Software for unique needs

2023 Annual Report

Contents

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SVANENMÄRKT
Trycksak
3041 0995

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 energy, insurance, retail, hotels, churches and health care. Our products enable us to help our customers achieve greater efficiency, while also generating social benefit. The expertise of our employees, combined with our shared corporate culture and business model, enable continuous improvement and innovation. Vitec is listed on Nasdaq Stockholm.

Our brand promise:

To rely on — today and tomorrow

Our vision

Shaping a wiser and more sustainable future

Our business concept

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

Our values

Our products – our foundation
Vertical Market Software

Keep it simple
Simple solutions succeed

Trust and transparency
Collaboration and responsibility create success

Vitec Software Group has its origin and headquarters in Umeå, Sweden.

GROWTH – DEVELOP AND ACQUIRE

Vitec is an industrial acquirer 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. The continued refinement of our products is crucial to ensure that our offering will remain relevant in the future.

RECURRING REVENUES

Our business model, with a high proportion of recurring revenues, provides us with stable and predictable cash flows that foster conditions for a long-term approach. It also makes the Group less sensitive to temporary declines within individual business units.

VALUES-BASED ACTIVITIES

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.

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 on pages 11-55 and in the sustainability report on pages 75-93.

KEY INDICATORS

	2023	2022
Net sales (SEK million)	2,778	1,978
Recurring revenues (SEK million)	2,346	1,631
EBITA	876	582
EBITA margin (%)	32	29
Operating profit (SEK million)	590	356
Profit after financial items (SEK million)	468	312
Operating margin (%)	21	18
Return on equity (%)	10	9
Return on capital employed (%)	12	10
Equity/assets ratio (%)	44	51
Adjusted equity per share (SEK)	90.78	85.99
Earnings per share (SEK)	9.07	6.92
Dividend per share (SEK)	2.28	2.00
Average no. of employees	1,415	1,169

Vitec operates in 11 countries.

2023 in brief

Our climate target
We have an ambitious goal for carbon neutrality by 2030. As of 2023, we are offsetting the remaining emissions.

We are evenly distributed among our markets
We strengthened our position in the Netherlands. Sales by market are now relatively even among Norway, Denmark, Finland and the Netherlands. Sweden remains our biggest market.

We acquired companies
We acquired six vertical software companies
- Enova
- DL Systems
- Entry Event
- Neagen
- Codea
- Memorix

We set a record for number of acquisitions
In 2023, we set a record for the number of acquired companies, from the previous five acquisitions per year the past four years, to six acquisitions this year.

Even gender distribution on the Board
The Board of Directors now comprises three women and three men.

Our employees are investing in the company
We launched a new share savings plan, which had a significant impact throughout the organization. 35% chose to invest in the long-term share savings plan.

35%

New environmentally classified premises
When a business unit wants to move, we explore the possibility of co-location. During the year, five Vitec companies opted to move in to a shared office in Helsinki. In Gothenburg, we also moved in to new premises. When we move, we choose premises with a high standard for sustainability.

Brief facts

24,600
customers

2,919
SEKm proforma net sales

84%
proforma recurring revenues, ARR

1,500
employees

40
business units

11
countries

Tomas Granlund,
Vitec Capitex Finanssystem in Stockholm.

Our history

Vitec has been experiencing consistent growth and has shown profitability every year since the start in 1985. Here are some of the events through the years that have been critical to our success.

1985
Vitec is founded by research colleagues Lars Stenlund and Olov Sandberg.

1990
Operations are scaled up and the Board of Directors is reinforced with external Board members.

1998
Vitec is listed on Innovationsmarknaden (currently known as the Nordic Growth Market).

2003
Vitec formulated its acquisition-driven growth strategy.

2011
Vitec listed on the Nasdaq Stockholm. Acquisition of IT-Makeriet AS in Norway, the first acquisition of a foreign company.

2012
Vitec records its values, which become a cornerstone of the corporate culture.

2016
The governance model is clarified and strengthened with the implementation of the role of Vice President of Operations (VPO).

2017
Vitec is moved from the Small Cap to Mid Cap list on the Nasdaq Stockholm. Olov Sandberg, one of the founders of Vitec, retired. Olov remains as one of the company's principal owner.

2021
Vitec acquired the Dutch company Vabi Holding B.V., the first acquisition outside the Nordic region. Lars Stenlund was elected to serve as Chairman of the Board of Vitec and Olle Backman was appointed CEO and President.

2022
Vitec is moved from the Mid Cap to Large Cap list on the Nasdaq Stockholm.

2023
We set a record for number of acquired companies.

Vitec's founders, Lars Stenlund and Olov Sandberg at the listing on Nasdaq Stockholm in 2011.

Comments from the CEO

An attractive forever home, for continued development

Vitec has a goal to be a sustainable growth company. We are developing our existing companies and adding new ones through acquisitions. In 2023, we delivered robustly in both target areas.

ORGANIC GROWTH

We work with the organic growth of our recurring revenues every day. Recurring revenues provide stability in the cash flows and enable us to act long-term and invest further in order to future-proof our products. Our organic growth in these revenues, measured on a proforma basis, amounted to fully 14%, of which just over 4% was related to favorable currency development. The increases are due to new and additional sales, with more of the latter, as some customers postponed investment decisions given the state of the economy. A large part was also due to contractual price adjustments, as the majority of our customer agreements have some form of indexation, usually connected to price or cost developments in general. We adhere to the terms of the contract in both ups and downs, which is consistent with our brand promise: To rely on — today and tomorrow. We expect the price adjustments for 2024 to be slightly lower than those of the previous year, yet we anticipate they will effectively offset the cost increases, driven primarily by pay increases.

BECOMING PART OF VITEC

A large part of growth comes from acquisitions. During the year, we carried out six new acquisitions, which shows that we have an attractive offer for the entrepreneurs or owners who are considering selling their excellent vertical software companies. Above all, we offer a forever home where companies and employees can continue to develop, by benefiting from the collective experience and network of all our companies. We hold regular forums for sharing experience, knowledge and contacts in a wide variety of areas, including development, customer care, sales, marketing and management. These forums have become highly popular and create added value. Our decentralized governance model is also popular, which largely facilitates continuing to act as an entrepreneur, but with backup from a large Group. 2024 got off to a good start: already in January, we acquired LDC in the Netherlands – a well-managed company in a vertical that is new for us.

“For the 22nd consecutive year, the Board proposes an increased dividend”

REVENUES INCREASED

Revenues for 2023 were SEK 2,778 million, an increase of fully 40%, with an EBITA margin that increased to 32% compared with 29% the previous year. Growth has been well above our historic average due in large part both to more acquisitions than previously, and to the biggest in the Group’s history: Dutch Enova.

EMPLOYEES IN PLACE

Gratifyingly, during the year we successfully filled some of the vacant positions that had been difficult to find staff for in past years. We are also very pleased that we simultaneously continued to increase our margins.

STRONG FINANCIAL POSITION

Cash flow for the year from operating activities was SEK 718 million, compared with SEK 563 million last year. Our financial position is strong, and after an increase of our acquisition credits, we have just over SEK 1,000 million available for future acquisitions at the start of 2024. For the 22nd consecutive year, the Board proposes an increased dividend and in accordance with our policy, the dividend is proposed to amount to SEK 3.00 per share.

CURRENT TOPICS OF INTEREST IN THE ORGANIZATION

To structure our sustainability initiatives, we have divided them into four focus areas. These focus areas are a natural part of our daily work and are described in detail in the coming pages. In an increasingly uncertain global environment, work with security has been prioritized and highlighted in particular. Another highly relevant area has been how we can make even greater use of AI, both in our customer applications and in our own operations. Several business units are advanced in their use of AI and many good examples of this can be found in Vitec.

In conclusion, I would like to thank all customers and employees for yet another rewarding and exciting year, and I look forward to 2024.

Umeå, March 2024

Olle Backman, CEO,
Vitec Software Group

Sustainability – part of our promise

In truth, many operations would simply stop without Vitec. That's why we need to keep a long-term perspective on everything we do. Our stakeholders must be able to rely on us, both today and tomorrow, which is also expressed in our brand promise: To rely on – today and tomorrow. Our long-term perspective is important in everything we do, regardless of whether it concerns acquisitions, employeeship, product development, or customer relationships.

EMPLOYEES AND TALENT

Vitec's talented employees are an extremely important component of our value-generation strategy. The long-term perspective is also central to our aspiration to promote sustainable employeeship, providing them with an opportunity to use their energy wisely, to grow and to maintain balance in life. Each employee is entrusted with great responsibility to contribute their specific expertise in our ongoing development efforts.

CASH FLOW AND EXTERNAL CAPITAL

With our strong cash flow and external capital, we are able to both reinvest in products and make acquisitions. The continued refinement of our products is crucial to ensure that our offering will remain relevant in the future. We have a common framework for planning, implementing and following up on product development. Vitec is also a long-term player that acquires companies in order to keep them and develop them. With this approach we can grow responsibly and sustainably. Within the framework of our decentralized organization, corporate culture plays a significant role in corporate governance.

TECHNOLOGY AND PROCESSES

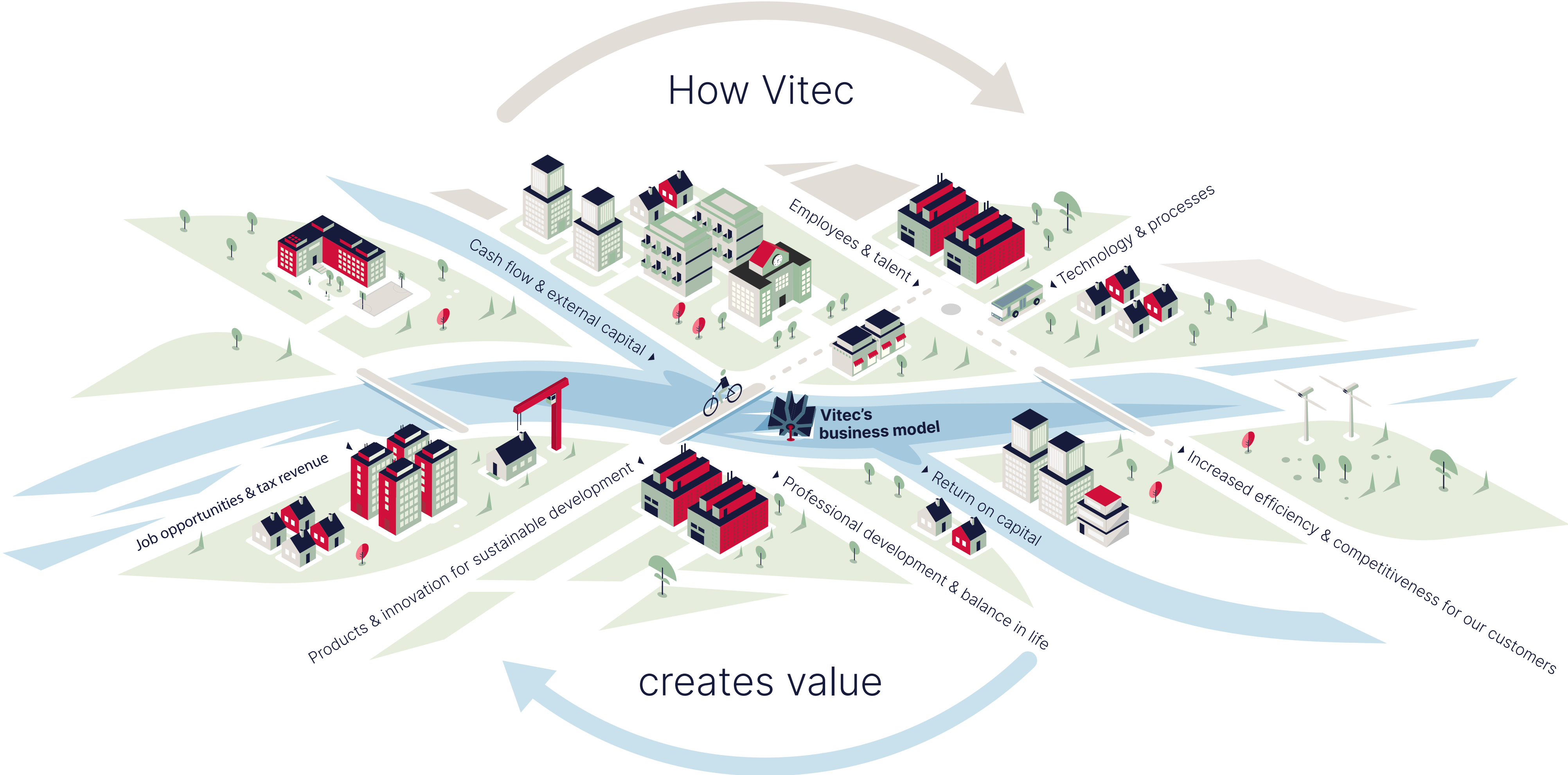
We can further generate value at the intersection of technology, employee talent and well-tested methods, processes and frameworks. Using our business model as a point of departure, with our resources we can work with a long-term approach regarding both acquisitions and refinement of our products. We are an industrial acquirer with a long-term perspective on our growth journey. We have been successfully creating stable growth and generating value for our owners and society at large over a long period of time.

OUR CONTRIBUTION TO SUSTAINABLE DEVELOPMENT

We generate our largest contribution to societal development through our products. And through our products, we also successfully contribute to the success of our customers by increasing their efficiency, quality and competitiveness. Our products create stability, availability and data security, while reducing environmental impact. Taken together, it is a matter of jobs, tax revenues, prosperity and innovation. In a circular system, we can contribute to sustainable development in society through collaboration, innovation and continuous improvement.

We ar also determined to minimize our impact on the climate and the environment, which must be reflected in every decision and apply to the entire value chain.

Read more about sustainability in our sustainability report.


How Vitec
Cash flow & external capital
Employees & talent
Technology & processes
Vitec's business model
Job opportunities & tax revenue
Products & innovation for sustainable development
Professional development & balance in life
Return on capital
Increased efficiency & competitiveness for our customers
creates value

What does sustainability mean for Vitec?

For us, it involves viewing sustainability as a fundamental factor for our success. We start from ecological, social and financial perspectives.

With this as a basis, through our products we make a positive impact on society and reduce risks, while creating a responsible business in which the expertise and creativity of our employees continue to grow.

At Vitec, we have an entrepreneur-driven approach to sustainability. Our driving force involves facilitating the needs of today, without jeopardizing the opportunities of future generations.

Key skills for developing a sustainable business are in part the ability to take initiative and responsibility, but above all to employ holistic and long-term thinking.

In addition to internal guidelines, we are guided by the Paris Agreement, the European Green Deal, the UN Agenda 2030 and the Sustainable Development Goals. We work daily to contribute to achieving these goals.

To focus our sustainability initiatives on the areas where our operations have the greatest impact and where we believe we can make the biggest difference, we work based on four focus areas: Responsible Growth, Enabling Products, Empowered People and Reduced Footprint. All are linked to the Sustainable Development Goals and clear performance indicators and activities have been set so that we can monitor our results. These focus areas are described in greater detail in the following section, from page 14.

SUMMARY OF SUSTAINABILITY TARGETS

KPI 2019 is the baseline year for Vitec's sustainability targets	Outcome 2022	Outcome 2023	Targets	
RESPONSIBLE GROWTH				
Operating margin Relative to 2019	18%	21%	>20%	More than 20% operating margin
Dividend Proportion	1/ 3	1/ 3	1/ 3	At least 1/3 of profit after tax
ENABLING PRODUCTS				
Information security Proportion of all employees	90%	89%	100%	100% complete information security training
EMPOWERED PEOPLE				
Gender distribution Managers/employees Difference in percentage points	6	3	0	No difference in gender distribution: managers compared with Vitec overall
REDUCED FOOTPRINT				
Greenhouse gas emissions Relative to 2019	-35%	-37%	-75%	75% less emissions/sales. Target year: 2030
Greenhouse gas emissions from business trips Relative to 2019	-62%	-55%	-50%	50% reduction
Fossil-free energy in electricity contracts Proportion	95%	98%	100%	All fossil-free energy. Target year: 2025
Electricity consumption in offices Relative to 2019	-12%	-21%	↘	Continuously decreasing electricity consumption per employee

TARGET ACHIEVEMENT TREND INDICATION

- Right direction
- Deviation from right direction
- Not in right direction

Our roadmap

In the 2023 financial year, we continued to work on developing a more sustainable Vitec. The work process is handled and carried out in a Group management committee, a sustainability steering group.

STRATEGIES

The process of reviewing and developing the roadmap is based above all on our sustainability strategy.

We want to make it possible to integrate sustainability as an aspect of responsibility and a mandate in existing roles. Our overarching sustainability goal is for the perspective of sustainability to be clearly integrated among all employees, present in all matters and in decision-making in the Group. In our vision, we express this as: "Shaping a wiser and more sustainable future."

Our strategy to achieve this integration is to focus on continuous skills development and follow-up.

STRUCTURE

The basis of our roadmap is a double materiality analysis, a method of sorting our own and our stakeholders' sustainability issues by importance and impact. The analysis is based on insights derived from dialogue with our stakeholders. We have used the UN Global Goals and the Paris Agreement as a framework for our analysis.

The steering group proposes and prioritizes activities based on the materiality analysis and a continuous environmental analysis. Following a decision by Group management, implementation is then delegated to the responsible function. As we have a decentralized organization, each business unit and Group function is responsible for prioritizing and implementing activities.

Sustainability is also included in the directives to the business units. Sustainability efforts are monitored by Group Management, with the CEO holding overall responsibility and reporting to the Board of Directors.

SUSTAINABILITY TRAINING

During the year, we developed an online sustainability training program in order to improve understanding of how we work with sustainability in Vitec and how all employees can contribute to a sustainable future. The first two lessons were emailed at the end of the year to over 1,400 people, with a completion rate of 69%. In 2024, another seven lessons will be sent every other week. The program will then continue on an ongoing basis as we add new employees.

Carbon neutral by 2030

Based on the materiality analysis, we have selected our climate impact as our sustainability priority for 2023. Our target is to reduce our climate impact by 75% from 2019 (sales-based, adjusted for inflation). We have chosen to offset the remaining emissions for 2023. This is a big and important step toward becoming carbon neutral by 2030. (Read more starting on page 48.)

External factors

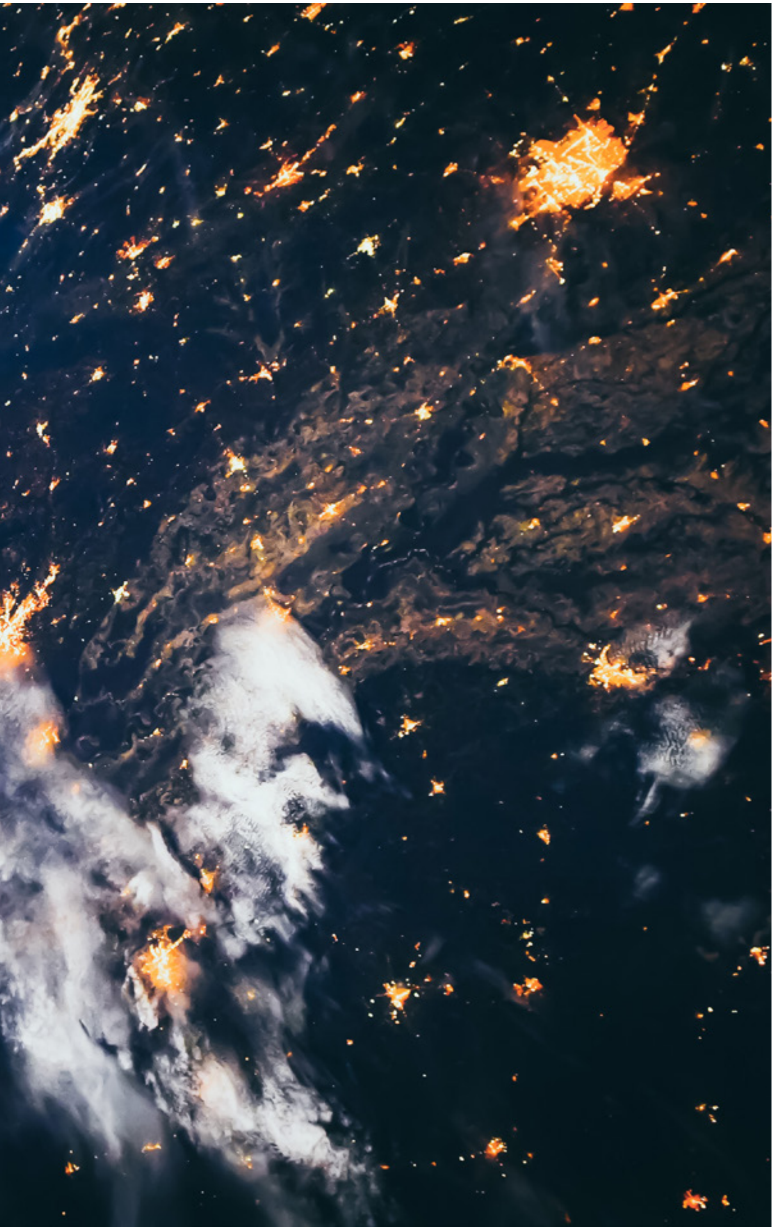
Demographic change, war and armed conflict, information warfare, rapid digitalization and increased competition are strong global trends. Climate change is at the heart of the development. Companies are expected to dare to take a stand and contribute to sustainable development. The conditions for both work and lifestyle are undergoing fundamental change as these factors seriously affect our lives.

