
TO 2021:1	263,000	Jun 15, 2021	Jun 3, 2024– Jun 14, 2024	463	0.026	0.7%	0.4%
TO 2022:1	129,800	May 23, 2022	Jun 3, 2025– Jun 14, 2025	579	0.013	0.3%	0.2%
TO 2022:1	52,500	Jul 20, 2022	Jun 3, 2025– Jun 14, 2025	579	0.005	0.1%	0.1%
Number of options	696,300				0.070	1.9%	1.1%

Convertible debentures:

Convertible debentures	Carrying amount, SEK million	Duration	Conversion period	Conversion price, SEK	Max increase share capital, SEK million	Dilution capital	Dilution votes
Loan 2101	5.5	Jan 4, 2021– Dec 30, 2023	Jan 1, 2023– Dec 30, 2023	373	0.004	0.0%	0.0%
Loan 2104	2.4	Apr 26, 2021– Jun 30, 2024	Jan 1, 2024– Jun 30, 2024	468	0.001	0.0%	0.0%
Loan 2201	4.9	Jan 21, 2022– Jan 31, 2025	Aug 1, 2024– Jan 31, 2025	565	0.001	0.0%	0.0%
Loan 22/ 25: 4	103.8	Jul 6, 2022– Jun 30, 2025	Jul 1, 2024– Jun 30, 2025	549	0.019	0.5%	0.3%
Loan 22/ 25: 4	18.0	Sep 7, 2022– Jun 30, 2025	Jul 1, 2024– Jun 30, 2025	481	0.004	0.1%	0.1%
Loan22/ 25: 5	15.6	Oc 5, 2022– Sep 30, 2025	Oct 1, 2024– Sep 30, 2025	399	0.005	0.1%	0.1%
Loan 23/ 26: 1	2.9	Jun 12, 2023– Dec 30, 2022	July 1, 2025– Dec 30, 2022	652	0.000	0.0%	0.0%
Loan 23/ 26:2	28.8	Sep 14, 2023– Sep 30, 2026	Oct 1, 2025– Sep, 2026	701	0.004	0.1%	0.1%
Loan 2009 Convertible Employee Program	12.6	Sep 1, 2020– Sep 30, 2023	Sep 1, 2023– Sep 30, 2023	333	0.004	0.1%	0.1%
Loan 2021:1 Convertible Employee Program	8.3	Jun 1, 2021– Jun 30, 2024	Jun 1, 2024– Jun 30, 2024	463	0.002	0.0%	0.0%
Loan 2022:1 Convertible Employee Program	6.5	Jun 1, 2022– Jun 30, 2025	Jun 1, 2025– Jun 30, 2025	579	0.001	0.0%	0.0%
Total liability	209.4				0.046	1.1%	0.7%

Growth – develop and acquire

Vitec is an industry player with a long-term outlook. Our growth mainly occurs through corporate acquisitions, but also organically. Our business model is based on a high percentage of recurring revenues. This provides us with stable and predictable cash flows that enable us to pursue a long-term approach where we can both reinvest in products and make acquisitions. Continual development of our products is crucial to ensure that our offering will remain relevant in the future.

ACQUISITIONS DURING THE PERIOD

During the period four acquisitions were completed; Enova Holding B.V., DL Systems AB, Entry Event Sweden AB and Neagen Oy. Agreement has also been signed to acquire all shares in Codea Oy. From the acquisition date up to and including September 30, revenues in the acquired companies totaled SEK 230.9 million in sales and SEK 70.5 million in profit before tax. If consolidation had occurred at the beginning of the year, the companies would have provided the Group with roughly an additional SEK 87.2 million in sales and SEK 23.9 million in profit before tax. The acquisition-related expenses are recognized in operating profit and total SEK 26.2 million. The operating profit also includes SEK 0.7 million in acquisition-related costs related to acquisitions from previous years.

The goodwill items are not tax deductible and are 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 acquisitions added SEK 39.2 million in product rights, SEK 31.0 million in brands, SEK 676.2 million in customer agreements and SEK 876.7 million in goodwill. Expensed portions of contingent considerations amount in total to a discounted value of SEK 855.1 million and are subject to gross margin improvements and EBIT improvements over the next several years. Contingent considerations are valued at discounted value of maximum outcome.

Acquisition Enova Holding B.V.