Taken together, it is important for companies to accept their social responsibility and to show how they do so. Being sustainable and being able to prove it is becoming a requirement for long-term profitability.

CHALLENGES AND OPPORTUNITIES

Trends and changes in the external world affect Vitec to varying degrees, of course, and it is crucial that we constantly monitor and assess the challenges and opportunities we face now or that may arise in the future. The factors that we currently consider to have the greatest impact are war and instability in the world, increased complexity, digitalization, changed working methods, a talent shortage and climate impact.

By meeting these challenges with the support of our business model and with competent employees, we generate benefit for our customers and for society at large. Benefits can be found by continuing to be attractive to current and new employees, and continuing to securely, reliably and sustainably develop and deliver software.



INFLUENCING FACTORS

Climate goals and global goals – Companies are expected to operate in accordance with the Paris Agreement and the European Green Deal, as well as to help achieve the 2030 Agenda and the Global Goals for Sustainable Development. Sustainability is a prerequisite for long-term profitability and funding. Time to act!

Digitalization, data and working methods – Automation, AI and technological development as a whole drive innovation forward. This trend also entails a need for new business models and new working methods. The growing quantity of available information creates new opportunities, but also higher demand for information security. This is related not least to the escalation of information warfare and digital crime, for example.

Instability and complexity – Since companies and organizations encounter greater instability, uncertainty, complexity and ambiguity – due in part to war and armed conflict – a need arises for adaptation, a common vision, clarity and flexibility. Trust and the ability to simplify are crucial. Growing demand for standards, transparency and reporting.

Shortage – The competition for customers and personnel is intensifying across the board, and there is a shortage of technological skills. This situation entails increased demands to understand underlying needs and expectations, as well as to clarify goals. A shortage of raw materials and increased competition for what is available highlight the need for flexibility and adaptation.

CHALLENGES AND OPPORTUNITIES FOR VITEC

Sustainability as part of the business model – a factor that permeates all decisions and the entire value chain. This is a journey in dialogue with employees, customers, partners and other stakeholders. Climate action is being taken.

Digital products for processes and information – that help to simplify daily life and make it more sustainable for our customers and end users.

- Strengthen cooperation and dialogue in order to identify changing needs and ensure added value.
- Retain our ability to constantly invest in product and technological development by maintaining a focus on long-term profitability.
- Increased efficiency, quality, reliability and mutual value creation using standardized software.

Safe, secure and reliable operation – that our customers and end users can rely on.

- Handle all information in accordance with high standards of ethics and security.
- Use resource and energy-efficient data centers.

Be a good employer – By offering a workplace where knowledge and commitment are valued, where gender equity and diversity are encouraged and where everyone can develop and feel proud of their contribution to a sustainable society.

Our leaders contribute to clarity, trust and a sense of belonging.

Our focus areas

Sustainability is part of the entire value chain, from the development and use of our products to the way we run and do business. This effort is a continuous journey together with our customers, partners and other stakeholders.

To structure this effort and clarify its direction, we have defined four focus areas. 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. This also applies to the choice of the Global Goals linked to each focus area.

RESPONSIBLE GROWTH

We work continuously to improve and strengthen our business and our working methods, based on trust, transparency, integrity and fact-finding.

The common brand Vitec, our business model and our focus on long-term growth provide stability and facilitate sustainable investments in our products. Equally important for maintaining responsible growth is our decentralized model for how we work, control, follow up and manage risks in our business. Our brand promise, To rely on – today and tomorrow, our values and our Code of Conduct provide valuable guidance on how to act ethically and sustainably.

We choose suppliers who act professionally and appropriately. Our long-term approach to acquisitions also contributes to our social responsibility, since we acquire well-managed companies whose operations and products are future-proofed when the company becomes part of the Vitec Group.

We primarily support Sustainable Development Goals (SDG) 8, 16 and 17.

ENABLING PRODUCTS

We develop and provide software to enable a more efficient, sustainable, resilient and inclusive society, where safe, secure and reliable operation with high demands for data ethics is crucial.

We help our customers realize their ambitions through close collaboration, innovations and continuous investments.

We primarily support SDG 9.

EMPOWERED PEOPLE

To achieve success, Vitec depends on motivated and engaged employees with the knowledge and skills necessary to constantly develop the business – employees who can be proud of how their work helps to benefit society.

We believe in short decision paths, freedom under responsibility and continuous skills development to enable each individual to reach their full potential. We believe in diversity, teamwork and a healthy work environment for increased job satisfaction and good results.

We primarily support SDGs 3, 5 and 10.

REDUCED FOOTPRINT

We are determined to minimize our adverse impact on the climate and the environment, and this attitude permeates all of our decisions.

We achieve this by constantly improving our resource efficiency, reducing our waste and making climate- and eco-friendly purchases. We also replace fossil fuels with fuels from renewable energy sources and optimize our travel.

We primarily support SDGs 7, 12 and 13.

Responsible growth

We work continuously to improve and strengthen our business and our working methods, based on trust, transparency, integrity and fact-finding. How we work, control, ensure compliance, manage risks and facilitate sustainable economic growth are crucial for us.

Our products and our way of working contribute to improved resource efficiency, increased financial productivity through technological development and reduced climate impact – for both ourselves and our customers. Our products and our way of working must support the development of an equitable and inclusive society.

By doing so, we contribute to the global sustainability goals 8, 16 and 17.

A business model for long-term value creation

We are convinced that sustainability, as an integral component of the business model together with our corporate culture, is essential to create long-term value and remain competitive and relevant for our stakeholders.

Our business model is financially sustainable and creates conditions to facilitate a long-term approach. This entails a secure offering for customers, while providing us with stability and predictability.

Using both our brand promise and our values as a point of departure, our Code of Conduct provides an ethical framework on which to base our decisions and behaviors. With a strong and healthy corporate culture, compliance with our Code of Conduct is a given – the natural thing to do.

Our growth is both organic and based on acquisitions. Growth is essential to be able to work with our second focus area: Enabling products, Empowered people and Reduced footprint. Organic growth of sales has been about 10% in the past year. On average, total growth, including acquisitions, over the past decade has been 22%. The Group's long-term profitability goal is for our operating margin to gradually increase over time and reach at least 20%. Profitability is a prerequisite for long-term action.

Like all other companies, our Group is exposed to various risks, both through its operations, and in the form of financial risks. Our 40 diverse business units and our business model with recurring revenues provide good risk diversification. Nevertheless, every year we review our risks and constantly work to prevent them from becoming reality and to transform them into opportunities. Read more about how we work with risk and uncertainty factors on pages 68–73.

Since we have a decentralized governance model, where a large portion of the decision-making mandates are in the business units, we ensure good internal control through policies and our internal control checklist. All business units should direct their strategic focus toward a high percentage of recurring revenues and a robust cash flow. Read more about corporate governance and internal control on pages 94–108.

Our position in the software market

VITEC'S FOCUS IS ON VERTICAL MARKETS

Our offering is adapted to the unique needs and requirements of companies operating within specific niche markets, to enable the management and development of their business operations. Some of our software products comprise complete enterprise systems, while others provide support for specific aspects of our customers' operations.

VITEC OFFERS STANDARDIZED SOFTWARE

Our standardized software applications 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.

VITEC FOCUSES ON PRODUCT DEVELOPMENT AND INNOVATION

We are specialized in adapting to the conditions and requirements of various industries. The Group's overall processes, combined with the longstanding in-depth knowledge of our employees with regard to our customers' operations, create conditions favorable for improvement and continuous innovation. Genuine customer-centric product development provides supportive and sustainable software over time.

A POSITION WITH SIGNIFICANT OBSTACLES TO MARKET PENETRATION

Each niche market imposes stringent demands on specialization. The establishment of a new player requires major investments and frequently involves protracted lead times in product development. At the same time, the markets are relatively small and involve considerable yield costs for customers, which diminishes opportunities for new players to generate returns on their investments. Each niche market usually contains a few companies that specialize in industry-specific applications. Generic software generally provides less cost-efficient solutions to the unique requirements of vertical markets. We always strive to achieve a leading position within our niche markets.

Business model and growth strategy

HIGH PERCENTAGE OF RECURRING REVENUES

Our business model is based on a high percentage of recurring revenues. The majority of our software is distributed to customers as software as a service (SaaS). They are deployed over the internet based on a subscription model. 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. For customers, this entails minimal investment costs, software that is easy to set up and get started, and the security of having quick access to upgrades and new functions.

GROWTH – REFINE AND ACQUIRE

Vitec is an industrial acquirer 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. The continued refinement of our products is crucial to ensure that our offering will remain relevant in the future.

Improve

Continuous investment in our product portfolio is the basis for organic growth and for living up to our promise: To rely on – today and tomorrow. Because our customers completely rely on our products to conduct their daily operations and for their future development, we must constantly develop these products to keep up with technological changes and the requirements of our customers.

Our business units are profitable and well-managed. They have well-functioning operations and valuable industry know-how within their niche market.
In our decentralized organization, the important decisions are taken close to the customer by the local management. Decentralized decision-making requires that all managers understand and act in accordance with the Group's strategies and corporate culture. The companies develop in close dialogue with both local and Group management and supported by the Group's processes and infrastructure. All of the companies are monitored using shared key metrics that direct their strategic focus toward a high percentage of recurring revenues and an emphasis on robust cash flow. We also have principles in the Group for how to plan product development, which is governed by a common framework.

"Overall, we have followed the same acquisition strategy since 2003."

Aleš Zobec, M&A Director
Vitec Software Group

▼
Aleš Zobec, M&A Director Vitec Software Group with, from the left, Dag Hultberg and Hannes Möller, M&A Associates.

Acquire

We acquire well-managed companies whose operations and products are future-proofed by being part of the Group. The acquired companies are vertical software companies, usually with market-leading products. We fulfill the social responsibility obligations of our company through a long-term approach to business operations. Our acquisition work is governed by specific criteria that wholly determine whether a company is suitable for Vitec. One example of such criteria is that the company must offer software in the form of standardized niche products aimed at a particular vertical market. Another criterion is that the acquisitions must directly contribute to an increase in the Group's earnings per share. Consequently, it is vital that the company demonstrates solid profitability and positive cash flows at the acquisition date.

We have longstanding experience and vast expertise in the development, sale and support of vertical software. This enables us to identify acquisition targets that are fully in line with our strategy, based on our criteria. Our continuous list of prospects comprises some 100 companies.

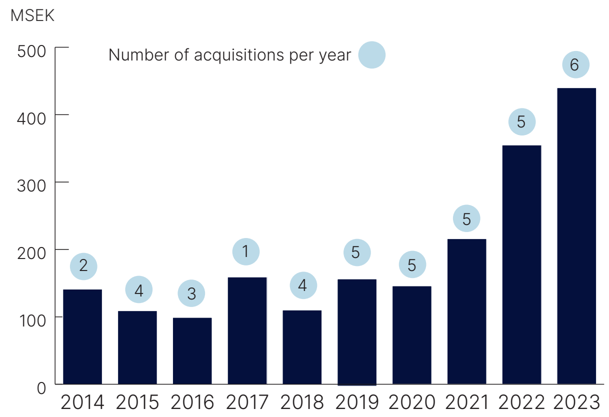
The acquisitions strengthen our offering and provide increased risk diversification. Before deciding on an acquisition, we dedicate a considerable amount of time and involvement getting to know the people at the companies. It is crucial that we agree on fundamental values, business models and strategies, since our acquisitions are based on the premise that the companies will continue to develop and become a part of the Group.

Malmkroppen

Through our subsidiary Malmkroppen AB we also have the opportunity to make minority investments in software companies in an earlier phase than the software companies that are usually acquired. In addition to the expected robust return on invested capital, we see value in establishing early relations with younger companies to increase our contact surfaces and to give back to the industry and share our experiences.

EXAMPLES OF ACQUISITION CRITERIA
- Software based on standardized niche products aimed at a vertical market
- Stable, efficient operation with good industry knowledge
- Similar values and corporate culture to Vitec
- High percentage of recurring revenues
- Good profitability and positive cash flows

Acquired sales and number of acquired companies



Effect of acquired units on sales

SEK million	2023 Jan–Dec	2022 Jan–Dec	Growth
Reported recurring revenues	2,346	1,631	44%
Effect of acquired units	112	531	
Proforma recurring revenues	2,458	2,162	14%
Reported net sales	2,778	1,978	40%
Effect of acquired units	141	677	
Proforma net sales	2,919	2,655	10%

STRATEGY FOR ACQUISITION-RELATED BRANDS AND PRODUCTS

All of the Group's operations contribute to the strengthening of the Vitec brand. We usually add "Vitec" to the legal corporate names of acquired companies and gradually switch to using the Vitec brand in all communications.

We keep the names of the products. We conduct a strategic brand analysis after which these names are communicated to the market based on their position in relation to the customers and the competition. Over time, the Vitec brand plays an important role in marketing the products either as a driving brand or as an endorsing brand.

Acquisitions may result in our offering products with partly overlapping functionalities, or even competing products, within a particular niche market. In these cases, we do not introduce any immediate changes, but assess, in conjunction with the development of new products, whether components can be created to support all of the product lines. This allows us to commence work on future-proofing the products and creating a new shared product line for all of our customers within the particular niche market.

OUR SUPPLIERS

A well-functioning procurement process is the key to high-quality, cost-efficient purchasing, as well as for ensuring that suppliers live up to our sustainability requirements.

We have a long-term perspective when working with our supplier agreements. Our purchasing uses a checklist that clarifies our expectations with regard to suppliers based on a professional, sustainable and ethically correct approach. The checklist is derived from our Code of Conduct and Sustainability Policy. Our main purchases pertain to areas such as office premises, data centers, electricity supply, information services, travel, electronics, computers, telephony, office supplies and software components. Although purchasing constitutes a very limited portion of the Group's operations, it is vital that we choose suppliers based on our values, those who, for example, consider human rights and anticorruption to be a matter of course.

In Norway and Sweden we use a system to automatically control supplier status regarding payments, which provides immediate feedback regarding information such as whether a supplier lacks the appropriate F-tax certificate, has serious tax liabilities, or is a scam company.

We do not lock ourselves to specific suppliers, which allows us to switch to other alternatives without major disruptions to our operations.

WHISTLEBLOWING

Whistleblowing involves reporting serious irregularities. Vitec has a whistleblower system through which employees, suppliers and customers can anonymously notify the organization about irregularities within the business. Reports can be submitted anonymously, in which case it is impossible to know if the source is an employee or an outsider. All reported cases are considered. The whistleblower system is administered by an external party and is accessible via our website.

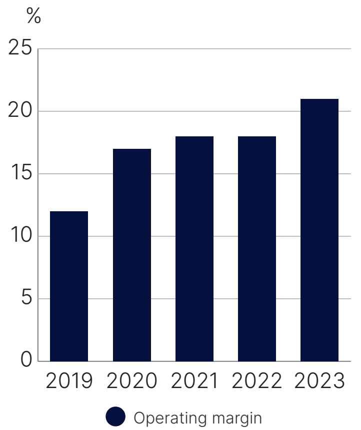
"We have a long-term perspective in the collaboration with our suppliers"

Karin Wendén,
Manager Financial Services & Integration
Vitec Software Group

Key indicators and development

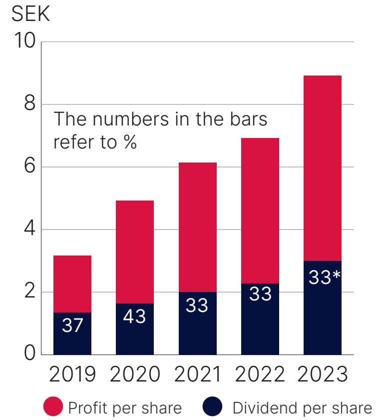
All Group companies are monitored using shared key metrics that steer their strategic focus toward a high percentage of recurring revenues and an emphasis on robust cash flow. The target is for the operating margin to gradually increase over time and reach at least 20% at the Group level.

Targets
The operating margin will gradually increase over time and will reach at least 20% at the Group level.



Another objective for long-term financial sustainability is that our dividend to shareholders must comprise at least one-third of the profits after tax every year. These levels are based on our collective assessments of the specific resources needed to satisfy our stakeholders' requirements. We shall continue to invest in product development and company acquisitions. We are to be an attractive employer to employees who share our values, and we are to be a good choice for shareholders with long-term interests.

Targets
Dividend corresponding to at least 1/3 of profit after tax.

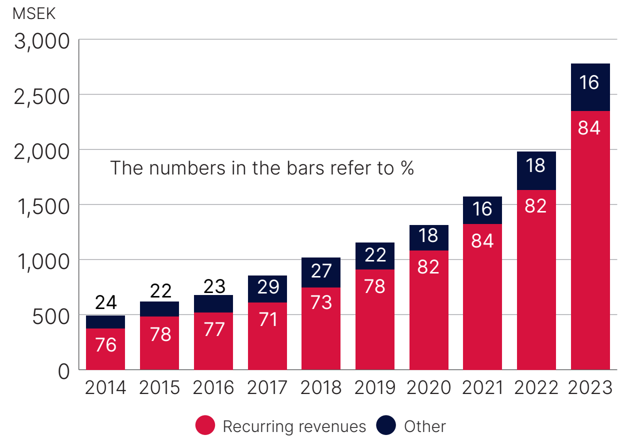


* Proposed dividend 3.00 SEK

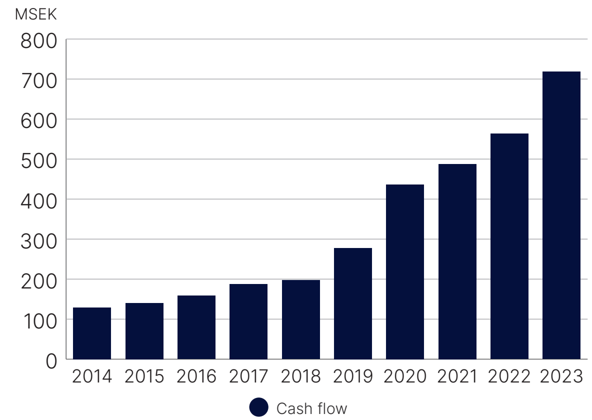
We follow several other performance indicators that are important for our continued growth.

Acquisitions
We grow in part through the acquisition of vertical software companies. During the year, we carried out six acquisitions and increased to 40 business units. Some of our business units have started operating under a common name and some of the year's acquired companies were add-on acquisitions.

Sales and recurring revenues
On average, our sales have grown 22% over the past ten years. The repetitive portion of sales was 84% in 2023 compared with 82% in 2022. Over a 10-year period, recurring revenues have grown by 24% annually, which is a higher growth rate than for total sales, fully in line with our business model.



Cash flow from operating activities
A positive cash flow is important for our continued growth. The graph to the right shows cash flow from operating activities in recent years.



Enabling products

Our products serve as an important foundation for our sustainability work. They are crucial to the operations of our customers and help maintain many important functions in society.

Our products increase the quality and flexibility of working methods and facilitate resource-efficient and reliable processes. We develop and provide software to enable a more sustainable, resilient and inclusive society where safe, secure and reliable operation with high demands for data ethics is crucial. Through close collaboration and a good understanding of each vertical and its challenges, innovation and continuous investments in our products, we help our customers to succeed with their aspirations.

Taken together, this helps us to contribute to increased innovation and better infrastructure. Through the work in this focus area, we mainly support Global Goal 9. Each individual business unit also focuses on relevant goals for its operation.

Without Vitec many operations would simply stop....

Vitec develops and delivers software aimed at various functions in society. Our products can be found at the heart of a variety of businesses and activities, including energy, insurance, retail, hotels, churches and health care. We have 24,600 customers and even more use our software daily.

The truth is that many businesses and activities would simply stop without Vitec. Through our products, every day we contribute to increased efficiency for our customers while also generating social benefit. That is why our long-term and sustainable perspective is central to everything we do, which is also expressed in our brand promise: To rely on — today and tomorrow.

We conduct our operations through our independent business units, which are presented in brief on the following pages.

Business unit	Software for:	Registered office	Year of acquisition	Sales 2023, SEKm	Recurring, 2023
ABS Laundry Business Solutions	The global laundry and textile rental industry.	NL	2022	252	46%
Enova	Energy management and grid balancing services in the Netherlands.	NL	2023	335	100%
Vabi	Sustainable energy management for the real estate and property management industry in the Netherlands.	NL	2021	98	99%
Vitec Actor Smartbook	Municipal culture and recreation administration offices, as well as other visitor facilities in Norway and Sweden.	SE	2018	48	83%
Vitec Acute	Healthcare companies in Finland	FI	2013	92	89%
Vitec Agrando	Church-related administration in Norway.	NO	2018	40	94%
Vitec ALMA	Information management within the process industry and energy companies in Finland.	FI	2020	51	59%
Vitec Aloc	Banking and finance industry in the Nordic region and western Europe.	DK	2014	143	87%
Vitec Appva	The healthcare and social services sector in Sweden.	SE	2020	51	97%
Vitec Autosystemer	Automotive, transportation and machinery industry in Norway.	NO	2015	53	94%
Vitec Avoine	Local associations, national organizations and golf facilities in Finland.	FI	2019	55	87%
Vitec Fastighet	Property management industry in Sweden.	SE	1985	254	77%
Vitec Capitex Finanssystem	Banking and finance industry, primarily in Sweden and with some establishment in Norway and Finland.	SE	2010	30	92%
Vitec Cito	Pharmacy market in Denmark.	DK	2018	46	78%

Business unit	Software for:	Registered office	Year of acquisition	Sales 2023, SEKm	Recurring, 2023
Vitec Codea	Emergency service activities and field management of emergency vehicles in Finland.	FI	2023	19	75%
Vitec Datamann	Auto dealers and car repair shops in Denmark.	DK	2015	71	84%
Vitec DL Systems	Facilities in the tourism sector.	SE	2023	8	92%
Vitec DocuBizz	Automotive industry in northern Europe and the US.	DK	2022	36	95%
Vitec Energy AB	Electricity traders and owners of electricity and district heating grids in about 25 different countries.	SE	1998	47	90%
Vitec Fixit	Hair and beauty salons in Norway.	NO	2019	66	97%
Vitec Futursoft	Automotive industry and machinery sector in Finland and Sweden.	FI	2016	115	89%
Vitec HK data	Health and welfare sector in Norway.	NO	2019	21	84%
Vitec Hotelinx	Hotels and tourism in Finland	FI	2022	21	91%
Vitec Katrina	Church-related administration in Finland.	FI	2019	30	88%
Vitec Megler	Real estate agents in Norway.	NO	2012	123	94%
Vitec Memorix	Archives, digital heritage and collections in the Benelux region.	NL	2023	47	82%
Vitec MV	Education sector in Denmark, Norway and Sweden.	DK	2017	44	95%

Business unit	Software for:	Registered office	Year of acquisition	Sales 2023, SEKm	Recurring, 2023
Vitec Mäklarsystem	Real estate agents in Sweden.	SE	2010	85	98%
Vitec Neagen	Healthcare sector in Finland.	FI	2023	48	61%
Vitec Nice	Liability insurance companies in Norway and Sweden.	NO	2015	14	61%
Vitec Nordman	Food and grocery retail industry in Sweden	SE	2021	20	96%
Vitec Plania	Building and facility management in Norway.	NO	2016	39	78%
Vitec Raisoft	Healthcare and social services company in Finland and Switzerland.	FI	2022	86	78%
Vitec Samfundssystem	Administrative services for churches and preschools in Sweden.	SE	2018	46	83%
Vitec Scanrate	Bond market in Denmark.	DK	2022	64	96%
Vitec Tietomitta	Private and municipal waste and resource processing in Finland.	FI	2016	86	91%
Vitec Travelize	Travel agencies, primarily in Scandinavia.	SE	2021	23	89%
Vitec Unikum	Retail trade and manufacturing industry in Sweden.	SE	2021	112	85%
Vitec Visiolink	Media companies in Europe.	DK	2020	73	77%
Vitec WIMS	Insurance companies in Norway.	NO	2019	32	76%

“Our customers’ businesses strengthen society at large.”

A reliable partner

Did we make our customers a little better in 2023? Yes, we think so. With ceaseless energy, we have developed our software with this in mind. To stay relevant, we continuously develop our products and offers. Our customers can feel safe with us, today and tomorrow. We deliver high accessibility and quality and also maintain the highest level of security. In addition, our products must enable customers to move their business forward, improve internal efficiency, and contribute to positive development with regard to sustainability. This is what we mean by “enabling products.”

ESSENTIAL IN AN UNCERTAIN WORLD

The mood on the market and among our customers has been impacted to some extent by the state of the world, with concerns related to interest rates, inflation and war in Europe. This has been evident for our customers to varying degrees. For many of our customers, the importance of their role in society is amplified in uncertain times. Their businesses strengthen society at large.

FOCUS ON PRODUCT DEVELOPMENT

Despite global uncertainty, we have continued to be a reliable partner. Our investment level and productivity related to innovation and development have remained high, leading in turn to better products and offers for our customers. We are seeing the result of this in part in the significant interest in our products and our organic growth during the year.

ENRICHING EXCHANGE OF EXPERIENCE

We also worked with integration of the six newly acquired companies during the year. We included them in our working methods and framework and invited them to our forums for learning and exchange of knowledge in Vitec. The fact that we now comprise 40 vertical software companies in different countries and verticals strengthens us and gives us knowledge to share. As a group, we can provide support and specific help in situations where it is required, such as security incidents. This is a strength from which we were able to benefit. Our knowledge forums this year focused on two issues in particular: security – in our deliveries generally, and as a key part of our own and our customers’ work with sustainability – and AI, both as a tool for improving the efficiency of our processes and as a component of our products. Here, we have combined internal experiences in our production with external insights. We look forward to continuing to develop ourselves and our products in this area in 2024.

The following pages go into greater detail on some of our business units and their work to remain a reliable partner for the customer.

Gert Gustafsson, COO
Vitec Software Group

Reuse is a part of the business

ABS LAUNDRY BUSINESS SOLUTIONS

ABS Laundry Business Solutions provides ABSSolute, an Enterprise Resource Planning (ERP) solution for the laundry and textile rental industry. In this industry, products are delivered but also returned for cleaning and reused over and over again.

"A long-term lifecycle and reusability are essential in product categories such as linens, clothing and dust control. This requires a strong tool like ABSSolute," explains Gerard van de Donk, CEO of ABS. Each item can be registered using radio-frequency identification (RFID) for automatic identification and tracking. In addition to tracking and following items, the system supports many specific invoicing methods as well as inventory management.

ABSSolute was designed for a global industry with a variety of needs. Most ABS customers are in North America and Europe. Growing business areas are the Middle East, Australia and East Asia. As a proactive participant in several industry organizations, ABS endeavors to meet the global challenges in sustainability. In addition to responding to the industry's requirements, ABS has launched several of its own sustainability initiatives.

The most important reasons that customers choose ABS are the technical and functional scalability and the company's in-depth industry expertise. Customers range from small family-owned laundry businesses to large, international companies with over one hundred laundries in multiple time zones.

"As a global system supplier, sustainability is one of our key factors. ABSSolute supports customers with functions for product reuse, product recycling with clear instructions, paperless internal logistics and adaptations for the various business areas," says Gerard van de Donk.

The business areas work together and support one another, ensuring that the functionality can be scaled as needed. The software is used for:

- Linen and workwear in health and medical care
- Linen and workwear in hotels and restaurants
- Linen and workwear in nursing and care homes
- Surgical wear and sterile products for operating rooms
- Industrial workwear
- Dust control

These business are all essential to society and ABS' systems must therefore function robustly and smoothly.

"Our customers are continuously made aware of our dedication to their industries. With feedback from around 700 laundries worldwide, the system is continuously being expanded with new features. Investments in innovations and security are crucial for us to retain our position as market leaders. ABS has been there for nearly 40 years and our customer base knows that they can trust us for another 40 and more," concludes Gerard van de Donk.

Gerard van de Donk
CEO ABS Laundry Business Solutions

Continuity and stability no matter the circumstances

VITEC AUTOSYSTEMER

Vitec Autosystemer delivers powerful business systems, tailored for the automotive, transportation and machinery industry in Norway. There are currently two primary product lines: Autodata, which is designed to connect buyers and sellers, and to support the entire value chain for spare parts and accessories; and Infoeasy, which helps workshops and transportation companies work efficiently and maintain continuous control. Zooming out from a customer value perspective, it is clearly important to ensure safe, efficient and punctual transportation and logistics in order to keep functions in society up and running.

"Vitec Autosystemer has been here and a safe choice for over 40 years and continuously works to improve not only the actual systems, but also our work method. Putting the customer at the center of what we do is very important," says Erling Brækkan, CEO of Vitec Autosystemer.

To modernize Autodata's technical platform, Vitec Autosystemer made a strategic decision five years ago. They foresaw that the technology at that time would not be able to handle future challenges. Collaboration and collective decision-making were key to the success of the project, because no one had a complete overview of the complex application. The pandemic impacted everyone at full tilt and forced employees to work from home overnight, creating new ways of working.

A full-time development project and a full-time business operation were both live at the same time. That required assistance. The project would not have been successful without support and assistance from top management, people in various positions at the Group level, customers and external partners – all with expertise and willing to support Vitec Autosystemer to achieve its goals.

Eight days after the successful launch of the "new" Autodata, the system was hit by a ransomware attack. Once again, through intensive work and collaboration, not only within Vitec Autosystemer, but also in Vitec Software Group, the system was running in less than a week – less than one third of the average recovery time in cases like this.

"If you ever take a similar journey, be sure to bring the best people, like I did, people who you know you can rely on today – and tomorrow!" says Erling Brækkan.

Erling Brækkan
CEO of Vitec Autosystemer

Improving quality of life with real-time data

VITEC RAISOFT

Vitec Raisoft develops and delivers software for health assessments based on the internationally validated interRAI, which is used worldwide. Vitec Raisoft is a market leader in Finland and Switzerland. There are also customers and partners in Canada, South Africa, France, Germany and Singapore.

"Our software is intended for elderly care, psychiatry, rehabilitation, and health and social care for people with disabilities. RAIsoft.net is assessment software that facilitates comprehensive ability assessments, treatment plans, quality monitoring and data analysis. We bring our software into patient and customer information systems through integration," says Minna Wentus, Chief of Business Operations at Vitec Raisoft.

RAIsoft.net produces information in real time that can be used to ensure the right treatment and support for the right person at the right time – no matter where they live. The software helps with allocating limited resources in the best possible way. This leads to significant cost savings for society and better quality of life for the individual. RAIsoft.net also makes the quality and efficiency of care transparent by generating reliable data and indicators that can be used for evaluation and improvement.

"You could describe Vitec Raisoft's software as a common language for care staff. RAI is a tool that makes it possible for professionals in health and social care, decision-makers and residents to speak the same language. Our software and expert services are an investment in well-being and health. Everyone wins when the individual and society can focus on prevention, rapid care and support," continues Minna Wentus.

Vitec Raisoft has long-term customer relationships and a long-term perspective in the business. A close collaboration characterized by trust has always been one of the most important factors for success.

"We are responsive and we understand the needs and expectations of our customers. We try to sense our customers' signals and remain a step ahead. When developing the software, we look to the future and aim to build generally useful functions with a long lifecycle that support our customers in their daily work. "Our software solves everyday challenges, both today and tomorrow," says Robert Åström, CEO, Vitec Raisoft.

Robert Åström
CEO Vitec Raisoft

Using the Group's collective knowledge for ongoing value

VITEC SAMFUNDSSYSTEM

Vitec Samfundssystem develops and delivers administrative systems to congregations and parishes in Sweden. In parallel with church operations, Vitec's products manage important events from the beginning of life to the end of life. The product offering includes everything from registers, finance, booking and payroll to cemetery administration. The cemetery system handles the entire process from mortuary to grave, including transportation, ceremony, invoicing and plot care.

The church has a clear emphasis on sustainability and actively works to reduce its environmental impact, promote social justice and strengthen human rights. Vitec's systems support economic and social sustainability, for example by allowing for digitalization, efficient use of resources and improved accessibility for their customers. The products are robust, reliable and user-friendly. They simplify and streamline the core activities of congregations, which is also ultimately essential from a societal perspective.

"In many ways, the church is a very important player in society. Our cemeteries must function regardless of what's going on in the world, and we want to facilitate the church's social activities involving care for people who are lonely and vulnerable by freeing up time from administration for human contact," says Henrik Nordlindh, CEO, Vitec Samfundssystem.

Vitec Samfundssystem has extensive experience and knowledge of the church's needs and challenges. IT security is a high priority, so that sensitive information is protected and the systems can function even in the event of a crisis. This also means that Vitec is developing new functions that correspond with the requirements of a changed IT landscape, and with customers' requests.

The company conducts joint development with Vitec Agrando in Norway and Vitec Katrina in Finland. Overall, this results in a stronger product offering and relevance over time. The focus of a current project is on cemetery administration in Sweden and Finland. By belonging to the Vitec Software Group, the companies can use the complete knowledge found in the Group and create a common base for their products with local adaptions.

"Around 400 of 600 congregations and parishes in Sweden use our products. Our cemetery administration systems contain information about three million deceased people, including where and when they were buried. The oldest information dates back as far as the early sixteenth century," says Henrik Nordlindh. He continues,

"Legal requirements now govern what information must be documented, and we also work based on the Swedish Civil Contingencies Agency's recommendations on how to manage burials in the event of a crisis. In collaboration with our Finnish sister company Vitec Katrina, we are developing a cloud-based system that improves accessibility, facilitates work processes and strengthens cooperation between the various players in the final journey of the deceased. Customs change, but no matter the form of the burial, the information must be documented and made available for future generations, hundreds of years from now. We always take a long-term approach in what we do."

◀ Henrik Nordlindh
CEO Vitec Samfundssystem

IT security – a proactive, continuously ongoing task

In a connected world, a robust IT environment is crucial for protecting data, systems and operations. We take preventive measures to protect our assets and considerably reduce the risk of cyber attacks.

Vitec's decentralized organization has a common IT unit that supports all business units within the Vitec Group. Vitec IT handles both the internal IT environment and serves as internal operations provider for Vitec's products. This creates good conditions for effective and proactive work with security throughout the organization.

ONGOING EVALUATION OF SECURITY LEVEL AND MEASURES

All units must follow the minimum requirements set by the Group with regard to security. Several business units in Vitec are certified to ISO 27001, working to become certified, or follow processes similar to the requirements for ISO certification. A key component of working with security is learning from the experience of events that have occurred in order to improve the processes.

The acquisition process includes assessing and understanding the security situation of the target company. This provides us with good possibilities for working with the newly acquired company and achieving a satisfactory level of security.

GROUP-WIDE DATA CENTERS

With our own data centers, we have control of the network infrastructure. It is scalable and uses multiple security systems to both identify and prevent attacks. Because we have our own data centers, we have complete control over where our customers' data are stored. Each business unit is kept completely separate to minimize the risk of a negative impact between them.

OUR VALUES GUIDE US

Security awareness is a central part of prevention. Vitec IT regularly trains employees on cyber threats and methods used by cyber criminals. Information security training is for all employees in the Group and covers topics such as phishing, password hygiene and risk behaviors. Our developers and engineers undergo additional training at a more advanced level.

At the business unit level, work with security is ongoing on a daily basis. Processes and procedures are in place for minimizing the risk of errors and misunderstandings. We automate processes where possible, as this is more efficient and reduces the risk of manual errors.

We actively work with a culture in which our employees feel comfortable reporting mistakes and deviations in order to identify problems and take action to prevent recurrences. We regularly evaluate and improve processes and systems, learn from past mistakes and implement changes to avoid them in the future.

A combination of training, technology, processes and culture help us to protect our assets and reduce the risk of attacks.

José Mayans and Stefan Westergren, infrastructure engineers, in one of Vitec's data centers.

Key indicators and development

INFORMATION SECURITY

Information security largely involves people and behaviors. In 2023, Vitec continued to offer "Cyber Security," our digital information security training program in which all employees receive a short lesson every three weeks. The program improves competence and awareness of our digital security procedures throughout the organization. In the 2023 training program, we emailed lessons to around 1,400 participants who received up to 16 lessons during the year. The overall completion rate was 89% compared with 90% last year. Our long-term goal is for 100% of our employees to have completed the training.

In addition to our digital information security training program, during the year Vitec also invested in raising security awareness another level with a focus on security in development. With help from external partners, all companies have been invited to lectures and seminars to deepen their understanding of topics such as development processes, cloud environments, penetration tests and compliance.

The meetings have been held once per month, with a good response and between 70–160 employees participating. The goal is to continue with the same arrangement in the coming year.

PRODUCT INVESTMENT

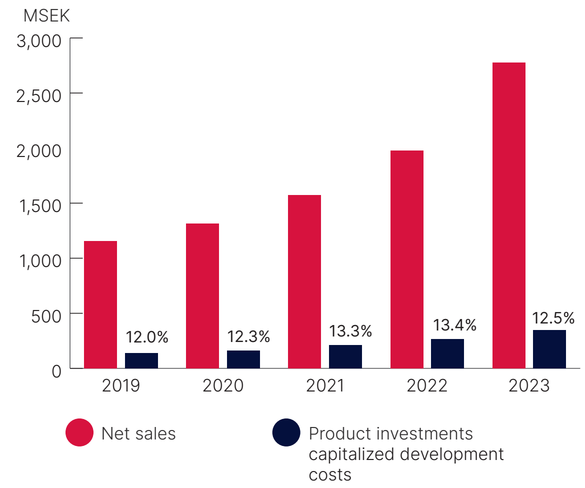
Most performance indicators in the Enabling products focus area are monitored only at the business unit level, such as customer satisfaction and business value. The key performance indicators that we monitor at Group level are presented below.

Continuous investment in our product portfolio is the basis for organic growth and for living up to our brand promise: To rely on – today and tomorrow. Because our customers completely rely on our products to conduct their daily operations and for their future development, we must constantly develop these products to keep up with technological changes and the requirements of our customers.

Investments in our products are governed completely by our business units. With this approach, we ensure that requirements and solutions are always close to the customer. However, we monitor the investments of each business unit at the Group level to ensure that the correct investment level is maintained over time. We have a common framework for product investment plans that each business unit must follow.

At the Group level, we monitor the investment level through a metric based on hours and distribution among different activities. We present our product investment as the proportion of capitalized work through our net sales.

Product investment



Empowered people

Success for Vitec depends on motivated and engaged employees with the knowledge and skills necessary to constantly develop the business, people who can be proud of their work and contributions to a sustainable society.

We strive for diversity, inclusion, continuous skills development, teamwork and a healthy work environment and culture to attract people and to strengthen the business.

We contribute to the 3rd Global Goal by actively striving to create a good work environment, and to the 5th and 10th Global Goals when we as employers hire, set salaries and provide skills development opportunities for employees based on their skills and performance. In this way, we increase our creativity and our ability to identify talent, while also contributing to a fair and equitable society.

We create Vitec together

Motivated employees with substantial influence, strong professional skills and extensive knowledge of their customers' operations and challenges are absolutely central for us to be able to continuously develop our products and our business. We are convinced that diversity, inclusion, development opportunities, teamwork, a good work environment and a well-established corporate culture attract employees and strengthen us as a company. In a world marked by complexity, uncertainty and contradictions, it is important for us to be able to clarify what we stand for and show that we are serious about our brand promise: To rely on — today and tomorrow. By also showing that Vitec is a company that is built by employees and where we place a high value on trust and transparency, we want to increase our attractiveness for both our current and future employees. This approach is especially important in times of skills shortages in the countries where we operate, as well as within our most crucial competency groups.