On September 23, Vitec acquired all shares in the Dutch software company Enova Holding B.V. Enova specializes in developing, delivering and maintaining energy management software for large companies in the Netherlands, as well as providing grid balancing services.

Enova's sales averaged EUR 28 million in the 2021 and 2022 financial years. The acquisition is expected to yield an immediate increase in earnings per share for Vitec. Consolidation takes place from the date of acquisition.

Payment was in cash as well as through a contingent consideration arrangement.

Acquisition DL System AB

On May 15, Vitec acquired all shares in the Swedish software company DL Systems AB. DL Systems develops and delivers a complete reservation system for facilities in the hospitality industry.

The company reported sales of SEK 8 million for the 2021/2022 financial year. The acquisition is expected to yield an immediate increase in earnings per share for Vitec. Consolidation takes place from the date of acquisition.

Payment was in cash as well as through a contingent consideration arrangement.

Acquisition Entry Event Sweden AB

On June 12, Vitec acquired all shares in the Swedish software company Entry Event Sweden AB. Entry Event develops and delivers a complete business system for the hospitality industry.

The company reported sales of SEK 14 million for the 2021/2022 financial year. The acquisition is expected to yield an immediate increase in earnings per share for Vitec. Consolidation takes place from the date of acquisition.



During the period companies which provide software to the healthcare sector were acquired.

Payment was made in cash less a withheld amount payable on June 30, 2024 and June 30, 2025. Payment was also made with a convertible, with deviation from shareholders' preferential rights in accordance with the authorization from the Annual General Meeting on April 25, 2023. The convertible matures in 36 months and at full conversion will have a dilutive effect on capital below 0.1%.

After the acquisition, Entry Event is part of the business unit Vitec Actor Smartbook.

Acquisition Neagen Oy

On June 13, an agreement was signed to acquire all shares in the Finnish software company Neagen Oy and the acquisition was completed on September 14. Neagen develops and delivers

medical imaging archiving and viewing solutions and has a market-leading position in Finland.

The company reported sales of approximately EUR 5 million for the 2022 financial year. The acquisition is expected to yield an immediate increase in earnings per share for Vitec. Consolidation takes place from the date of 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 April 25, 2023. The convertible matures in 36 months and at full conversion will have a dilutive effect on capital of less than 0.1%.

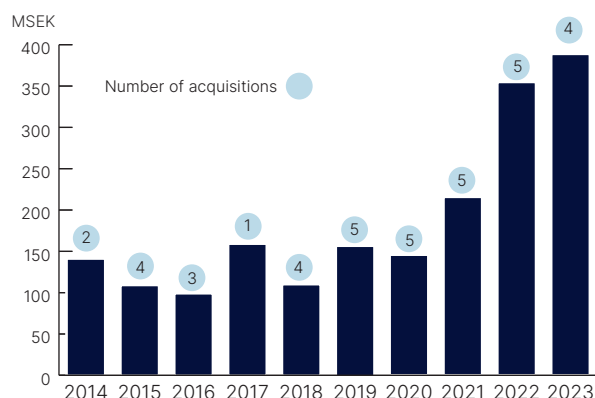
Acquisition Codea

On September 26, an agreement was signed to acquire all shares in the Finnish software companies Codea Oy and Navicode Oy. Software company Codea develops and delivers critical software for field management of emergency vehicles and has a market-leading position in Finland.

Codea reported sales of approximately EUR 1.4 million in the 2022 financial year. The acquisition is expected to yield an immediate increase in earnings per share for Vitec.

Payment will be in cash and with a convertible, with deviation from shareholders' preferential rights in accordance with the authorization from the Annual General Meeting on April 25, 2023.

Acquired revenue



ORGANIC GROWTH

SEK million	R12 2023-09	R12 2022-09	Growth
Reported subscription-based recurring revenues	1,794	1,363	
Effect of acquired units	36	236	
Proforma subscription-based recurring revenues	1,830	1,599	14%
Reported transaction-based recurring revenues	392	167	
Effect of acquired units	124	291	
Proforma transaction-based recurring revenues	516	457	13%
Reported recurring revenues	2,186	1,530	
Effect of acquired units	160	527	
Proforma recurring revenues	2,346	2,057	14%
Reported net sales	2,615	1,822	44%
Effect of acquired units	185	696	
Proforma net sales	2,801	2,517	11%

The convertible matures in 36 months and at full conversion will have a dilutive effect on capital of less than 0.1%.