For us, the contribution of each employee is significant to the Group's success and to continue to be an attractive employer we focus on a sustainable work environment, both today and in the future. With a long-term approach in all we do, we create predictability and security that gives employees the opportunity to grow, focus on solving the right problems and further develop our products together with our customers. Our workplace climate is based on respect for each other's expertise and for each other as individuals. This creates the foundation for a good work environment.

We promote gender equality and diversity within the Group. One example is our recruitment process, which aims to reduce the risk of discrimination and ensures a good dialogue with candidates who express interest in us as a potential employer and those who are applying for one of our vacant positions. Another example is our salary policy, which clearly states that pay and development opportunities are to be based on relevant factors for the work, such as work effort, collaboration, skills and compliance with our common values. The salary structure should stimulate a long-term approach and good teamwork, and enable us to hire and retain talented employees.

As an employer, all companies in Vitec are responsible for having a long-term plan for ensuring short and long-term skills supply, and for continuously creating the conditions for and supporting employees to take personal responsibility for their own skills development.

Our target scenario is for every employee at Vitec to recommend us as an employer.

VALUES SHOW THE WAY

Vitec is a value-driven company, where we start daily from our values and our brand promise. This is how we work, permeating everything we do and every decision we make. In our group with employees in different business units, in many different offices in several countries, the values are the glue that holds us together and enables us to work diligently in the same direction. Together, we create a culture in which we thrive, develop and create value for our customers.

Our products - our foundation

Vertical Market Software

Keep it simple

Simple solutions succeed

Trust and transparency

Collaboration and commitment favor fortune

Corporate culture on the agenda

The Vitec Group is in a state of continuous growth. In 2023, we welcomed about 250 employees in connection with corporate acquisitions and recruitment efforts. At year-end, we had around 1,500 employees, mainly across northern Europe.

We invest in our orientation program, because we are convinced that a properly formulated and implemented orientation program is important for understanding our corporate culture and how we do things at Vitec. With this approach, our common values can continue to bind us together as a Group. During the year, we visited five acquired business units to carry out our onboarding program New@Vitec on Site and met around 100 new employees at introduction events in Stockholm, Oslo, Odense and Helsinki. For sustainability reasons, New@Vitec was carried out in different locations, chosen based on the locations of the new employees in order to optimize travel.

We have a decentralized decision-making process and our managers are key culture bearers who create an understanding for and serve as a connection to our strategies and our corporate culture. Confident leaders encourage employees to develop in pace with our operations, while clear expectations facilitate a focus on tasks that generate value. Accordingly, we hold an annual orientation event for our new managers, Leader@Vitec, through which we convey the type of leadership we expect at Vitec and the specific role of managers in creating conditions conducive to employee motivation, satisfaction, and optimal performance. New business unit managers in the Group were introduced primarily through their manager, Vice President of Operations (VPO), but also through a common orientation program that we call CEO@Vitec.

New@Vitec, Odense

CEO@VITEC
All new business unit managers, regardless of whether they were recruited to join Vitec, or welcomed through acquisitions, are invited to an orientation program at which Group management presents an in-depth picture of our strategy, business model, history, culture and leadership philosophy.

LEADER@VITEC
New managers are invited to Leader@Vitec where we strengthen their understanding of our corporate culture and leadership philosophy.

NEW@VITEC
Newly recruited employees are invited to an orientation event to welcome new colleagues, as well as to provide an overall understanding of Vitec, and to network with colleagues from other business units.

NEW@VITEC ON SITE
New employees who became part of Vitec in conjunction with acquisitions are welcomed and introduced to Vitec through visits from some people from Group management. The purpose is to create an overall understanding of Vitec, our history and our corporate culture.

Sharing@Vitec

To encourage the exchange of knowledge and experience within the Group, we have many forums where specialists in various areas from different business units meet in person and/or virtually.

With this approach we can share insights and ideas with each other. Each forum also has an online community for spontaneous interaction and to share materials.

Marketing Council, 2023

SALES MANAGER FORUM
A forum for everyone with responsibility for sales. The purpose is to share knowledge and experiences as well as increase the company's sales and reach new customers.

HEAD OF DEVELOPMENT
A forum where our Heads of Development can share knowledge or receive training in a specific issue.

CUSTOMER SUPPORT FORUM
A network aimed at sharing and benefiting from experiences, insights and ideas related to customer support. Participants are responsible for Customer Support at each business unit.

BUSINESS UNIT MANAGER MEETING
Opportunity for all Business Unit Managers and the Operations Management Team to meet, get to know each other, network, share knowledge and discuss common issues.

SOFTWARE DEVELOPER COMMUNITY
A digital network open to everyone where technical issues are discussed. Supported by a common archive for source code.

PRODUCT MANAGEMENT FORUM
A network for product managers to discuss product strategy, product requirement definitions and product planning/roadmapping.

IT OPERATIONS FORUM
A forum for representatives of all business units that have customer operations at Vitec IT. Best practices and future needs are discussed here.

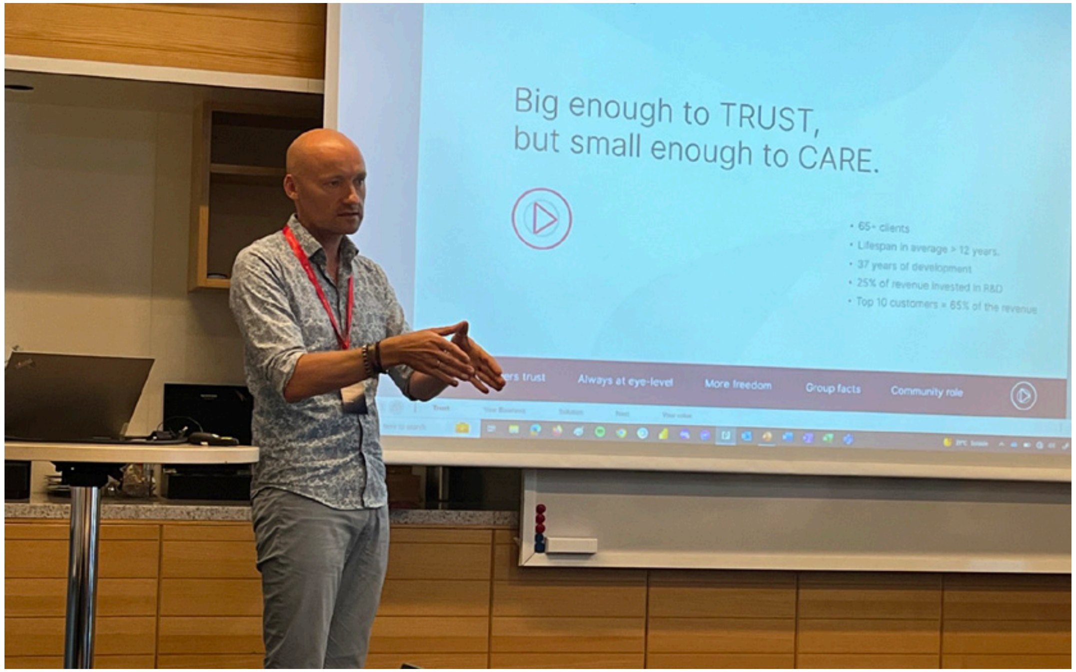
MANAGEMENT CONFERENCE
Conference every other year for general management teams from the Business Units and Group Management. The aim is to increase understanding of our culture, business model and strategy, as well as to discuss current topics of interest.

MARKETING COUNCIL
A network for sharing knowledge and best practices related to brand issues, communication and marketing. Participants include those who work with marketing and communication.

FINANCE FORUM
All business staff from each country regularly meet to receive information about procedures and rules related to financial affairs.

No. of meetings, both online and in person, in 2023:

22



Mikkel S. Lyngbye, CSO, Vitec Aloc talked about sales support at Marketing Council

Positive examples from Sharing@Vitec
Here are a few reactions from participants in the Marketing Council's in-person events in Stockholm, where everyone got to learn more about the latest in AI within marketing. This well-attended event welcomed a total of 50 colleagues from five different countries and 28 different business units.

"I'm very grateful to have had this chance to renew old relationships and meet new members of the Vitec family. It was fantastic to see the presentations from other business units about how to market yourself and engage your customers. I'm also grateful for my colleagues' interest in Vitec Aloc initiatives," says Mikkel S. Lyngbye, CSO, Vitec Aloc.

"The informal, well-organized event gathered colleagues from different Vitec verticals to exchange insights and discuss emerging trends. This meeting confirmed the importance of continually exploring new conditions in the area!" says Marien van Bezooijen, CCO, ABS.

Another positive example from Sharing@Vitec is when our colleagues at the forum take the initiative themselves to open up a dialogue and new mindsets – as when Ingrid Mårtensson, UX Lead, Vitec Appva and Øyvind Eliassen, UX Lead, Vitec Fixit created the informal "Vitec Designer Forum." The purpose was to have a discussion online about how AI is changing design practice and pushing limits, and to help foster a greater sense of community among designers within Vitec.

"It's important that we continue to meet as we grow. Sharing strengthens our culture."

Anna Andersson, Head of HR
Vitec Software Group

Meet some of us

Maarten van Beek, Enova

Maarten van Beek
Consultant Flexible Power, Enova, Netherlands
"I began at Enova in summer 2021. The company later became part of Vitec Software Group, in March 2023. My primary responsibility in this position is to handle and optimize operations of large electricity-consuming and producing assets on behalf of our customers. Our approach requires a deep understanding of our customers' complex processes in order to improve their energy efficiency and reduce costs. Given the 24/7 nature of the electricity market, it is crucial for our systems to work seamlessly.

"On a typical day, I make sure our systems are working as they should. I also travel all over the country to meet customers, discuss previous results and plan for the future. The complexity of the challenges I encounter when handling customers' problems are a source of motivation and inspire me to come up with creative solutions.

We are preparing our customers and ourselves for the future
"Sustainability is at the center of our daily work. We continuously endeavor to optimize processes and prepare our customers and ourselves for the future. Increased access to renewable energy puts a great deal of pressure on the electricity grid. By using our opportunity to guide our customers' processes, we play a key role in helping grid operators balance the electricity grid. Contributing to 'smart electricity grids' makes the energy landscape more efficient and sustainable."

Emilia Talvio
Information Security Manager, Vitec Acute, Finland
"I started at Vitec in 2018. First, I was part of our service desk. Since then, I've had several different positions in the organization and I am now information security manager.

"My role involves creating, developing and maintaining the information security management system in accordance with the ISO 27001 standard. I also coordinate audits and staff training in information security matters. My areas of responsibility include information security and information management. Important aspects of my job involve handling risks, our information security roadmap and making sure that all tasks in the roadmap correspond with our business goals. This entails in-depth discussions with a range of different stakeholders.

"On a typical day at work, my focus is on reviewing our processes from an information security perspective. This involves a deep dive into specific technical subjects, in order to secure our systems. The most rewarding part of my role is that no two days are the same. I learn new things all the time.

Integrated information security for continuity
"Our business unit integrates information security and our core values in all we do to ensure continuity in the operation. We also feel like a team, which contributes to a fun and stimulating work environment where we support one another in our professional development. This positive and secure atmosphere gives us an opportunity to develop our strengths and have fun while making progress together."

Emilia Talvio, Vitec Acute

Øyvind Eliassen, Vitec Fixit

Øyvind Eliassen
UX Lead, Vitec Fixit, Norway
"I started at Vitec Fixit in February 2021.

"My responsibility as UX lead is to ensure that all of our products follow best practice for UX design and meet the actual needs of our users and customers. I work with Valentina, our UX product manager, and other stakeholders to understand how our users perform their work and how our tools help them run their companies. When we improve or create new products, we conduct internal interviews and workshops before sketching solutions that are then refined into design prototypes. We always try to test and validate these prototypes with our users before passing them on to the development team. We also have a dialogue with the developers to make sure the end product meets our UX quality requirements.

"It is highly rewarding when we see that our efforts have met or exceeded our customers' expectations, or when we discover new ways of creating value for them with our tools. Of course, this work is also challenging.

We are on our toes – new technology changes digital habits daily
"As a member of the product team, I have the chance to impact our products every day. I have to look ahead and explore new and efficient ways of solving customers' challenges. That requires me to learn from other industries, be inspired by technology visionaries, understand the possibilities of AI and observe how new technology is changing the digital habits of people on a daily basis.

As a part of the journey, I personally also consider sustainability and the climate impact of our solutions to be important. For example, we're currently developing new software for our customers' cash registers, and aiming to keep some of the existing hardware by upgrading and repairing it internally, rather than just replacing it. When done right, this is environmentally friendly and cost-efficient. We live in a society that's accustomed to throwing things away, but we should all take responsibility for our own waste."

Patrik Gineman
Product Owner, Vitec Samfundssystem, Sweden
"I've worked at Agrando since 2017 and in 2019 we became part of the Vitec Software Group. My responsibility is to lead the development of our administration software, which is tailored to the Church of Sweden's needs. Congregations use the software to simplify daily work. It covers a large part of their administrative work, from online calendars to statistics and invoices.

"As product owner, I collect and prioritize feedback, bug reports and change requests from our customers and stakeholders. I also create specifications for the developers who build the applications.

"I enjoy finding out what our customers actually want and need, based on their suggestions, as well as taking part in customer dialogues to determine and pick the best way to implement the ideas into the system.

Tailored to stay relevant
"We create software for the Church of Sweden, which is the oldest organization in Sweden. They need a partner they can rely on, today and tomorrow. This process isn't a sprint; rather, we are determined to give them the best tools to help them work as efficiently as possible in a continuously changing society."

Patrik Gineman, Vitec Samfundssystem

OPPORTUNITY FOR LONG-TERM CO-OWNERSHIP

All employees are offered the opportunity to become long-term owners of Vitec, an opportunity that has existed over time and has been packaged in various warrant incentive programs, approved by the Annual General Meeting. These programs provide all employees, regardless of their role, with the opportunity to benefit from Vitec's growth in value.

We welcome many new employees through recruitment or acquisition, and to ensure that all employees can join a warrant incentive program as soon as possible, a new program is opened once a year. Each program is proposed by the Board and approved by the Annual General Meeting.

The Annual General Meeting resolved to introduce a new, long-term share savings plan, Employee Share Savings Plan, "ESSP 2023." The plan is aimed at all Vitec Group employees and requires personal investment in class B shares in Vitec for a period of 12 months, through monthly savings. Employees are offered an opportunity to receive, free of charge, allocation of class B shares in Vitec after a lock-in period of three years. Employees receive allocation of class B shares, "matching shares," provided that their employment has not concluded during the lock-in period and that the participant retains their initial investment in Vitec shares.

Key indicators and development

GENDER DISTRIBUTION

Since we are convinced that differences enrich our Group, we strive to achieve a more even gender distribution. Our aim is that the gender distribution in the "all managers" group should reflect the overall gender distribution. Consequently, we monitor a number of performance indicators in gender distribution.

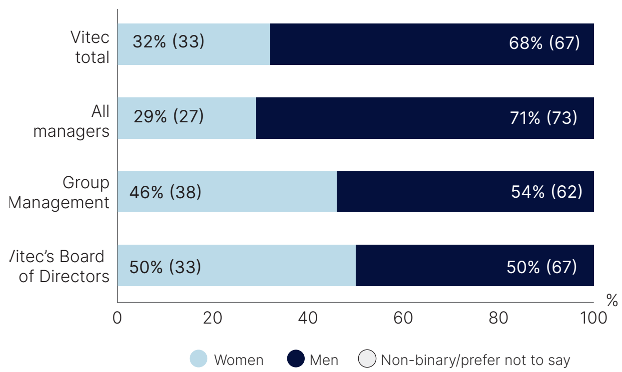
We currently have 3 percentage points fewer female than male managers compared with the gender distribution in Vitec overall, compared with 6 percentage points the previous year.

We also monitor the inflow and outflow of our employees from a gender distribution perspective. Our conclusion is that the proportion of women who join Vitec through acquisition is significantly lower than our average proportion of women, while the proportion of recruited women is at the average. The proportion of women who have left is lower than the average.

Targets

Same gender distribution among managers as among all employees.

Gender distribution in 2023 (2022 in parentheses)



3

percentage points

We currently have 3 percentage points fewer female than male managers compared with Vitec overall (6 percentage points in 2022).

Karin Liiw, Marketing Manager Vitec Fastighet

EMPLOYEE TURNOVER

Employee turnover is measured as the lower figure of the number who started and the number who left during the year, divided by the average number of employees.

We do not have a target value for employee turnover, but monitor the metric by business unit, since it is at the unit level that the information can indicate possible challenges.

At the Group level, employee turnover is 9% (9).

Vitec's employee turnover:

9%

LENGTH OF EMPLOYMENT

Our average length of employment is 8 years, calculated from employees' first day of employment in the business, thus counting time prior to Vitec's acquisition date. There is no comparison with previous years since this is a new metric that we have chosen to monitor, as it provides us with information about the extent to which employees choose to stay with Vitec as well as an indication of skill, customer understanding and productivity.

Average length of employment:

8 years

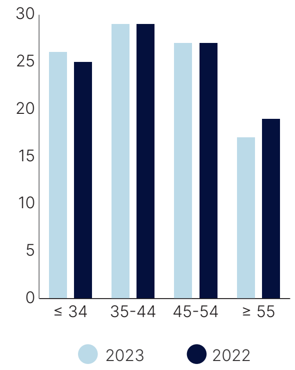
AVERAGE AGE

The average age in the Group is 43 years (43). We monitor the distribution since we would like to maintain a diversity of ages among our employees

DECENTRALIZED GOVERNANCE MODEL IMPACTS OUR CHOICE OF PERFORMANCE INDICATORS

Our governance model, in which we allocate as much decision-making as possible to our business units, requires careful consideration of which performance indicators to aggregate to Group level. Based on these considerations, we have decided not to conduct a Group-wide employee satisfaction survey, but allow the business units to choose how they wish to investigate job satisfaction and the work environment. Similarly, we allow the business units to choose how they monitor sickness absence.

Age distribution



Three people on the Vitec Group Brand & Communication team are 43 years of age – Vitec's average age.
Upper row: Simon Brandt, Anna-Karin Nilsson, Peter Nordenqvist and Annika Bergquist. Lower row: Jenny Bucht, Linda Larsson and Åse Thelander.

Reduced footprint

The foundation of our efforts to reduce our negative environmental impact entails the systematic skills development for all employees in basic sustainability thinking, as well as continuous revision of policies, guidelines and KPIs based on the development of more sustainable solutions available on the market.

In concrete terms, this involves increasing resource efficiency, reducing waste and making climate- and environment-friendly purchases. We replace fossil fuels with renewable energy sources and optimize business travel and commuting from a climate perspective. By doing so, we contribute to the global sustainability goals 7, 12 and 13.

Our climate target

To solve the climate crisis and the other major environmental challenges that we face today, participants at all levels who are able to do so must take the lead and act decisively. Vitec has therefore decided to be proactive by striving to minimize our climate impact internally.

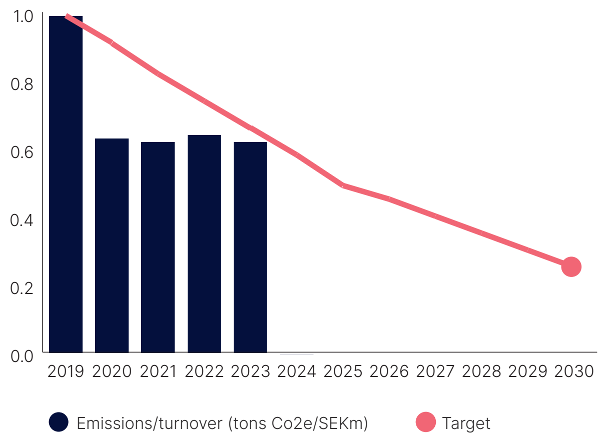
Carbon neutral by 2030

By 2030, the Vitec Software Group will be carbon neutral – by sharply reducing emissions combined with offsetting the remaining emissions.

We will achieve this goal by reducing emissions/sales by 75% by 2030. (Baseline year 2019 and adjusted for inflation.) Beginning in 2023, the remaining emissions will be fully offset. The target is in line with the objectives of the Paris Agreement. The interim target for 2025 is a 50% reduction in emissions/sales.

Climate targets and outcomes (tons CO_2e/SEK million)

Calculated and projected climate impact adjusted for sales.



Climate impact

Vitec's absolute climate impact in 2023 was 1,260 tons of CO2e, which corresponds to 0.51 tons of CO2e per million SEK in 2023 monetary value (0.62 in 2019 monetary value) or 0.95 tons of CO2e per employee. In absolute terms, this is an increase of 19% compared with the baseline year 2019. But during the same period, our sales increased by 140% and the average number of employees by 104%.

To compare our emissions over time, we evaluate the Group's climate impact in relation to its total sales. When we make this comparison, the climate impact is reduced by 37% between 2023 and the baseline year 2019 and reduced by 2% compared with 2022.

Compared with a scenario with a linear reduction of emissions toward the target year 2030, we are in accordance with our planned emission reduction rate. Emissions per employee decreased by 8% between 2022 and 2023. For a software production company like Vitec, the main climate impact comes from business travel, energy consumption from premises and data centers, and the purchase of electronics, consumables and food for the offices.

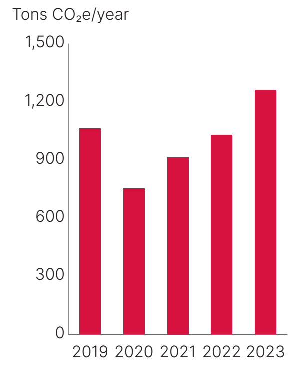
Because of Vitec's wide geographical spread, business travel has historically accounted for a large part of the company's climate-impacting emissions. In 2019, travel was the largest climate-impacting activity in percentage terms, accounting for 62% of our emissions.

Given the rapid technological and cultural developments related to remote meetings during the pandemic years, the climate impact of travel has been greatly reduced and now contributes 51% of emissions.

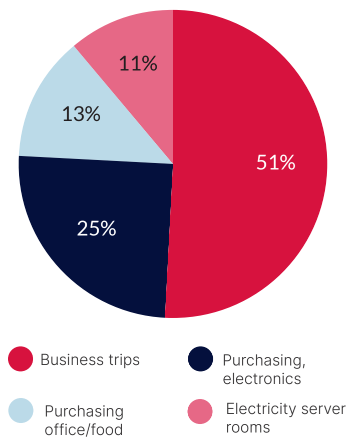
Other than business travel, most of our climate impact can be linked to our core business of developing vertical software. Hardware purchases and electricity consumption related to server and office operations together account for about one third of our carbon emissions.

The climate impact per employee from energy consumption in premises and data centers, as well as from IT equipment purchases, has declined over time as we have worked to reduce our footprint. The climate impact from food and office supplies is at the same level, because emissions from these sources are calculated based on templates.

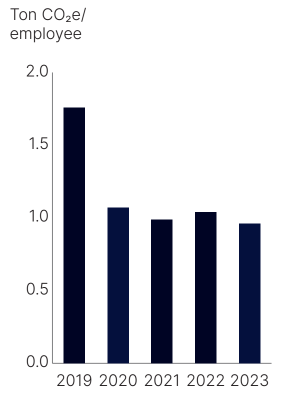
Absolute emissions



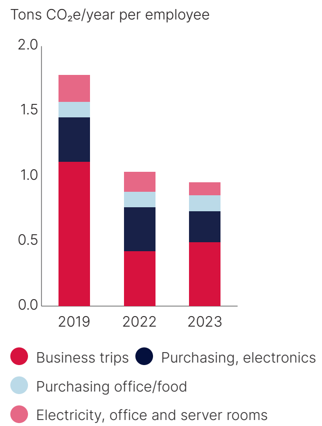
Climate impact 2023



Climate impact/employee



Climate impact per employee and category



How we reduce our negative climate impact

98%

The share of fossil-free energy sources in our contracts is 98%

ENERGY CONSUMPTION

To gradually reduce our energy consumption, we implement efficiency measures in our data centers and office premises. We use "free cooling" in our Group-wide server rooms, which means that the natural low temperature in outdoor air or water is used to lower the temperature in these facilities. The result is an approximately 20% reduction in electricity consumption. In a collaborative effort with the property owner, the waste heat from one of our server rooms is used to heat other sections of the premises, thereby reducing the total electricity consumption of the building.

The server rooms that become part of the Group as a result of acquisitions are assessed and, in many cases, operations are moved to one of the Group's shared server rooms. In addition to optimizing energy, the accessibility and security of the products can also be strengthened. Our Group-wide data centers use 100% renewable energy sources.

Through our acquisitions of new companies, there is a continuous change in the weighted share of fossil-free energy sources in the Group's electricity contracts. Our efforts toward achieving 100% fossil-free electricity contracts continue as we convert existing contracts to 100% fossil-free electricity as soon as contractually possible. The share of fossil-free energy sources in our 2023 contracts is 98% (95).

For our offices, we review energy-saving measures in conjunction with renovations and relocations to new premises. Electricity consumption in office premises per employee has reduced from 1,849 to 1,670 kWh/employee in our offices compared with the previous year, which is a level 21% below the 2019 consumption.

TRAVEL

During the pandemic, our travel was at a very low level. Air travel fell sharply, while business travel by car increased slightly. We are now seeing travel patterns in which air travel is increasing and car travel is returning to pre-pandemic levels. Emissions from car travel have reduced sharply since 2019. This is due to increased electrification of cars. This applies to our company cars and to the private cars our employees drive while on duty. Of our company cars, the share of electric cars and hybrids has increased from 41% in 2022 to 60% in 2023.

Our goal is to reduce emissions from business travel by 50% compared with 2019. To date, we have reduced emissions by 56%, so the goal has already been achieved. This will not stop us, but instead inspires us to continue working to reduce our climate impact.

The rapid development of high-quality digital meetings has reduced the overall need for business travel and much of our climate work is focused on optimizing our internal meeting operations from a sustainability perspective.

When opening new offices, we try to choose locations close to public transportation and in bike and pedestrian-friendly areas in order to reduce the footprint from commuting to and from the offices.

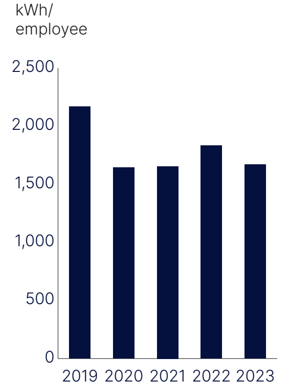
▶

Our computer service agreements are now for four years, rather than three. We also have access to our IT supplier's recycling program for IT products.

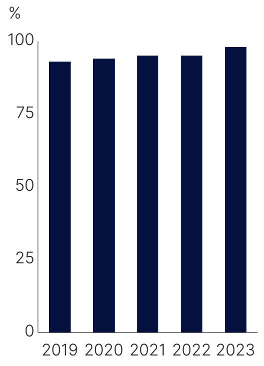
Key indicators and development

ENERGY

Electricity consumption per employee in offices



Share of fossil-free energy in electricity contracts

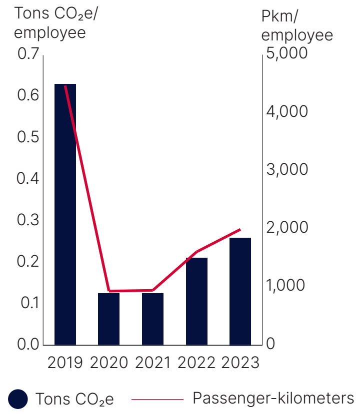


Targets

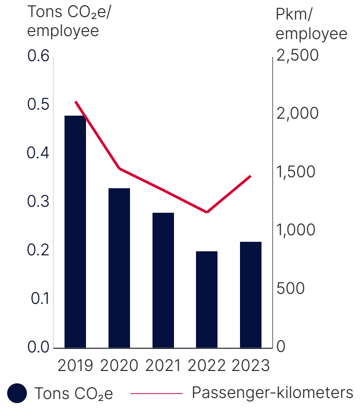
a) Continual improvement of energy efficiency, offices
b) Continual improvement of energy efficiency, data centers
c) 100% fossil-free electricity contracts by 2025

BUSINESS TRIPS

Air, climate impact/employees



Car, climate impact/employees



Targets

a) 50% reduction in climate impact from air and car travel/ employee by 2030
b) 40% reduction in climate impact from air and car travel/ employee by 2025

Vitec finances projects for avoiding emissions

In 2023, we offset up to 1,500 tons of emissions. Our actual emissions were 1,260 tons. We have invested in four different projects that all contribute to avoiding emissions. One project is contributing to avoiding 1,200 tons of CO2 emissions in Ethiopia, verified by the Gold Standard, and three biochar projects are contributing to lasting carbon sequestration, equivalent to 300 tons of CO2, verified by the Puro Standard.

"We must continue to actively reduce our emissions. But as a way to take responsibility, we're choosing to offset, which I see as an important interim target and evidence that we're moving forward," says Sara Nilsson, CFO, Vitec Software Group.

The project in Ethiopia has contributed to helping people in rural parts of the Chencha, Mirab Abaya and Arba Minch regions to renovate old wells to provide clean, safe water again. The project is also introducing hand pumps that can be made locally, according to available designs. In this way, the project contributes to avoiding emissions as it means water from the wells does not need to be boiled, which is otherwise done using fossil fuels or unsustainably harvested wood fuels.

Beyond the benefit to the climate, this also reduces waterborne diseases and saves time and money on collecting fuel, particularly for women.

Vitec is financing a project that contributes to avoiding 1,200 tons of CO2 emissions in Ethiopia.

BIOCHAR – CERTIFIED CARBON SINKING IS THE FUTURE OF CARBON OFFSETTING

In addition to the project in Ethiopia, we chose to invest in three different biochar projects: OBIO – Biochar from the Norwegian forest, Carbon Hill and Carbon Cycle. Importantly, biochar projects are audited by a third party to ensure that they only use sustainable raw materials and to verify the amount of carbon that is captured and stored.

OBIO is a leading Norwegian biochar company, based in Opland. OBIO built the first industrial pyrolysis factory in Norway. The modern, highly automated factory uses wood chips from a nearby PEFC-certified forestry company with a transportation distance of less than 2 km.

The facility also sells heat as a by-product to a nearby food processing facility and their biochar is used commercially and in research, for example for animal litter, feed and for urban materials to replace concrete.

In the other biochar project, Carbon Hill in Wales, Caebardd Farm has expanded its farming operation and begun to produce biochar on a small scale. They use the revenue from the sale of biochar and credits to finance the development of their technology for biochar production in order to offer it to more farms.

The raw material for their biochar comes mainly from municipal garden waste, which would otherwise just rot or be incinerated. The biochar that they produce is used primarily on their own farm or sold mixed with fertilizer.

The third biochar project, Carbon Cycle, is a privately owned company based in southeast Germany. Carbon Cycle specializes in producing high-quality biochar and uses untreated wood chips from energy grade wood, locally sourced from PEFC-certified forests, as feedstock for the biochar.

"To successfully be climate neutral by 2030, everyone in the Group has to work together to monitor and minimize our internal emissions. We can all do more there. As a step in the process, at the Group level we will be reviewing the value chain for purchasing, external partners and subcontractors. Reducing our emissions is not a quick process, nor can we reduce them all at once. But what we can do is address one interim target at a time and continue to take responsibility," says Sara Nilsson, CFO, Vitec Software Group.

"What we can do is address one interim target at a time and continue to take responsibility"

Sara Nilsson, CFO
Vitec Software Group

Shares and shareholders

Vitec Software Group AB (publ) was listed on the Nasdaq Stockholm on July 4, 2011. As of January 1, 2022, the company is under the Large Cap list with the ticker symbol, VIT B. A trading lot comprises one share. At December 31, 2023, there were 11,601 shareholders and the percentage of foreign-owned shares corresponded to 33% of the capital.

SALES AND SHARE PRICE TREND

In 2023, the total value of share trading was SEK 4,693 million. The average turnover per day of trading was 36,299 shares, valued at SEK 18.7 million. The closing price for the year was SEK 585.5 (418.2) and the overall market capitalization amounted to SEK 21,977 million (15,611) at year-end.

NUMBER OF CLASS A AND CLASS B SHARES

The total number of shares in Vitec at the close of the financial year was 37,535,487, including 2,650,000 class A shares and 34,885,487 class B shares. Class A shares are subject to a pre-emption clause. Current share capital is approximately SEK 3.7 million, with a quotient value of SEK 0.10 per share.

LOCATION OF LISTING

The Vitec Software Group's class B share is listed on the Nasdaq Stockholm. The share's ticker is "VIT B" and its ISIN-coding is SE0007871363. One trading lot amounts to one share.

DIVIDEND POLICY

Vitec has paid dividends every year since 2003. The objective is for dividends to correspond to a minimum of one third of profit after tax. However, an assessment is always performed with regard to the company's financial position.

DIVIDEND

The Board proposes, to the Annual General Meeting, a dividend of SEK 3.00 (2.28) per share, which corresponds to 33% of profit after tax for 2023.

INFORMATION TO SHAREHOLDERS

Vitec's shareholders and the stock market receive rapid detailed information about its performance and financial position, according to Nasdaq's rule book for issuers. Our website, *vitecsoftware.com,* is our primary channel for information, where we publish financial information and other potentially price-sensitive information, immediately following disclosure. The website also features presentations and video clips of Annual General Meetings, information about the company and the Vitec share, our financial calendar and information about corporate governance. You can also subscribe to our press releases and reports.

ANALYSES OF VITEC

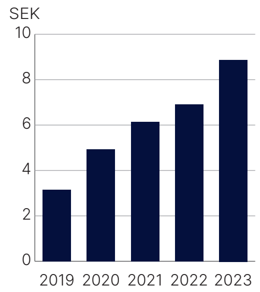
Vitec was monitored by ABG Sundal Collier and, SEB, Nordea Markets, Redeye and Pinpoint during the year.

Lars Stenlund, Chairman of the Board, at the 2023 Annual General Meeting.

Brief facts

	2023	2022
Number of class A shares	2,650,000	2,650,000
Number of class B shares	34,885,487	34,678,539
Highest closing price, SEK	604	552
Lowest closing price, SEK	393.2	316
Closing price, SEK	585.5	418
Average daily turnover, SEK 000s	18,701	17,342
Average daily turnover, no. of shares	36,299	10,283
Market capitalization, SEK million	21,977	15,611
Marketplace	Nasdaq Stockholm	Nasdaq Stockholm
Segment	Large Cap	Large Cap
Ticker	VIT B	VIT B
ISIN code, class A shares	SE0007871355	SE0007871355
ISIN code, class B shares	SE0007871363	SE0007871363

Earnings per share

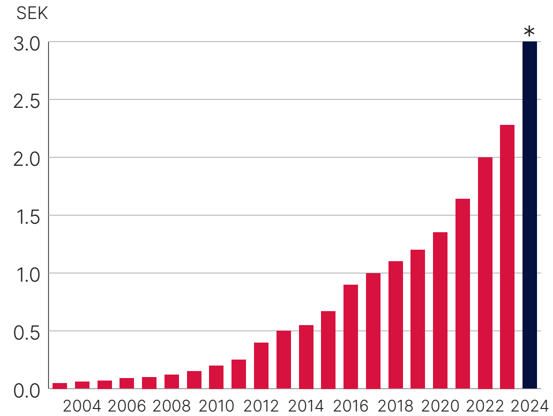


Share performance

Share data

		2023	2022	2021	2020	2019
Adjusted equity per share (AES)	(SEK)	90.78	85.99	56.76	25.73	23.31
Earnings per share	(SEK)	9.07	6.92	6.14	4.93	3.16
Earnings per share after dilution	(SEK)	9.12	6.84	6.05	4.91	3.18
Resolved dividend per share	(SEK)	2.28	2.00	1.64	1.35	1.20
Cash flow per share	(SEK)	23.21	16.86	14.72	13.18	9.90

Dividend per share 2003–2024

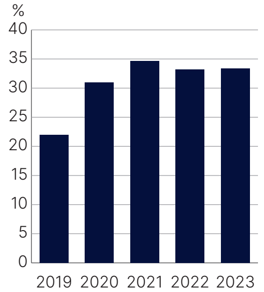


* Proposed dividend: 3.00

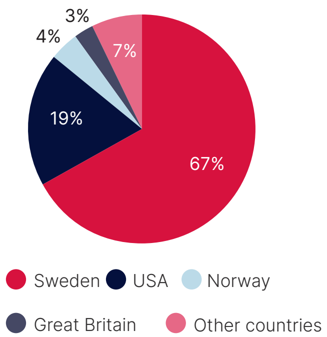
Shareholders Dec 31, 2023

	No. of class A shares	No. of class B shares	Share capital, %	Votes, %
Lars Stenlund	1,170,000	186,911	3.62	19.36
Olov Sandberg	1,120,000	34,995	3.08	18.30
Jerker Vallbo	360,000	14,089	1.00	5.89
Capital Group		2,790,783	7.44	4.55
SEB Fonder		1,991,982	5.31	3.25
Thomas Eklund		1,670,805	4.45	2.72
Lannebo Fonder		1,484,750	3.96	2.42
Swedbank Robur Fonder		1,437,208	3.83	2.34
Cliens Fonder		1,290,618	3.44	2.10
Vanguard		1,245,493	3.32	2.03
Other		22,737,853	60.58	37.04
Total	**2,650,000**	**34,885,487**	**100.00**	**100.00**

Foreign-owned shares



Shareholders by geographic area



Shareholders, by number holdings

Holdings	Number of shareholders	No. of class A shares	No. of class B shares	Holdings, %	Votes, %
1–500	10,390		648,206	1.73	1.06
501–1,000	377		305,978	0.82	0.50
1,001–5,000	549		1,205,144	3.21	1.96
5,001–10,000	99		720,342	1.92	1.17
10,001–20,000	58		831,146	2.22	1.35
20,001–	128	2,650,000	30,122,416	87.37	92.26
Anonymous ownership	0		1,052,255	2.74	1.69
Total	**11,601**	**2,650,000**	**34,885,487**	**100.00**	**100.00**

Patrik Fransson, Investor Relations
Vitec Software Group

Share capital development

Year	Transaction	Total share capital	Total number of class A shares	Total number of class B shares
1985	Founding of company	50,000	500	-
1990	Bonus issue	100,000	1,000	-
1990	New share issue, incentive program	140,000	1,000	400
1990	New share issue	156,000	1,160	400
1995	New share issue, incentive program	164,000	1,160	480
1997	Bonus issue/split	328,000	23,200	9,600
1997	New share issue, incentive program	340,000	23,200	10,800
1997	Split	340,000	4,640,000	2,160,000
1997	Conversion of class A shares	340,000	4,000,000	2,800,000
1997	Bonus issue	850,000	10,000,000	7,000,000
1997	Directed issue, Innovationsmäklarna AB and Innovationsmarknaden AB (Nordic Growth Market)	900,000	10,000,000	8,000,000
1998	New share issue upon listing on Innovationsmarknaden	1,500,000	10,000,000	20,000,000
1998	Non-cash issue for acquisition of Bra Administration AB (currently known as Vitec Energy AB)	1,641,000	10,000,000	22,820,000
1999	Reverse share split upon listing on Aktietorget	1,641,000	1,000,000	2,282,000
2000	Non-cash issue for acquisition of Minator AB (Vitec Fastighetssystem AB)	1,732,000	1,000,000	2,464,000
2004	Conversion of employee convertibles	1,786,100	1,000,000	2,572,200
2007	Conversion of employee convertibles	1,808,000	1,000,000	2,616,000
2008	Non-cash issue in conjunction with acquisition of Vitec Mäklarsystem AB	1,883,000	1,000,000	2,766,000
2008	Conversion of class A shares	1,883,000	800,000	2,966,000
2009	Conversion of promissory note from the acquisition of Vitec Veriba AB	1,916,350	800,000	3,032,700
2010	Conversion of promissory note from the acquisition of Vitec Mäklarsystem AB	2,025,725	800,000	3,251,450
2010	Directed issue to Avanza	2,125,725	800,000	3,451,450
2011	Conversion of employee convertibles	2,183,538	800,000	3,567,075
2012	Conversion of employee convertibles	2,213,252	800,000	3,626,504
2012	Non-cash issue in conjunction with acquisition of outstanding shares of 3L System AB	2,574,164	800,000	4,348,327
2013	Conversion of promissory note from the acquisition of Capitex AB	2,654,164	800,000	4,508,327
2014	Conversion of promissory note from the acquisition of IT-Makeriet AS	2,674,164	800,000	4,548,327
2014	Directed issue	2,899,164	800,000	4,998,327
2014	Conversion of employee convertibles	2,939,669	800,000	5,079,338
2015	Split	2,939,669	4,000,000	25,396,690

Year	Transaction	Total share capital	Total number of class A shares	Total number of class B shares
2016	Conversion of class A shares	2,939,669	3,500,000	25,896,690
2017	Conversion of class A shares	2,939,669	3,350,000	26,046,690
2017	Conversion of employee convertibles	2,983,890	3,350,000	26,488,900
2018	Directed issue	3,233,890	3,350,000	28,988,900
2019	Conversion of promissory note from the acquisition of MV Nordic A/S	3,236,878	3,350,000	29,018,775
2019	Conversion of promissory note from the acquisition of MV Nordic A/S	3,257,322	3,350,000	29,223,216
2020	Conversion of class A shares	3,257,322	3,050,000	29,523,216
2020	Conversion of employee convertibles	3,277,343	3,050,000	29,723,422
2021	Conversion of promissory note from the acquisition of Odin Systemer AS	3,303,390	3,050,000	29,983,902
2021	Directed issue	3,503,390	3,050,000	31,983,902
2021	Partial conversion of promissory note from the acquisition of Visiolink Management ApS	3,504,616	3,050,000	31,996,163
2021	Conversion of class A shares	3,504,616	2,950,000	32,096,163
2022	Conversion of promissory note from the acquisition of Appva AB	3,507,950	2,950,000	32,129,496
2022	Conversion of promissory note from the acquisition of Visiolink Management ApS	3,512,854	2,950,000	32,178,539
2022	Directed issue	3,732,854	2,950,000	34,378,539
2022	Conversion of class A shares	3,732,854	2,650,000	34,678,539
2023	Conversion of promissory notes for acquisitions as well as warrant incentive programs for employees	3,753,549	2,650,000	34,885,487

Market capitalization at year-end*

SEK million	2023	2022	2021	2020	2019
Market capitalization at year-end*, SEK million	21,977	15,611	19,521	11,176	6,026

*Market capitalization is calculated as the total number of issued class A shares and class B shares at the balance-sheet date, multiplied by the share price on the Nasdaq Stockholm at year-end.