Before the acquisition can be finalized, it must be approved by the Finnish Ministry of Employment and the Economy under the Act on the Screening of Foreign Corporate Acquisitions in Finland.

INVESTMENTS: PARTNERSHIPS

Our subsidiary Malmkroppen AB aims to invest in Nordic software companies that are in an earlier phase than the software companies that are usually acquired.

Investment in Precisely AB

On March 3, Malmkroppen invested in the Swedish software company Precisely AB. Precisely provides software that enables businesses and organizations to manage contracts more efficiently. Vitec holds a 5.6% stake in the company after the investment.

Investment in Predge AB

On March 23, Malmkroppen expanded its ownership stake in the Swedish software company Predge AB. Predge provides decision support for the transition from reactive to predictive maintenance and long-term sustainable operation. Vitec holds a 10.0% stake in the company after the investment.

Investment in Indico Technologies AB

On March 31, Malmkroppen invested in the Swedish software company Indico Technologies AB. Indico delivers forecasting tools that can interpret large amounts of data for businesses where forecast accuracy has a direct impact on margins and profits. Vitec holds a 3.6% stake in the company after the investment.

Investment in Voxo AB

On April 5, Malmkroppen expanded its ownership stake in the Swedish software company Voxo AB. Voxo is a Swedish voice technology company specializing in conversation-based AI

solutions. Vitec holds a 11.2% stake in the company after the investment.

Investment in Tempus Information Systems AB

On April 14, Malmkroppen expanded its ownership stake in the Swedish software company Tempus Information Systems AB. Tempus develops resource planning and scheduling software for preschools in Sweden. Vitec holds a 32.8% stake in the company after the investment.

Investment in Pinpointest AB

On June 14, Malmkroppen expanded its ownership stake in the Swedish software company Pinpointest AB. Pinpointest offers an open, independent, and free platform that compiles estimates prior to financial statements and interim reports from a large number of investors and offers broad market expectations for listed companies. Vitec holds a 13.6% stake in the company after the investment.

Vitec was founded in 1985 by research colleagues Lars Stenlund and Olov Sandberg. The company is a spin-off from Umeå University. ▶



Significant events after the period

VITEC ACQUIRES THE SOFTWARE COMPANY MEMORIX

Vitec Software Group AB (publ) strengthens its position in Vertical Market Software on October 12, by acquiring all shares in the Dutch software company Picturae ICT B.V., under name change to Vitec Memorix B.V. (Memorix). Memorix reported sales of €4.0 million, for the 2022 financial year.

The software company Memorix develops and delivers collection management software for archives, digital heritage and collections. The products Memorix Maior and the recently released new version Memorix Nexus are central software for filing and archiving of digitized information, and archive management. Memorix is one of the leading players within its vertical in the Benelux region.

Payment will be in cash. The acquisi-

tion is expected to yield an immediate increase in earnings per share for Vitec.

Memorix was founded in 1997 and is headquartered in Heerhugowaard, The Netherlands.

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 assets, and acquired assets and liabilities. We expect the future items of a detailed acquisition plan 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 2022 Annual Report under "Risks and uncertainties" on pages 82-86, in Note 1, under the section,

"Assessments and estimates" on pages 112, and in Note 10 "Financial risks and the management of capital" on pages 134-135. No material changes have occurred since then.

Parent Company

Net sales totaled SEK 126.3 million (97.4) and essentially comprised invoicing to subsidiaries for services rendered. Profit after tax was SEK -74.6 million (-3.4). Parent Company earnings were charged with unrealized

foreign-exchange losses totaling SEK -53.6 million (-23.1). 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 2023 that are expected to affect the Group's accounts.

OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker of the Company. In the Vitec Group, the CEO and President has been identified as chief executive decision-maker who evaluates the Group's financial position and performance and makes decisions on resource allocation. The operating segments form the operational structure for internal governance, follow-ups, and reporting. The CEO analyzes and monitors the sales and earnings of the operation based on the total consolidated operations. The assessment is thus that the Group's operations consist of one segment.

INCENTIVE PROGRAM

There is an ongoing convertible program aimed at all personnel in the form of convertible debentures. The shares were issued on market terms. Consequently, there are no benefits that can be recognized as share-based remuneration.