Administration report

Administration report

The Board of Directors and CEO of Vitec Software Group AB (publ), corporate registration number 556258-4804, with its registered office in Umeå, herewith present their annual report, sustainability report and consolidated financial statements for the 2023 financial year.

OPERATIONS

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 energy, insurance, retail, hotels, churches and health care. With our products, we contribute to increased efficiency for our customers, sustainability and value-generating social benefit. The expertise of our employees, combined with our shared corporate culture and business model, enable continuous improvement and innovation.

Our business model, with a high proportion of recurring revenues, provides us with stable and predictable cash flows that foster conditions for a long-term approach. It also makes the Group less sensitive to temporary declines within individual business units.

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.

With offices and employees in 11 countries, we are growing both organically and through acquisitions of well-managed and established software companies.

Vitec is listed on the Nasdaq Stockholm and had sales of SEK 2,778 million in 2023.
The address of Vitec's headquarters in Umeå is Tvistevägen 47 A, 903 29 Umeå, Sweden.

DEVELOPMENT

We have a growth-oriented strategy and are continuously in search of new acquisition objects. For the past 10 years, our growth rate has been over 20% per year. Vitec has a long-term financial target of an operating margin of at least 20%.

Outcome

%	2023	2022	2021	2020	2019
Sales growth	40	26	20	14	14
Operating margin	21	18	18	17	12

NET SALES AND EARNINGS

Consolidated net sales in 2023 totaled SEK 2,777.6 million (1,978.2). Net sales rose a total of 40% for the period; recurring revenues rose 44%, including 14% organically. We estimate that approximately four percentage points of this growth is attributable to currency effects. Aggregate recurring revenues amounted to SEK 2,346.0 million for the full year. Other revenues totaled SEK 41.4 million, which is an increase of 7% compared with the corresponding period last year. Licensing declined by 14% to SEK 46.9 million. Service revenues gained 35%, compared with 2022. Recurring revenues accounted for 84% of net sales, compared with 82% in 2022. Companies acquired during the year contributed SEK 332.0 million in net sales during the period. EBITA was SEK 876.1 million (581.6), with an EBITA margin of 32% (29). Operating profit was SEK 590.1 million (355.8), with an operating margin of 21% (18). IFRS 16 related to leases had an impact of to SEK 69.4 million (51.1) on operating profit, and SEK -67.1 million (-49.0) on depreciation. The net of capitalized development costs and amortization and impairment losses on intangible fixed assets had a negative effect on operating profit of SEK -36.9 million, compared with negative SEK -18.9 million the corresponding period last year. Acquisition-related costs are included in operating profit and amount to SEK -38.0 million (-40.3).

Net financial items totaled a negative SEK 122.3 million (neg: 43.7). Net financial items consist of net interest income and non-cash fair value adjustments. The increase in net interest income is attributable to higher interest rates and increased borrowing in conjunction with acquisitions. Financial income amounted to SEK 6.1 million (2.6) and comprised interest from bank accounts. Financial expenses totaled SEK -99.2 million (-46.3) and consisted of interest on financial leases of SEK -2.3 million (-2.2) and interest on acquisition credits and convertible debentures of SEK -96.6 million (-41.4), other financial items of SEK -0.3 million (-2.7). Fair value adjustments consist of remeasurement to fair value of supplementary purchase considerations of SEK -14.3 million (0) and securities held as fixed assets of SEK -14.8 million (0), respectively.

Profit after tax for the year was SEK 339.2 million (244.9), of which SEK 339.2 million (244.9) was attributable to Parent Company shareholders.

OPERATING SEGMENTS

Operating segments are defined as business units, of which there are 40, 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, the Group has aggregated all of its operating segments/business units into one operating segment in the financial reports, in accordance with the rules of IFRS 8.

Vitec operates in 11 countries but has sales worldwide. Our geographic market comprises Sweden 25%, Finland 20%, Netherlands 15%, Norway 15%, Denmark 13%, other countries 7% and US 5%.

ACQUISITIONS AND CHANGES TO THE LEGAL STRUCTURE IN 2023

In 2023, the following corporate acquisitions entailed changes to the legal structure:

- February 23: Enova Holding B.V.
- May 15: DL Systems AB
- June 12: Entry Event Sweden AB
- September 14: Neagen Oy
- October 12: Memorix
- November 28: Codea Oy and Navicode Oy

All of the acquisitions were consolidated as of the acquisition date.

On April 18, the Swedish company Vitec LJ System AB merged with Vitec Samfundssystem AB. Pursuant to the merger, Vitec Samfundssystem AB has taken over the accounting and tax position of the transferring company, along with their assets, rights and obligations. In addition, Finnish subsidiary Vitec Nexgolf Oy merged with Vitec Avoine Oy in early June. Pursuant to the merger, Vitec Avoine Oy has taken over the accounting and tax position of the transferring company, along with their assets, rights and obligations.

On November 24, the sub-subsidiary Åbergs datasystem i Katrineholm AB was sold, a former subsidiary of Vitec Travelize AB. The sale was at book value and has no effect on the Group's earnings or financial position.

Acquisition Enova Holding B.V.

On February 23, Vitec acquired all shares in the Dutch software company Enova Holding B.V. Enova develops and delivers energy management software for large companies in the Netherlands, and also provides grid management 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 and through a contingent consideration.

Acquisition DL Systems AB

On May 15, Vitec acquired all shares in the Swedish software company DL Systems AB. DL Systems develops and delivers a complete booking system for facilities in the hospitality sector in Sweden. The company had sales of SEK 8 million for the financial year 2021–2022.

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 through a contingent consideration.

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 sector in Sweden. The company's sales amounted to SEK 14 million in the split financial year of 2021–2022.

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 with a deduction for a withheld amount to be paid on June 30, 2024 and June 30, 2025. Payment was also 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 for the Finnish market. The company reported sales of about EUR 5 million in 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; the acquisition was completed on November 28. Software company Codea develops and delivers critical software for field management of emergency vehicles 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 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 Memorix

On October 12, Vitec acquired all shares in the Dutch software company Picturae ICT B.V. In conjunction with the acquisition, the company changed its name to Vitec Memorix B.V. Memorix develops and delivers software for managing archives, digital heritage and collections in the Benelux region. The company reported sales of EUR 4 million in 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 through a contingent consideration.

Software company Codea was acquired in 2023. Codea develops and delivers software for field management of emergency vehicles in Finland.

OTHER IMPORTANT EVENTS

April 25, 2023: The AGM resolves on share savings plan

The Annual General Meeting resolved to introduce a share savings plan. The plan is aimed at all Vitec Group employees and requires personal investment in class B shares in Vitec for a period of 12 months. After three years from the first occasion of saving, employees are allocated matching shares corresponding to the number of shares they saved in the plan.

October 19: Resolution on repurchase of treasury shares

With the support of the authorization of the Annual General Meeting, the Board resolved on acquisitions of a maximum of 80,000 class B treasury shares on Nasdaq Stockholm. The purpose of the decision is to ensure the delivery of Vitec class B shares to the participants in the employee share savings plan, the so-called matching shares.

OTHER IMPORTANT EVENTS IN BRIEF

- January 9: Board member Crister Stjernfelt passed away
- During the year, three convertible loans were converted and one warrant program expired. The number of class B shares increased by 206,948 and share capital increased by SEK 20,694.70
- October 31: Nomination Committee appointed for Annual General Meeting
- In late 2023, the existing loan facility with Nordea and SEB was increased by SEK 500 million to SEK 3,000 million.

EVENTS AFTER THE BALANCE-SHEET DATE

Acquisition of LDC I-Talent Solutions B.V.

On January 25, 2024, Vitec acquired all shares in the Dutch software company LDC I-Talent Solutions B.V. LDC develops and delivers a platform for coaches and candidates in career and human resource management, reintegration, training and retraining. The company reported sales of EUR 2 million in the 2023 financial year.

The acquisition is deemed 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%.

At the time of publication of this report, an analysis of the balance sheet on the date of access is underway, which may form the basis for 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 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.

LIQUIDITY, CASH FLOW AND FINANCIAL POSITION

The Group's cash and cash equivalents, including current investments at the end of the period, totaled SEK 171.9 million (615.8). In addition to cash and cash equivalents, Vitec had an overdraft facility of SEK 125.0 million and SEK 1,038.5 million that was an unutilized portion of the credit facility. During the year, the existing credit facility agreement with Nordea and SEB was increased by SEK 500 million and now amounts to SEK 3,000 million. Its terms, conditions and covenant requirements are in line with our previous agreements with the banks. The Group has fulfilled the terms and conditions in their entirety during the period.

At December 31, 2023, interest-bearing liabilities totaled SEK 2,162.3 million (1,531.6) and comprised SEK 2,148.9 million (1493.8) in non-current interest-bearing liabilities and SEK 13.4 million (37.8) in current interest-bearing liabilities. Non-current interest-bearing liabilities comprised bank loans of SEK 1,961.5 million, as well as convertible debentures totaling SEK 187.4 million. Current interest-bearing liabilities comprised bank loans of SEK 2.8 million as well as convertible debentures totaling SEK 10.6 million. 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 annual general meetings. During the year, convertible loans 2101, 2102 and 2009 were converted to class B shares, which reduced financial liabilities by SEK 35.0 million.

Liabilities relating to right-to-use assets in the form of leases for premises are included in other non-current liabilities of SEK 48.0 million (56.5) and in other current liabilities of SEK 46.6 million (37.2).

The Group's net interest-bearing assets and interest-bearing liabilities, excluding IFRS 16 liabilities, totaled an expense of SEK -1,999.2 million (-915.8).

Financing was arranged during the year by using SEK 984.6 million from the credit facility. Repayment of the facility totaled SEK 334.3 million, amortization of bank loans amounted to SEK 2.8 million, and amortization related to right-to-use assets was SEK 67.3 million.

- Cash flow from operating activities was SEK 718.4 million (563.4).
- Cash flow from investing activities was SEK -1,678.6 (-1,439.2), comprising SEK -15.9 million (-10.0) from acquisition of shares and participations, -1,038.7 million (-1,058.0) from acquisition of subsidiaries, SEK -247.0 million (-85.8) from supplementary purchase considerations paid, SEK -351.1 million (-267.4) from acquisition of intangible fixed assets including capitalized development costs, as well as SEK -25.8 million (-18.0) from investments in property, plant and equipment.
- Cash flow from financing activities totaled SEK 489.9 million (1,344.5) and comprised SEK 984.7 million (1,326.6) from borrowings, SEK -82.7 million (-68.1) from dividend payments, -404.3 million (-738.8) from amortization, new share issue of SEK 0 million (833.8), SEK -0.3 million (-14.4) from issue costs, SEK -7.5 million (0) from acquisition of treasury shares and SEK 0 million (5.5) from option premiums paid.

Equity attributable to Vitec's shareholders totaled SEK 3,407.6 million (3,209.8). The equity/assets ratio is 44% (51). On April 25, the Annual General Meeting resolved to pay a dividend of SEK 2.28 per share. The dividend will be divided up and paid on four payment dates: June 30, September 30, December 30 and March 30, 2024. Expensed dividends for the last payment date amount to SEK 22.9 million.

INVESTMENTS

Investments totaled SEK 348.4 million in capitalized work, SEK 2.7 million in other intangible assets and SEK 25.8 million in property, plant and equipment. Investments in right-of-use assets not affecting cash flow totaled SEK 70.3 million. As a result of acquisitions, SEK 1,879.3 million was invested in product rights, brands, customer agreements and goodwill.

RESEARCH AND DEVELOPMENT

Vitec develops and delivers standardized software aimed at different niche markets. Sustainable development is essential to our strategy and a prerequisite for long-term survival. Strategically focused development strengthens existing operations and enables the introduction of new products and services. Product investments in relation to sales totals 12.5% (13.4).

INTANGIBLE FIXED ASSETS

The Group's intangible fixed assets comprise goodwill, product rights, brands and customer agreements that arise from acquisitions, as well as capitalized development work and software. At December 31, 2023, the carrying amount was SEK 3,962.7 million (2900.6) for goodwill, SEK 577.5 million (562.9) for product rights, SEK 977.0 million (777.8) for capitalized development expenditure, SEK 1,109.5 million (613.8) for customer agreements and SEK 248.0 million (206.4) for brands.

SHAREHOLDERS' EQUITY

Total shareholders' equity amounted to SEK 3,407.6 million (3,209.8) at December 31, 2023. Equity attributable to Vitec's shareholders totaled SEK 3,407.6 million (3,209.8).

As of December 31, there were two warrant incentive programs and two convertible programs for employees, as well as eight convertible loans signed in conjunction with acquisitions. These amounted to SEK 198.0 million and are convertible to a maximum of 818,441 class B shares, and increase share capital by SEK 0.08 million.

INCENTIVE PROGRAM

The Annual General Meeting on April 25 resolved to introduce a new, long-term share savings plan, Employee Share Savings Plan, "ESSP 2023." The plan is aimed at all Vitec Group employees and requires personal investment in class B shares in Vitec (Savings Shares) for a period of 12 months. After a lock-in period of three years after the first acquisition of savings shares, employees receive allocation of class B shares (matching shares) provided that their employment has not concluded during the period and provided that the participant retains their initial investment in savings shares.

The plan was launched during the third quarter of 2023. At the balance-sheet date, 14,273 class B shares had been acquired by participants as savings shares. Vitec has repurchased 16,640 shares for an amount of SEK 7.5 million

, for use later as matching shares and to cover social security costs.
The cost of the matching shares is SEK 5.4 million at the balance-sheet date. This is recognized as personnel expenses and in equity.

More information about ESSP 2023 and incentive programs from previous years can be found in Note 4 and Note 13.

EMPLOYEES

In 2023 Vitec had an average of 1,415 (1,169) employees, of which 465 (425) were women. At year-end, the number of employees was 1,487 (1,352).

GUIDELINES FOR THE REMUNERATION OF SENIOR EXECUTIVES

The 2021 AGM passed a resolution adopting the following guidelines for remuneration to the Group's CEO and other members of senior executives at Vitec. The guidelines apply to agreements signed after the 2021 AGM, or to any subsequent cases of amendments to remuneration.

The Board of Directors shall prepare proposals for new guidelines whenever the need for material changes arises, but at least every four years. There have been no changes to the guidelines since the 2021 AGM. A review has been carried out prior to the 2024 Annual General Meeting. The proposed changes are not expected to entail any significant change in the remuneration paid in accordance with the guidelines adopted at the 2021 Annual General Meeting. The company has not received any comments from the shareholders regarding the guidelines. The proposal can be found in its entirety on pages 163–164.

The Board of Directors has not appointed a Remuneration Committee, but instead manages, in its entirety, issues pertaining to remuneration and other employment terms and conditions.

The AGM resolved that remuneration of senior executives is to consist of a fixed salary and pension privileges. Pension benefits must be defined-contribution based. The total remuneration should be competitive in the market and be proportionate to each executive's responsibility and authority. When determining salaries, consideration must be given to the individual's field of responsibilities, expertise and experience, which are generally subject to annual reviews. The Board of Directors may deviate from these guidelines if there are specific reasons to do so in an individual case. The Annual General Meeting may also – regardless of these guidelines – resolve on share and share-price related remuneration. Vitec does not offer variable cash remuneration to senior executives. Guidelines for the remuneration of senior executives can be seen in Note 4A.

A remuneration report will be prepared and presented to the Annual General Meeting. It describes how the guidelines were applied in 2023. No deviations were made from the guidelines and no derogations were made from the decision-making process required under the guidelines to determine remuneration.

PARENT COMPANY

The Parent Company's net sales totaled SEK 190.9 million (153.4) and essentially comprised invoicing to subsidiaries for intra-Group services rendered, pertaining to premises, data communications and telephony, financial reporting, HR and management/operations development. Profit after tax amounted to SEK 354.8 million (278.7), including anticipated dividends from subsidiaries.

The Parent Company's cash and cash equivalents at year-end was SEK 0 million (226.9). An overdraft facility of SEK 6.8 million (0 million) was utilized. Cash and cash equivalents comprise a Group currency account, where the Parent Company holds a top (group) account with the bank. Consequently, subsidiary cash and cash equivalents comprise the receivables/liabilities of the Parent Company. The Parent Company has an agreement for an overdraft facility of SEK 125 million (125) and an acquisition loan facility of SEK 3,000 million, of which SEK 1,038.5 million was unutilized at the balance-sheet date. Investments totaled SEK 0.9 million (1.4) for intangible fixed assets, SEK 0.8 million (0.2) for tangible fixed assets, and SEK 2010.9 million (1,946.9) for participations in Group companies.

Non-current interest-bearing liabilities totaled SEK 2,148.9 million (1,491.7) in the form of SEK 1,961.5 million (1,332.6) in bank loans and SEK 187.4 million (159.1) for convertible debentures. Current interest-bearing liabilities totaled SEK 13.4 million (37.7) and pertained to SEK 2.8 million in bank loans and SEK 10.6 million for convertible debentures. During the year, new loans of SEK 984.6 million were raised.

The Annual General Meeting in April 2023 resolved to approve a dividend of SEK 2.28 per share for a total of SEK maximum 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. The dividend paid to date totaled SEK 64.0 million. The remaining dividend of SEK 22.9 million is expensed.

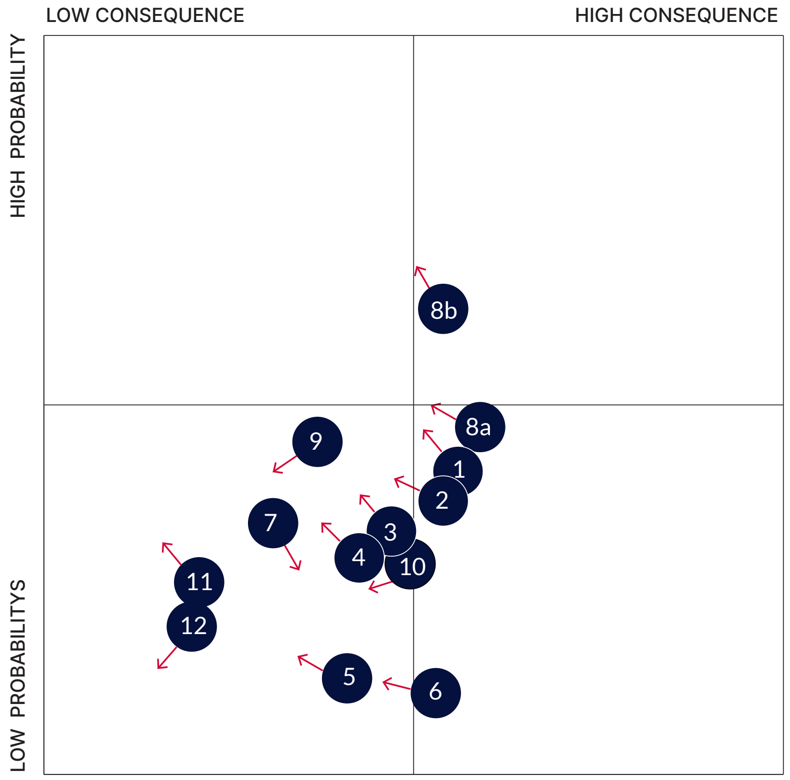
Risks and uncertainties

The Group is exposed to various risks, in part through its activities, and in part in the form of financial risks. Below is an account of the most critical factors and how our risk management initiatives address them.