Warrant incentive programs are also underway, in the form of warrants, aimed at around 45 people. The shares were issued on market terms. The fair value of options granted is calculated using a modified version of the Black-Scholes valuation model. The value of the option premiums is recognized as share-based remuneration.

As of the third quarter of 2023, a long-term share savings plan aimed at all staff has been in place. If the conditions are met, participants receive matching shares. The value of the matching shares is recognized as share-based remuneration.

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 assets at fair value, financial liabilities at fair value and financial liabilities 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 the company's financial instruments that are subject to measurement at fair value are classified as level 3 and pertain to securities held as fixed assets, as well as contingent considerations in conjunction with acquisitions.

Long-term security holdings are valued at estimated fair value, any adjustment go through profit or loss.

Significant amounts of supplementary contingent considerations are initially measured at assessed fair value, any adjustment go through profit or loss.

Recurring measurements at fair value, at September 30, 2023, SEK thousands

	Level 1	Level 2	Level 3	Book value
Securities held as fixed assets			42,199	42,199
Total assets			42,199	42,199
Conditional supplementary contingent considerations, due within 1 year			107,884	107,884
Conditional supplementary purchase considerations, due in more than 1 year, but within 3 years			210,428	210,428
Conditional supplementary purchase considerations, due in more than 3 years, but within 5 years			536,744	536,744
Total liabilities			855,056	855,056

Signature

Umeå on October 18

Olle Backman
Chief Executive Officer

Auditor's report

INTRODUCTION

We have reviewed the consolidated financial interim information (interim report) of Vitec Software Group AB (publ) at September 30, 2023, and the nine-month period that ended on this date. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

SCOPE AND FOCUS OF THE REVIEW

We have conducted our review in accordance with the Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and a substantially more limited scope compared with the focus and scope of an audit conducted in accordance with the International Standards on Auditing and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant circumstances that might be identified in an audit. Therefore, the conclusion expressed on the basis of a review does

not provide the same level of assurance as a conclusion expressed on the basis of an audit.

CONCLUSIONS

Based on our review, nothing has come to our attention that causes us to believe that the interim report has not, in all material aspects, been compiled in accordance with IAS 34 Interim reporting and the Swedish Annual Accounts Act, and for the Parent Company in accordance with the Swedish Annual Accounts Act.

Stockholm on October 18

PricewaterhouseCoopers AB

Aleksander Lyckow
Authorized Public Accountant

Condensed consolidated statement of comprehensive income

SEK THOUSANDS	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
OPERATING REVENUES					
Recurring revenues	613,654	417,390	1,735,128	1,180,119	1,631,256
License revenues	7,580	16,797	32,392	29,457	54,483
Service revenues	70,665	60,681	242,119	162,800	253,629
Other revenues	9,097	9,952	27,627	27,693	38,823
NET SALES	700,996	504,820	2,037,266	1,400,069	1,978,191
Reversal of supplementary purchase consideration	-	-	-	3,402	3,402
TOTAL REVENUES	700,996	504,820	2,037,266	1,403,471	1,981,593
Capitalized development costs	81,701	62,504	252,381	185,374	265,351
OPERATING EXPENSES					
Goods for resale	-9,841	-12,180	-31,128	-27,500	-40,002
Subcontractors and subscriptions	-108,344	-44,453	-292,202	-144,368	-196,381
Other external expenses	-72,596	-59,580	-223,338	-171,080	-248,896
Personnel expenses	-299,272	-247,436	-938,461	-711,812	-1,010,353
Depreciation of property, plant and equipment	-18,328	-17,153	-54,797	-48,589	-67,854
Amortization of intangible fixed assets	-34,321	-24,976	-95,818	-70,726	-98,765
Impairment of intangible assets	-	-	-	-3,402	-3,402
Unrealized exchange-rate gains/losses (net)	222	-783	-2,071	-604	278
TOTAL EXPENSES	-542,480	-406,561	-1,637,814	-1,178,081	-1,665,375
EBITA	240,216	160,763	651,833	410,764	581,569
Acquisition-related costs	-15,518	-19,649	-26,891	-28,720	-40,285
Acquisition-related amortization	-67,091	-48,916	-180,854	-132,194	-185,443
OPERATING PROFIT/LOSS	157,607	92,198	444,089	249,850	355,841
Financial income	1,056	31	5,151	80	2,596
Financial expenses	-25,153	-17,165	-66,428	-26,953	-46,272
Other financial items (net)	-14,670	-	-33,950	-	-
TOTAL FINANCIAL ITEMS	-38,767	-17,134	-95,227	-26,873	-43,676
PROFIT AFTER FINANCIAL ITEMS	118,840	75,064	348,862	222,977	312,165
Tax	-33,640	-13,155	-89,649	-45,952	-67,298
NET PROFIT FOR THE PERIOD	85,200	61,909	259,213	177,025	244,866
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	-98,727	63,879	84,671	132,862	198,105
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	-98,727	63,879	84,671	132,862	198,105
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-13,526	125,788	343,884	309,887	442,971
PROFIT FOR THE PERIOD ATTRIBUTABLE TO					
- Parent Company shareholders	85,200	61,908	259,213	177,025	244,866
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO					
- Parent Company shareholders	-13,526	125,787	343,884	309,887	442,971

Condensed consolidated statement of financial position

SEK THOUSANDS	Sep 30, 2023	Sep 30, 2022	Dec 31, 2022
ASSETS			
FIXED ASSETS			
Goodwill	3,813,943	2,693,051	2,900,642
Other intangible fixed assets	2,985,304	2,030,588	2,163,031
Tangible property, plant and equipment	137,170	157,787	155,987
Financial fixed assets	50,585	37,183	38,811
Deferred tax assets	8,465	9,226	13,483
TOTAL FIXED ASSETS	6,995,468	4,927,835	5,271,954
CURRENT ASSETS			
Inventories	4,809	3,103	2,825
Current receivables	399,508	312,287	430,258
Cash and cash equivalents	362,748	522,147	615,787
TOTAL CURRENT ASSETS	767,065	837,537	1,048,870
TOTAL ASSETS	7,762,533	5,765,372	6,320,824
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to Parent Company shareholders	3,483,098	2,253,804	3,209,758
Non-current interest-bearing liabilities	2,023,175	2,044,623	1,493,776
Deferred tax liabilities	562,673	383,532	407,697
Other non-current liabilities	784,632	249,875	249,156
TOTAL NON-CURRENT LIABILITIES	3,370,480	2,678,030	2,150,629
Accounts payable	59,040	54,556	56,696
Current portion of interest-bearing liabilities	31,413	2,778	37,784
Other current liabilities	352,178	393,809	461,282
Accrued expenses	215,514	171,949	165,700
Prepaid recurring revenues	250,809	210,446	238,975
TOTAL CURRENT LIABILITIES	908,955	833,538	960,437
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	7,762,533	5,765,372	6,320,824

Condensed consolidated statement of changes in equity

SEK THOUSANDS	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS					
Opening balance	3,489,560	2,110,877	3,209,758	1,989,104	1,989,104
Correction of error attributable to previous year	-	-	50	-	-
Convertible debenture with stock options	920	5,014	1,053	5,508	6,369
Debenture conversion	3,430	10,760	16,906	18,425	18,354
New share issue	-	-	-	-	833,800
Issuing costs	-	-	-	-	-14,394
Paid option premiums	-	1,365	-	5,483	5,483
Option premiums measured at fair value	-	-	-	685	685
Long-term incentive program	2,716	-	2,716	-	-
Reserved dividend	21,303	-	-30,004	-	-4,477
Paid dividend	-21,304	-	-61,266	-75,288	-68,137
Total comprehensive income	-13,526	125,788	343,884	309,887	442,971
CLOSING BALANCE	3,483,098	2,253,804	3,483,098	2,253,804	3,209,758