Our work with risk analyses is a natural part of every decision that is made. For risks in the Group that are more comprehensive, we conduct an annual systematic review of our risks. The risk analysis is based on our focus areas: Enabling products, Empowered people, Reduced Footprint and Responsible growth.

Our business model, with a high proportion of recurring revenues, provides us with stable and predictable cash flows that foster conditions for a long-term approach. We develop and provide software applications for various niches, where each niche represents a separate market. We conduct our operations through our 40 independent business units. This diversification in the market and among business units, along with a large number of customers, limits business-related risks for the Group as a whole.

The corporate governance report on pages 94–108 describes our internal controls and risk management in greater detail.



The arrows show movement from the previous year.

FOCUS AREA	RISK
Responsible Growth	1. Acquisition process
	2. Brand risk
	3. Financial risks
	4. Decentralized governance model
	5. Human rights
	6. Anti-corruption
	7. Product and market risk
Enabling products	8a. Operations
	8b. Information security
Empowered people	9. Recruitment
	10. Retain and train
Reduced Footprint	11. Climate risk
	12. Our climate impact

RESPONSIBLE GROWTH

ACQUISITION PROCESS

Description of risk
To varying degrees, acquisition scenarios always entail risks with potentially adverse effects on the acquiring party. Acquisition-related risks comprise risks such as financial, legal and operational risks. We are at risk of overestimating the positive aspects or underestimating the difficulties.

Opportunity and management
Our understanding and prequalification have been structured and gained more control steps and formal decision-making forums. Our due diligence process and subsequent integration process have been developed and systematized. Appointed VPO is responsible for integration, supported by Group-wide resources. More employees work with the acquisition process today, thereby reducing dependence on individuals.

BRAND RISK

Description of risk
Brand risk refers to events that could damage trust in our business. For example, someone within Vitec or a partner may do something that is in conflict with Vitec's values and brand promise, legislation or prevailing norms in our society – which could cause the brand to be damaged.

Opportunity and management
We work proactively through an adopted framework and by pursuing continuous improvement to prevent a brand crisis. This framework include our values, Code of Conduct, policies, internal processes and our constant ongoing brand and corporate culture efforts.

FINANCIAL RISKS

Description of risk
We have identified financial risks in the form of currency risk (transactions and translation where the translation risk is greater), interest rate risk (bank loans with variable interest rates), risk linked to financing and refinancing as well as credit risk (receivables, mainly accounts receivable and liquidity risk, which involves investment of cash and cash equivalents).

Opportunity and management
Financial review and analysis with our two banks is carried out annually. Review in relation to the Finance Policy is carried out annually. Vitec currently has a good reputation and is known on the financial market, which is maintained through ongoing contact.

Interest-rate risk is managed through long-term financing from banks. We have great flexibility through our credit facility denominated in several currencies. Short durations offer the flexibility to repay during periods of good cash flow.

Currency translation risk is managed in part by financing acquisitions with loans in the local currency. The liability then offsets the currency exposure of the acquired asset.

Our exposure to financial risks and management of these risks are described in Note 15, Financial reports and notes, Group.

RESPONSIBLE GROWTH

DECENTRALIZED GOVERNANCE MODEL

Description of risk
In a decentralized governance model, common values and effective leadership are key factors. Since a large portion of the decision-making mandate can be found in the business units, at the same time that we strive to achieve a common corporate culture, the roles of both the business unit CEOs and the VPO become crucial. If there are leadership deficiencies in a business unit, there is a risk that business will be conducted in a way that is not in line with our values and Code of Conduct. If the VPO becomes too independent, there is a risk that groups of business units will develop in different directions.

Opportunity and management
We continuously work on building consensus within Group management and on promoting a consistent approach to work and attitudes. We conduct and improve our orientation programs for the business units' CEOs and other managers. We take a similar approach to our Group-wide Management Conference, which is an opportunity to share experiences and is aimed at strengthening consensus and cooperation.

Employees who act based on common values are more motivated and require less control and micromanagement.

HUMAN RIGHTS

Description of risk
There is a risk that some business units do not comply with our Code of Conduct and violate international human rights rules. There is also a risk that one of our suppliers may breach the Code. Such an event would damage confidence in our operations.

Opportunity and management
Our Code of Conduct states that we respect the UN Human Rights Convention. It is important to us that not only our products, but also our way of working should promote an equal and inclusive society.

We choose suppliers who act professionally and appropriately, which is clarified in our sustainability policy.

ANTI-CORRUPTION

Description of risk
There is a risk that some business units do not comply with our Code of Conduct and carry out unethical transactions.

Opportunity and management
Our Code of Conduct constitutes our anti-corruption policy. It states that we do not accept corruption, bribery, or other undue benefits.

Further governing documents are the rules of procedure and CEO instructions for both the Group CEO and the CEOs of the subsidiaries, which regulate the authorities of each CEO and the authorization scheme that regulates what purchases can be made.

We also have a whistleblowing channel for reporting irregularities.

ENABLING PRODUCTS

PRODUCT AND MARKET RISK

Description of risk
Risk that our products do not support the customers' journey and needs, for example with respect to function, sustainability and technology; risk that Vitec does not keep up with developments.

At Group level, the probability is higher that this will happen in a business unit, but the consequences will be less significant on the whole. The reverse is true for an individual business unit.

Opportunity and management
Our decentralized management, through which each business unit decides on the final roadmap of the products, ensures that we have a good understanding of customer needs and challenges. Through their stakeholder dialogues, our business units maintain in-depth knowledge of the customer's business, which in combination with a good understanding of sustainability creates competitive products. We are the business partner with whom customers want to discuss development and opportunities.

We also address these risks through our work methods. We hold annual strategy reviews with our business units at which we discuss and make decisions on the strategic plan for our products. Product development is guided by product investment plans that are monitored on a monthly basis. Capitalized hours are also monitored annually. A management group is appointed from Group Management and Group functions to address major investments/changes.

OPERATIONAL AND INFORMATION SECURITY

Description of risk
Operations
We are increasingly deploying our systems as SaaS services, which means that the responsibility for ensuring that the systems are running rests with Vitec. This places high demands on the stability of the underlying infrastructure. A serious disruption in our data centers would affect many businesses.

Information security
Vitec handles important information, mainly on behalf of our customers. This needs to be done securely and in compliance with current legislation. The area contains challenges in our globally connected world with many different types of threats.

Opportunity and management
Vitec's information security policy governs our work with information security. Our various computer networks are kept separate from one another, so that events in one network cannot affect the others, including customer operations of every business unit and our internal office networks. Authorization and access is guided by the principle of least privilege and is checked regularly.

We have a minimum requirement for information security that regulates what all business units must do to ensure the security of the systems they develop and the reliability of their operation. Vitec has a central IT department with responsibility for an operating environment that meets these requirements. Many business units operate in this environment; others are hosted by other suppliers facing the same requirement.

We continuously work with relevant technical protective measures and have highly respected external experts in the field to help us. We also conduct training programs for our developers in the area for secure system development, and all staff are trained in and regularly reminded of information security via a digital tool.

EMPOWERED PEOPLE

RECRUITMENT

Description of risk
We are highly dependent on competent employees, at the same time as there is fierce competition for certain competencies in some of our operating countries. We therefore need to be attractive as employers for our current and potential employees.

Opportunity and management
During the year, we continued our long-term efforts to clarify our attractive employer offer and our importance in society by attending various forums and events.

Another way to manage the risk of a lack of skills is to take advantage of the Group's geographical spread, where positions can be located in different places, depending on labor market conditions.

We also offer share savings plans for all employees.

RETAIN AND TRAIN

Description of risk
To avoid the risk for both the company and the individual of lost competitiveness in a rapidly changing and unpredictable world, it is crucial to have motivated and dedicated employees whose skills are continuously updated.

Opportunity and management
Our corporate culture, characterized by transparency, integrity, collaboration and focus, creates excellent conditions for responsible and dedicated employees to thrive and develop.

We facilitate Group-wide events for the exchange of expertise and experience within a number of occupations, in order to facilitate and expand the dialogue and learning between specialists in different business units. This approach offers clear competitive advantages, since we can leverage our diversity and breadth, while enabling us to conveniently deal with shifts in technology and competencies.

REDUCED FOOTPRINT

CLIMATE RISK

Description of risk
Like all activities in society, we are affected by climate change, mainly with respect to temperature variations and variations in precipitation, which can affect our premises.

Opportunity and management
The premises that are most vulnerable to climate change are our data centers and climate-related risks are one of the factors in assessing the best location for data centers.

We can take care of large parts of our business remotely; we are not dependent on employees going to the office. For example, if flooding should occur, employees could work from home for a period of time.

OUR CLIMATE IMPACT

Description of risk
We are part of society and there is a risk that our business could have a negative impact on the climate or the environment.

Opportunity and management
We are determined to minimize our impact on the climate and the environment, and this aspect is considered in every decision. We do so by continuously improving our resource efficiency, reducing our waste and making climate- and eco-friendly purchases. We also replace fossil fuels with renewable energy sources and optimize our travel. We have set targets to be carbon neutral by 2030. This will occur through a 75% reduction in emissions/sales. We offset the remaining emissions. Already as of 2023, we are fully offsetting the remaining emissions. Every year, we measure and monitor our emissions to ensure we are on the right track.

SENSITIVITY ANALYSIS

The following is a report of how earnings and earnings per share are impacted by various factors.

- Vitec purchases services, subscriptions and statistical data from external suppliers for SEK 390.8 million annually. A change of 1% would have an impact of approximately SEK 2.9 million on profit after tax. The Group's greatest cost item is personnel expenses, which totaled SEK 1,294.2 million. A change of 1% would have an impact of approximately SEK 10.1 million on profit after tax.
- Corporate acquisitions are largely financed by bank loans. Our credit facility has a variable interest rate. A one percentage point change in the interest rate on existing interest-bearing liabilities at December 31, 2023 would impact profit after tax by SEK 25.4 million.
- About 75% of our sales are currently in foreign currencies, primarily through foreign subsidiaries that invoice in their local currency. We have currency exposure in Norwegian crowns (NOK), Danish crowns (DKK) and Euros (EUR). A 5% change in the rates of these currencies this year would have impacted the Group's profit after tax by approximately SEK 21.2 million.

		Impact on earnings, SEK 000s		Impact on earnings SEK/share		Impact on equity, SEK 000s	
Impact factors	Change, %	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Subcontractors and subscriptions	+/- 1	2,914	1,536	0.08	0.04	2,914	1,536
Personnel expenses	+/- 1	10,059	7,641	0.27	0.22	10,059	7,641
Borrowing interest rate (change in percentage on borrowing interest rate)	+/- 1	25,415	21,435	0.68	0.62	25,415	21,435
Change in NOK, DKK and EUR exchange rate	+/- 5	21,189	11,238	0.57	0.32	21,189	11,238

Sustainability Report

Our sustainability report pertains to the 2023 financial year and is on pages 75–93. The sustainability report is prepared in accordance with the Annual Accounts Act, but work has begun to adapt it to the CSRD. Early in the annual report, we describe our business model, of which sustainability is a natural element.

BUSINESS MODEL, GOVERNANCE AND CONTROL

Sustainability is integral to our business model. We are convinced that this is a prerequisite for creating long-term value and remaining competitive and relevant – for customers, as employers and as part of society. Learn more about this in the section Responsible Growth, on pages 19–25.

To support our sustainability initiatives, we have our sustainability policy and our Code of Conduct. We also have a travel policy to further support the work to achieve our sustainability targets.

Our Board of Directors has ultimate responsibility for sustainability initiatives at Vitec. The Board establishes policies and is responsible for ensuring compliance with external laws and regulations. The CEO of the company is responsible for day-to-day administration. Policies, goals and activities are addressed by our management group, which in addition to the CEO includes the COO, CFO, Head of Brand, Head of HR, CIO/CTO, Head of M&A, Manager Financial Services & Integration, as well as all VPOs.

For matters requiring more extensive preparation and discussion, committees are appointed to report to the management group. Our sustainability group is one such committee. The sustainability group consists of the CEO, COO, CFO, Head of Brand and Head of HR.

To focus our sustainability initiatives on the areas where our operations have the greatest impact and where we believe we can make the biggest difference, Group management has defined four focus areas, led by a designated individual in the sustainability group:

Responsible Growth.
Led by: Olle Backman, CEO

Enabling Products
Led by: Gert Gustafsson, COO

Empowered People.
Led by: Anna Andersson, Head of HR

Reduced Footprint.
Led by: Sara Nilsson, CFO

All focus areas are linked to the Sustainable Development Goals and clear performance indicators and activities have been set so that we can monitor our results. Learn more about our focus areas on pages 18–55.

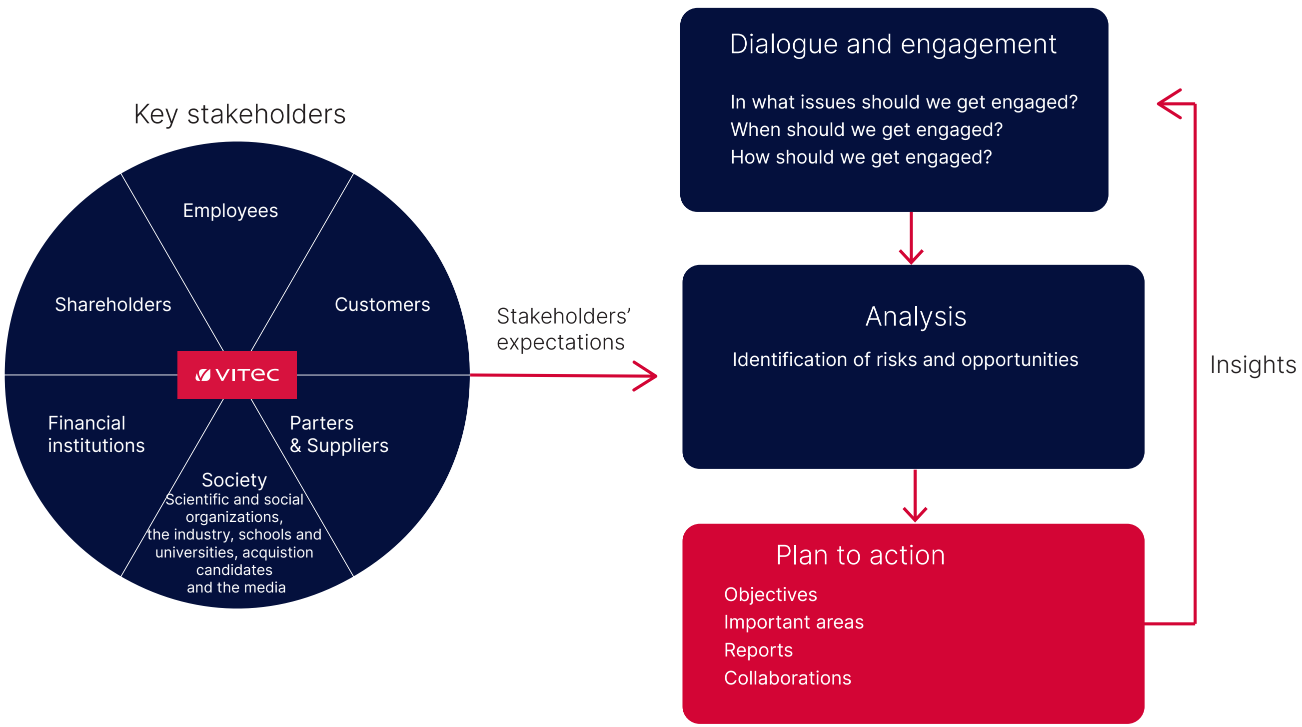
STAKEHOLDER DIALOGUE

We engage in ongoing dialogue with our stakeholders to obtain their assessments of what sustainability issues are important to them and therefore important in our sustainability work. To strengthen our stakeholder dialogues, we have formulated a systematic process for this purpose, based on which we carry out these dialogues. Responsibility for these dialogues rests with individuals in positions where the dialogue is of greatest relevance to the business. For us, this means that most of the dialogues occur in our business units, at the same time that certain discussions are handled at the Group level.

Our primary stakeholder groups are customers, employees, shareholders, financial market, partners, suppliers and society at large.

The results from the dialogues are then analyzed on an ongoing basis. The feedback we received coupled with our business model, culture and ability to create benefit then culminate in activities. The dialogues are repeated, after which they are analyzed once again and new activities are created with the aim of constantly improving our operations, to meet the changing demands of both today and tomorrow.

The table on the next two pages shows how we engage our stakeholders and the manner in which the dialogue with our stakeholders is conducted.



Key stakeholder groups	Description of dialogue	How we engage in dialogue	Key issues/expectations
Customers	Forward-looking dialogues and customer feedback help us improve our products and services. We want to identify their requirements and take sustainability aspects into account.	• Customer surveys and dialogues • Customer forum • Knowledge of the customers • Discussions about trends in the industry • Dialogue as a basis for product development • The delivery process • Support	Industry-specific, reliable and sustainable software. Continue to maintain a good dialogue in order to offer new services and develop existing products based on market needs and changes. Focus on external monitoring in order to meet new needs. Continue to invest in product development for security, stability and a long-term approach. It is important for us to maintain our business model and the processes should continue to be characterized by participation, genuine dedication and a desire to improve. Vitec must continue to be a secure, long-term, stable and profitable partner that keeps promises.
Employees	Employees who feel committed and involved create long-term value for the business. We therefore constantly work to collect, learn about and take into account the views, needs and opinions of current and potential employees.	• Employee dialogues • Employee surveys • Network within the Group • Interviews and dialogues with potential employees	Opportunities for continued skills development, a sound corporate culture, gender equality, and stability are key issues for the stakeholder group. Other items raised include the need to take pride in what the work contributes to, work-life balance, a work environment that promotes mental and physical health, as well as good leadership (mainly: delegation and clarity).
Shareholders	We inform our shareholders about our sustainability strategy and results to provide them with a basis for investment decisions, and we appreciate that they have opinions about and expectations of us.	• Annual General Meeting • Dialogues and presentation meetings • Website • Quarterly reports and annual report • One-on-one meetings	That we continue to create value through the development of existing companies as well as acquisitions of niche software companies. Continued investments in our software in order to retain customers and new innovative solutions. Long-term sustainable economic profitability and growth through a business model with a high share of recurring revenues. Continuous risk assessment and effective risk management. Responsible business practices that emphasize fighting corruption, promoting ethical and correct business conduct, ensuring good working conditions for staff, and conducting meticulous supplier monitoring.

Key stakeholder groups	Description of dialogue	How we engage in dialogue	Key issues/expectations
Financial market	We inform about our sustainability strategy and results to provide the market with a basis for decisions regarding financing and loans. We also appreciate that they have opinions about and expectations of us.	• Meetings and teleconferences • Website • General Meeting of Shareholders • Quarterly reports and annual report	That we continue to create value through the development of existing companies as well as acquisitions of niche software companies. Continued investments in our software in order to retain customers and new innovative solutions. Long-term sustainable economic profitability and growth through a business model with a high share of recurring revenues. Continuous risk assessment and effective risk management. Responsible business practices that emphasize fighting corruption, promoting ethical and correct business conduct, ensuring good working conditions for staff, and conducting meticulous supplier monitoring. Clear goals and compliance with sustainability regulations are important.
Partners and suppliers	Partners and suppliers are an important component in our value chain. By informing them about our sustainability strategy, following up on expectations and collaborating, we create positive changes.	• Dialogue during the purchasing process • Website • Specifications • Cooperation, collaboration and joint initiatives	We should continue to be the secure, long-term company we are today: a stable, profitable company in which responsiveness, dialogue and curiosity support sustainable relationships with partners and suppliers.
Society **Scientific and social organizations** **Industry** **Schools and universities** **Acquisition candidates** **Media**	We need to understand our society and participate in the processes in our world. We want to learn, exchange information and collaborate to find sustainable solutions and bring about positive change.	• Round table discussions • Donations • Dialogue with media and analysts • Lectures and conferences • Participation in research and development	Sustainable relationships based on curiosity and good dialogue remain important. Focus, a long-term approach, stability and operational reliability are important issues. Humility and security are appreciated values that strengthen cooperation with various players. Long-term economic growth and profitability. Responsible, ethical and correct conduct.