Condensed consolidated statement of cash flow

SEK THOUSANDS	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
OPERATING ACTIVITIES					
Operating profit	157,607	92,197	444,089	249,850	355,841
Adjustments for non-cash items					
Other operating revenues	-	-	-	-3,402	-3,402
Depreciation, amortization and impairment	111,331	91,045	333,060	254,911	355,464
Unrealized foreign exchange gains/losses	-222	783	2,071	604	-278
Share-based remuneration	-	-	-	685	685
	268,716	184,025	769,220	502,648	708,310
Interest received	1,055	31	5,150	80	2,596
Interest paid	-24,457	-16,215	-64,637	-24,543	-42,128
Income tax paid	-24,904	-11,615	-67,399	-51,892	-72,012
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	220,410	156,226	642,334	426,293	596,766
Changes in working capital					
Increase/decrease in inventories	-1,583	508	-1,112	-304	-26
Increase/decrease in accounts receivable	-2,371	18,151	138,896	136,899	-2,064
Increase/decrease in other operating receivables	21,439	-5,241	-44,889	-49,382	-22,068
Increase/decrease in accounts payable	13,991	-3,750	-7,385	-2,945	-2,611
Increase/decrease in other operating liabilities	-93,613	-78,849	-1,031	-21,323	-6,629
CASH FLOW FROM OPERATING ACTIVITIES	158,274	87,045	726,814	489,237	563,369
INVESTING ACTIVITIES					
Acquisition of shares and participations	-	-5,000	-15,902	-10,000	-10,000
Acquisition of subsidiaries (net impact on liquidity)	-284,754	-838,757	-814,559	-923,059	-1,143,823
Supplementary purchase considerations paid	-	-	-247,027	-85,831	-85,831
Purchase of intangible fixed assets and capitalized development costs	-82,945	-62,823	-254,401	-186,849	-267,390
Purchase of property, plant and equipment	-6 700	-1,907	-17,075	-7,754	-17,957
CASH FLOW FROM INVESTING ACTIVITIES	-374,398	-908,486	-1,348,963	-1,213,493	-1,439,169
FINANCING ACTIVITIES					
Dividends to Parent Company shareholders	-21,304	-17,564	-61,266	-49,473	-68,137
Borrowings	268,135	1,172,370	820,245	1,179,120	1,326,598
Repayment of loans	-688	-688	-336,340	-2,064	-687,752
Repayment of lease liabilities	-11,462	-13,386	-41,691	-37,286	-51,062
New share issue	-	-	-	-	833,800
Issuing costs	-	-	-	-	-14,394
Long-term incentive program	2,716	-	2,716	-	-
Paid option premiums	-	1,365	-	5,483	5,483
CASH FLOW FROM FINANCING ACTIVITIES	237,398	1,142,098	383,664	1,095,780	1,344,535
CASH FLOW FOR THE PERIOD	21,274	320,658	-238,485	371,524	468,735
CASH AND CASH EQUIVALENTS, INCLUDING CURRENT INVESTMENTS AT THE BEGINNING OF THE PERIOD					
	396,584	184,299	615,787	119,858	119,858
Exchange-rate differences in cash and cash equivalents	-55,111	17,192	-14,554	30,767	27,196
CASH AND CASH EQUIVALENTS, INCLUDING CURRENT INVESTMENTS AT THE END OF THE PERIOD	362,748	522,147	362,748	522,147	615,787

Parent company income statement, condensed

SEK THOUSANDS	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Operating revenues	42,717	32,592	126,294	97,424	141,647
Operating expenses	-31,651	-37,366	-106,468	-96,859	-132,711
Unrealized exchange-rate gains/losses (net)	68,633	-13,712	-53,572	-23,097	-43,808
OPERATING PROFIT/LOSS	79,699	-18,486	-33,746	-22,532	-34,872
Income from participation in Group companies	-	-	-	33,539	295,284
Interest income	1,012	81	4,905	250	2,467
Interest expenses	-24,649	-15,754	-64,574	-24,132	-42,656
PROFIT AFTER FINANCIAL ITEMS	56,062	-34,159	-93,415	-12,875	220,223
Appropriations	-	-	-	-	58,886
PROFIT/LOSS BEFORE TAX	56,062	-34,159	-93,415	-12,875	279,109
Tax	-12,322	6,997	18,771	9,457	-392
NET PROFIT FOR THE PERIOD	43,740	-27,162	-74,644	-3,418	278,717

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

Condensed balance sheet, Parent Company

SEK THOUSANDS	Sep 30, 2023	Sep 30, 2022	Dec 31, 2022
ASSETS			
FIXED ASSETS			
Intangible fixed assets	2,062	1,441	1,860
Tangible property, plant and equipment	10,945	11,339	11,157
Financial fixed assets	6,858,928	4,887,294	5,147,910
TOTAL FIXED ASSETS	6,871,935	4,900,074	5,160,927
CURRENT ASSETS			
Current receivables	83,044	61,567	387,223
Cash and cash equivalents	83,919	152,387	226,879
TOTAL CURRENT ASSETS	166,963	213,954	614,102
TOTAL ASSETS	7,038,898	5,114,028	5,775,029
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	2,865,108	1,915,013	3,029,477
Untaxed reserves	1,686	1,772	1,686
Other provisions	508	-	-
Non-current liabilities	2,826,615	2,220,383	1,716,176
Current liabilities	1,344,981	976,860	1,027,689
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	7,038,898	5,114,028	5,775,029

Acquired assets and liabilities 2023

Four acquisitions were completed during the period: Enova, DL Systems AB, Entry Event Sweden AB and Neagen Oy.

Some items in the acquisition plans may be remeasured, due to our brief ownership of the companies. This applies to all assets and liabilities in the acquisition balances, but mainly 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, acquisitions for the year, SEK thousands	Book value	Fair value adjustment	Fair value recognized in the Group
Goodwill	-	876,727	876,727
Intangible fixed assets	-	746,380	746,380
Tangible property, plant and equipment	3,460	-	3,460
Financial fixed assets	550	-	550
Inventories	872	-	872
Current receivables	58,531	-	58,531
Cash and cash equivalents	138,459	-	138,459
Deferred tax liabilities	-	-149,408	-149,408
Accounts payable	-9,739	-	-9,739
Other current liabilities	-60,707	-	-60,707
Total	131,425	1,473,699	1,605,124
Effect of acquisitions on cash flow, SEK thousands			
Group's purchase costs			-1,605,124
Expensed portion of purchase considerations			643,644
Convertible debentures			32,752
Acquired cash and cash equivalents			138,459
Net cash outflow			-790,269

Remeasurement of previously acquired assets and liabilities

Final acquisition plan ABS Laundry Business Solutions

On July 06, 2022, 100% of shares in the software group ABS Laundry Business

Solutions were acquired. Final valuation of acquired assets and liabilities has taken place. The value of product rights was measured higher and goodwill was

reduced correspondingly. Final valuation of acquisition analyses for DocuBizz, Hotellinx, Scanrate and Raisoft has also taken place.

Remeasurement acquisition plan ABS	Initial valuation	Remeasurement	Final valuation
Goodwill	667,786	-20,688	647,098
Intangible assets	272,776	25,860	298,636
Deferred tax liabilities	-54,555	-5,172	-59,727
Other net assets	373,045	-	373,045
Total	1,259,052	0	1,259,052

Remeasurement acquisition plan other acquisitions	Initial valuation	Remeasurement	Final valuation
Goodwill	214,600	-13,506	201,094
Intangible assets	129,642	17,024	146,667
Deferred tax liabilities	-26,465	-3,518	-29,983
Other net assets	790	-	790
Total	318,568	0	318,568

Allocation of revenues and date of revenue recognition

Allocation of revenues and date of revenue recognition, SEK million	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Subscription-based revenue	480.8	377.3	1,382.3	1,049.4	1,461.2
Transaction-based revenue	132.8	40.1	352.9	130.7	170.1
Other revenues	87.3	87.4	302.1	220.0	346.9
Net sales	701.0	504.8	2,037.3	1,400.1	1,978.2
Date of revenue recognition					
Services transferred to customers over time, flat distribution	480,8	377.3	1,382.3	1,049.4	1,461.1
Services transferred to customers over time, in pace with use	203,5	100.8	595.0	293.5	423.7
Services transferred to customers at a given time	16,7	26.8	60.0	57.2	93.3
	701,0	504.8	2,037.3	1,400.1	1,978.2

Shareholder information

PUBLICATION

This information is such information that Vitec Software Group AB (publ.) is required to disclose pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, at 8:00 a.m. (CET) on October 19, 2023.

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.

FINANCIAL INFORMATION

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

We can also be contacted through the following channels:

By post: Vitec Software Group, Vitec Investor Relations, Tvistevägen 47 A, SE-907 29 Umeå, Sweden
By telephone: +46 90 15 49 00

Vitec's 2022 annual report is available at vitecsoftware.com

CORPORATE REGISTRATION NUMBER

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

FINANCIAL CALENDAR

Year-end report January–December 2023	Feb 1, 2024 8:00 a.m.
Interim report January–March 2024	Apr 18, 2024 8:00 a.m.
Annual General Meeting	Apr 23, 2024 5:30 p.m.
Interim report January–June 2024	Jul 12, 2024 8:00 a.m.
Interim report January–September 2024	Oct 17, 2024 8:00 a.m.
Year-end report January–December 2024	Feb 5, 2025 8:00 a.m.



Olle Backman
CEO

+46 70 632 89 93
olle.backman@vitecsoftware.com



Sara Nilsson
CFO

+46 70 966 00 71
sara.nilsson@vitecsoftware.com



Patrik Fransson
Investor Relations

+46 76 76 942 85 97
patrik.fransson@vitecsoftware.com

Definitions of key indicators

This interim report refers to several financial measurements that are not defined under IFRS, known as alternative performance measures, in accordance with ESMA's is called alternative. These measurements provide senior man-

agement 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	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.
Subscription-based recurring revenues	Recurring, contractual recurring revenue for all types of subscriptions and cloud services. Revenue is evenly distributed over the contract period.	Used to track the company's recurring revenues.
Transaction-based recurring revenues	Recurring, contractual recurring transaction-based revenue. Revenue is strongly linked to volume and varies by volume.	Used to track the company's recurring revenues.
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 revenue over the last 12 months, including data for acquired companies, in relation to 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 amortization, 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 amortization	Amortization 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.

NON-IFRS KEY INDICATORS	DEFINITION	USAGE
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.
Interest-bearing net debt	Non-current interest-bearing liabilities and the current portion of interest-bearing liabilities, less cash and cash equivalents.	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	Average number of shares during the period plus the number of shares added following full conversion of convertibles and warrants.	An underlying measurement on which the calculation of other key indicators is based.
IFRS KEY INDICATORS	DEFINITION	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

		2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Net sales	SEK 000s	2,037,266	1,400,069	1,978,191
Recurring revenues	SEK 000s	1,735,128	1,180,119	1,631,256
Recurring share of net sales	(%)	85%	84%	82%
Growth net sales	(%)	46%	22%	26%
EBITA	SEK 000s	651,833	410,764	581,569
EBITA margin	(%)	32%	29%	29%
Growth EBITA	(%)	59%	26%	32%
Operating profit/loss (EBIT)	SEK 000s	444,089	249,850	355,841
Operating margin	(%)	22%	18%	18%
Profit after financial items	SEK 000s	348,862	222,977	312,165
Profit after tax	SEK 000s	259,213	177,025	244,866
Profit margin	(%)	13%	13%	12%
Balance-sheet total	SEK 000s	7,762,533	5,765,372	6,320,824
Equity/assets ratio	(%)	45%	39%	51%
Equity/assets ratio after full conversion	(%)	48%	42%	54%
Interest-bearing net debt	SEK 000s	1,691,840	1,525,254	915,773
Debt/equity ratio	(multiple)	1.36	1.33	0.94
Return on capital employed	(%)	15%	13%	10%
Return on equity	(%)	15%	17%	9%
Sales per employee	SEK 000s	1,460	1,261	1,692
Added value per employee	SEK 000s	1,247	1,119	1,504
Personnel expenses per employee	SEK 000s	672	641	864
Average no. of employees	(persons)	1,396	1,110	1,169
Adjusted equity per share (AES)	(SEK)	93.19	64.16	85.99
Earnings per share	(SEK)	6.94	5.05	6.92
Earnings per share after dilution	(SEK)	6.89	4.98	6.90
Resolved dividend per share	(SEK)	2.28	2.00	2.00
Cash flow per share	(SEK)	17.20	12.16	16.86
Basis of computation:				
Earnings from calculation of earnings per share	SEK 000s	259,213	177,025	244,866
Cash flow from calculation of cash flow per share	SEK 000s	642,334	426,293	596,766
Weighted average number of shares (weighted average)	(thousands)	37,347	35,063	35,393
Number of shares after dilution	(thousands)	38,064	35,834	35,970
Number of shares issued at balance-sheet date	(thousands)	37,375	35,129	37,329
Share price at close of the respective period	(SEK)	513.50	329.60	418.20



▲ Vitec Software Group develops and provides software for clients such as finance and insurance companies in Sweden, Norway, Denmark, Switzerland, the UK, Japan and the US.