MATERIALITY ANALYSIS

Using the stakeholder dialogues we have carried out, we conduct a materiality analysis. It is the starting point for our sustainability initiatives. The sustainability group prepares the materiality analysis, after which the management group discusses and addresses the work, which is finally decided on by the Board.

The materiality analysis process has been based on our operation and business model. We have taken into account our previous materiality analysis and woven in the essential areas identified in accordance with the CSRD. Our assessments have been made at an overarching level, evaluating the likelihood and consequence of our activities impacting the environment and people – while also evaluating sustainability risks and opportunities related to the company's financial position.

The double materiality analysis identified climate change, our workforce, and information security as essential areas for us. We also want to note that sustainable products are a highly important area for our business units. At this level, we actively work with the matter for each business unit. However, the improvements target different effects and different climate goals depending on the product, making it impossible to aggregate any goals and metrics. We have therefore determined that this is not a significant area for reporting from a Group perspective. It is also important to us to have responsible business practices. Our assessment is that we already maintain a high standard through our corporate culture. We consider it a matter of course to stand up for human rights and to not tolerate corruption, bribery, or other undue benefits. But we do not consider this to be an area in which we can make major improvements and have therefore chosen not to consider it a significant area for sustainability reporting.

DOUBLE MATERIALITY ANALYSIS

ESRS Standards	Topic	Sub-topic	Sub-sub-topics	Material area
ESRS E1	Climate change	• Climate change adaptation • Climate change mitigation • Energy		Yes
ESRS E2	Pollution			
ESRS E3	Water and marine resources			
ESRS E4	Biodiversity and ecosystems			
ESRS E5	Circular economy			
ESRS S1	Own workforce	• Working conditions • Equal treatment and opportunities for all • Other work-related rights		Yes
ESRS S2	Workers in the value chain			
ESRS S3	Affected communities			
ESRS S4	Consumers and end-users	Information-related impacts for consumers and/or end-users	Information security	Yes
			Sustainable products	At business unit level
ESRS G1	Responsible business conduct	• Corporate culture • Protection of whistleblowers • Management of relationships with suppliers including payment practices • Corruption and bribery		

DISCLOSURES CONNECTED TO OUR MATERIAL AREAS

Climate change

Objectives

Our goal is to be carbon neutral by 2030. We plan to achieve this goal by sharply reducing our emissions, combined with offsetting remaining emissions.

Emissions in relation to sales will be reduced by 75% from 2019 to 2030. The interim target for 2025 is a 50% reduction in emissions/sales.

Our main climate impact comes from business travel, energy consumption from premises and data centers, and IT equipment purchases. To reduce emissions from these factors, we have set several interim targets.

- We aim to reduce our emissions from business trips made by air and car by 50% by 2030 and by 40% by 2025.
- We will continuously improve the energy efficiency of our offices and data centers.
- 100% of our premises will have fossil-free energy contracts by 2025 in locations where this is possible.

Risks and uncertainties

In our risk analysis, we have identified two climate-related risk areas: climate change that could affect us, and our footprint, in which our activities generate emissions that could have a negative impact on the climate or environment.

In fall 2022, we conducted a review and began to measure our carbon dioxide emissions. The measurement was done retroactively, from 2019. This allowed us to identify the extent of our emissions over time, and to see what areas generate the most emissions.

We have not conducted a robust climate and vulnerability analysis in any particular steps or developed scenarios. Instead, we focus on making improvements in the areas where we can make a difference.

Policies

The following policies support our sustainability initiatives and guide us toward our climate goals:

- Sustainability policy
- Travel policy
- Car policy

We have also decided to have 100% fossil-free energy in our premises and to work with gradual energy efficiency improvements.

Activities

To gradually reduce our energy consumption, we implement efficiency measures in our data centers and office premises.

For our offices, we review energy-saving measures in conjunction with renovations and relocations to new premises.

We optimize our travel and when opening new offices, we try to choose locations close to public transportation and in bike and pedestrian-friendly areas.

We have initiated work on developing a sustainable IT strategy with a focus on sustainable IT purchases.

During the year, we initiated a digital sustainability training program for all employees. It covers all four of our focus areas, in which Reduced Footprint and our work to reduce our climate impact comprise one of the lessons.

Metrics and goals

KPI	2023	2022	2021	2020	2019	Targets
Greenhouse gas emissions/sales	0.62	0.64	0.62	0.63	0.99	0.25
Greenhouse gas emissions from business trips by air/employee	0.26	0.21	0.13	0.13	0.61	0.31
Greenhouse gas emissions from business trips by car/employee	0.22	0.20	0.28	0.33	0.48	0.24
Fossil-free energy in electricity contracts	98	95	95	94	94	100%
Electricity consumption office/employee	1,670	1,849	1,655	1,675	2,112	decreasing
Electricity consumption all premises/employee	2,570	2,901	2,763	2,887	3,287	decreasing

Our workforce

Objectives

We have identified certain subjects under Our workforce as significant areas; see the ESRS Standards table on page 80. A detailed analysis has yet to be conducted and we have therefore not yet set goals or metrics for this area. We have an existing goal to maintain the same gender distribution among our managers as among all employees, and we have metrics for age distribution, employee turnover and length of employment.

Risks and uncertainties

Our risk analysis identified two types of risks connected to our workforce: difficulty recruiting, and challenges retaining and developing staff. Read more about these risks and their management on pages 68–73.

Policies

To support our sustainability initiatives, the following frameworks and policies are in place to guide our approach to our workforce:

- Our brand promise, to rely on today and tomorrow, which is of course applicable to the relationship between Vitec and our employees
- Our values
- Code of Conduct
- Salary policy

Activities

Our decentralized governance model, long-term approach and the trust, transparency and respect that we show one another as colleagues create a work environment with a focus on long-term well-being, internal motivation, dedication and well-being at the workplace. Employees are entrusted with responsibilities and mandates so that we can make decisions as close to the customer as possible. This creates good conditions for our staff to maintain work-life balance. Our success depends on motivated and engaged employees with the knowledge and skills necessary to constantly develop the business.

Salaries, benefits and opportunities for development should be based on objective grounds, unaffected by irrelevant factors such as gender, ethnicity, or parental leave.

Metrics

Number of employees, divided by gender Dec. 31, 2023	
Men	1,006
Women	480
Other/not specified	1
Total employees	1,487

Other information about the company's employees	
Average number of employees throughout the year	1,415
Number of employees who left	122
Employee turnover	9%
Number of employees under age 30	185
Proportion of employees under age 30	12%
Number of employees age 30–50	890
Proportion of employees age 30–50	60%
Number of employees over age 50	412
Proportion of employees over age 50	28%

Information security
Vitec handles important information, mainly on behalf of our customers. This needs to be done securely and in compliance with current legislation.

Objectives
We work preventively with information security and consider it highly important for our customers to be able to trust that we keep their data safe.

Read more about this on page 36.

Our goal is for 100% of our employees to have completed our digital information security training program.

Policies
We have an information security policy that is applicable to all business units and every employee. It is based on parts of ISO 27001. In addition, we have developed minimum requirements for information security in software development, SaaS delivery and hosting, with which all business units must comply.

Risks and uncertainties
Our risk analysis has identified information security as an important risk. Read more about this and its management on pages 68–73.

Metrics and goals
Our goal is for 100% of our employees to have completed our digital information security training program. The completion rate this year was 89% compared with 90% last year.

OTHER DISCLOSURES

Our suppliers
Our work with our suppliers is long term. Our purchasing uses a checklist that clarifies our expectations with regard to suppliers based on a professional, sustainable and ethically correct approach. The checklist is derived from our Code of Conduct and Sustainability Policy. For system purchases, we have another checklist to ensure the security and integrity of the supplier.

Whistleblowing
We have a whistleblower system through which employees, suppliers and customers can report irregularities. No whistleblowing cases were reported during the year.

Human rights and anti-corruption
Our Code of Conduct states that we respect the UN Human Rights Convention and that we do not accept corruption, bribery, or other undue benefits.

Notes to the Sustainability Report

NOTE 1 METHODOLOGY FOR CALCULATING CLIMATE IMPACT

CALCULATIONS ACCORDING TO THE GHG PROTOCOL

Vitec follows the GHG protocol for calculating its climate impact. We have chosen to use 2019 as the baseline year for the calculations of our climate impact and our climate targets, since 2020 and 2021 were two unique years characterized by the Covid-19 pandemic.

GHG guidelines are based on:

- Relevance – the report should reflect the emissions of the company or organization in a relevant way so that it can serve as a basis for decision-making for both internal and external users.
- Completeness – the report should cover all emissions within the specified system boundary. Any exceptions should be described and explained.
- Comparability – the calculation method should be consistent so that comparisons can be made over time. Changes in data, system boundaries, methods, or the like should be documented.
- Transparency – all background data, methods, sources and assumptions should be documented.
- Accuracy – projected emissions should be as close as possible to actual emissions.

Scope 1, 2 and 3 boundaries

Vitec's most important climate-impacting activities are categorized according to the GHG protocol into:

- Scope 1 - direct emissions from company cars
- Scope 2 - indirect emissions from purchased electricity, heating and cooling
- Scope 3 - other emissions not covered by Scopes 1 and 2.
    - purchased durables, consumables, services, business travel and waste generated

Most of Vitec's computer systems are operated in its own data centers and are therefore included in Scope 2. The purchase of servers and other hardware falls under Scope 3.

Commuting, hotel stays and energy consumption of our customers' clients are currently not included in Vitec's climate impact.

UPDATING POLICY

Vitec's historical climate report is adjusted continuously due to updates of inputs and emission factors as well as changes to methodology and system boundaries. For items that have changed significantly, the numerical differences from the previous year's report and explanations of the underlying updates are presented here. We also keep a detailed log of all significant changes in the inventory (activity data, calculation methods, emission factors) to ensure sufficient documentation in accordance with the GHG protocol and ESRS.

TOTAL IMPACT OF THIS YEAR'S UPDATES

The total impact of this year's updates has led to a general reduction for the 2019–2021 period, and an increase for the values reported for 2022 compared with the 2022 climate report. See the respective section below for descriptions of the updates.

ACTIVITY DATA

Obtaining the activity data used to calculate climate impact is done in the majority of cases by using primary data such as energy consumption for premises, mileage for private cars calculated from mileage reimbursements, flight route distances provided by travel agencies, and number of hardware units purchased. For some areas where data are not available, such as the purchase of consumables and waste generation from offices, templates based on the number of employees have been used. When using cloud-based data services, the total climate impact provided by the supplier is used.

EMISSION FACTORS

The emission factors used are obtained from national statistics, published articles, or databases from established organizations. In cases where country- or time-specific emission factors are unavailable, we apply emission factors from nearby systems or time periods. To avoid underestimating emissions, we use a conservative method under different assumptions and choose the emission factors that result in the highest emissions. The key emission factors are presented in the table in note 4.

ELECTRICITY CONSUMPTION

The climate impact from the Group's overall electricity consumption is calculated with the GHG protocol's market-based method by

1. Multiplying the share of fossil-free electricity consumption by an LCD-calculated emission factor for the electricity mix provided by the Group's main supplier (Umeå Energi's electricity mix, used for most of Vitec's subsidiaries).
2. Multiplying the non-fossil-free share by the Nordic residual mix for each year.

In addition to the market-based method, we also report in accordance with the GHG protocol guidelines on climate impact for the location-based method, in which total electricity consumption is multiplied by the emission factor for the Nordic electricity mix.

Method and input updates 2023

- To clarify the effects of our goal for all of our subsidiaries to use only fossil-free electricity by 2025, as of this year we have switched from the location-based method to the market-based method in our climate impact calculations. In addition to the initiative to only use fossil-free electricity, we continuously endeavor to streamline all of our activities with regard to energy. A retroactive update reduced the climate impact from electricity consumption over all years.
- The previous climate report did not include reporting of electricity consumption from business units with their own offices. A retroactive update has increased the climate impact across all years.
- The overarching effect of these changes

has reduced the climate impact from the "Electricity" category for all years.

HEATING AND COOLING

In cases where local suppliers' emission factors are not available, we use average values from Sweden for district heating and cooling. For other heating, emission factors for each fuel are used. For some offices, electricity consumption for heating is included in the general electricity consumption from the office.

AIR TRAVEL

For air travel, we use a general emission factor for total flight distance regardless of the length of the flight. The underlying assumption of the model is that the high altitude effect on longer flights is balanced by the relatively higher share of energy-intensive take-off and landing distances on shorter flights.

TRANSPORTATION BY CAR

For all cars, Well to Wheel (WtW) emission factors for a medium sized car categorized by fuel type are used for the UK car fleet. In cases where a car fleet cannot be broken down by fuel type, we use an average car representing the composition of the Swedish car fleet.

DURABLE GOODS

The highest emissions from durable good purchases at Vitec originate from equipment connected to our IT systems. All business units report purchased durables in the categories (laptops, desktop computers, monitors, phones, servers). The climate impact is subsequently calculated by using emission factors split into categories that correspond with an average value of all products sold by our main IT equipment supplier.

The climate impact of data center hardware is calculated based on an estimated emission factor for the production of servers and memory devices divided by the expected life span.

Method and input updates 2023

- Some hardware manufacturers have changed their calculation methods, resulting in lower emission factors in general. A retroactive update of these factors reduced the total climate impact of durable goods for 2020–2022.
- Inputs for some hardware categories were not available in 2022. A retroactive update increased the climate impact for 2022.
- The total effect of these changes reduced the climate impact from the "Purchasing, electronics" category for 2020–2021, but increased the climate impact for 2022.

PURCHASED GOODS AND SERVICES

For consumables and food, a template per employee developed in a previous analysis by an IT consultancy firm is used.

NOTE 2 GREENHOUSE GAS EMISSIONS TONS CO2E

Scope	Activity/category	2023	2022	*	2021	*	2020	*	2019	*
1	Business travel, car, business trips	199.1	129.2		176.8		159.0		160.4	
2	Electricity	72.1	93.9	(135.9)	77.2	(133.1)	61.6	(99.1)	72.3	(126.3)
2	Heating	64.6	56.9		55.0		45.5		43.5	
2	Cooling	2.8	3.3		6.1		6.6		4.6	
3.1	Purchasing, consumables, food	144.9	109.0		101.6		77.6		66.5	
3.2	Purchasing, electronics	315.0	337.1	(168.3)	282.7	(352.6)	229.6	(244.8)	206.8	(207.1)
3.5	Waste	13.2	9.9		9.2		7.1		6.0	
3.6	Business travel, air	341.3	211.7		117.5		90.5		370.8	
3.6	Business travel, car	96.7	71.5		85.0		74.0		126.8	
3.6	Business travel, other (taxi, public transportation)	10.0	5.2		1.8		1.6		4.7	
	Total	**1,259.7**	**1,027.7**	**(906)**	**912.9**	**(1,033)**	**753.0**	**(800.0)**	**1,062.3**	**(1,104)**
	Total/sales	**0.62**	**0.64**	**(0.57)**	**0.62**	**(0.7)**	**0.63**	**(0.7)**	**0.99**	**(1.03)**
	Total/employee	**0.96**	**1.04**	**(0.91)**	**0.99**	**(1.12)**	**1.07**	**(1.1)**	**1.76**	**(1.88)**

NOTE 3 EMISSIONS FROM ELECTRICITY CONSUMPTION TONS CO2E

Scope	Activity/Category	Market-based									Location-based								
		2023	2022	*	2021	*	2020	*	2019	*	2023	2022	*	2021	*	2020	*	2019	*
2	Electricity	72.1	93.9	(10.9)	77.2	(9.3)	61.6	(5.9)	72.3	(11.4)	247.6	233.9	(135.9)	212.7	(133.1)	160.8	(99.1)	196.3	(126.3)
2	Heating	64.6	56.9		55.0		45.5		43.5		64.6	56.9		55.0		45.5		43.5	
2	Cooling	2.8	3.3		6.1		6.6		4.6		2.8	3.3		6.1		6.6		4.6	

*Values from previous climate report that have changed significantly inside parentheses.

NOTE 4 KEY EMISSION FACTORS

Scope	Activity/Category	Data sources	Emissions factor (2023)	Source
2	Electricity	Supplier energy companies	90.4 g CO_2e/kWh Nordic electricity mix	SMED Report No. 4 2021
2	Heating	Supplier energy companies	51 g CO_2e/kWh Swedish average	Swedish energy companies
2	Cooling	Supplier energy companies	43 g CO_2e/kWh Swedish average	Swedish energy companies
3	Air travel	Flight distance travel agency or subsidiary	130 g CO_2e/pkm	KTH Flight emission map
3	Business travel, car, company car	Driving distance estimates or logging	196 g CO_2e/pkm average car	Department for Business, Energy & Industrial Strategy, UK
3	Business trips private cars/ground transportation	Travel reimbursement financial system	196 g CO_2e/pkm average car	Department for Business, Energy & Industrial Strategy, UK
3	Other travel	Travel agency statistics or travel expenditure	Calculated by travel agency	
3	Purchasing, electronics	Number purchased	49-257 kg/unit excluding electricity consumption use	EPDs from manufacturers
3	Purchasing, consumables, food	Number of employees	Standard 110 kg CO_2e/ employee	Fröberg 2020, Ett teknikföretags klimatpåverkan (Climate impact of a technology company)
3	Waste	Number of employees	Standard 1 kg CO_2e/employee	Fröberg 2020, Ett teknikföretags klimatpåverkan (Climate impact of a technology company)

NOTE 5 TAXONOMY FOR SUSTAINABILITY

The EU taxonomy for sustainable investments is a technical classification system aimed at clarifying what activities can be considered green or sustainable, with limiting climate change as its point of departure. The purpose of the taxonomy is to steer capital flows toward sustainable investments.

To determine whether an activity is environmentally sustainable, the EU has set six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

For each environmental objective, the EU will set uniform criteria to determine whether economic activities make a significant contribution to the objective. There are also criteria to ensure that companies do not cause significant damage to any other objective, if the company meets one objective. So far, criteria have been set for the first two environmental objectives. Another requirement for being considered environmentally sustainable is that businesses must comply with international minimum standards for human rights and labor rights.

To ensure that investments are directed toward economic activities that have the greatest positive impact on the environmental objectives, the EU has given priority to establishing technical review criteria for the economic activities that can potentially contribute the most to the environmental objectives.

The taxonomy is primarily aimed at accelerating improvements for companies that have a major environmental impact. Vitec's operations have a limited impact, for which reason only a small portion of our operations are covered by the taxonomy. The areas that are relevant to us fall within section 8. Information and communication. We have identified the following areas:

8.1 Data processing, hosting and related activities

According to the taxonomy: Storage, manipulation, management, movement, control, display, switching, interchange, transmission, or processing of data through data centers.

We are increasingly deploying our systems as SaaS services, which means that the responsibility for ensuring that the systems are running rests with Vitec. These operations are partly in our own data centers, and partly in external suppliers' centers.

8.2 Computer programming, consultancy and related activities

According to the taxonomy: Providing expertise in the field of information technologies: writing, modifying, testing and supporting software. Planning and designing computer systems that integrate computer hardware, software and communication technologies.

We develop and deliver standardized software aimed at various niche markets. Product development and investments in our software are a large component of our business model.

TECHNICAL REVIEW CRITERIA FOR BEING CONSIDERED ENVIRONMENTALLY SUSTAINABLE

8.1 Data processing, hosting and related activities

In order for Vitec to meet the criteria in the taxonomy for the environmental objective of climate change mitigation, our operations must comply with a European Code of Conduct for energy efficiency in server rooms. We work continuously to improve our energy efficiency in our data centers and also work to ensure that our subcontractors do the same.

In order for Vitec to meet the criteria in the taxonomy for the environmental objective of climate change adaptation, we must conduct a robust climate risk and vulnerability analysis in specific steps.

For the rest, the EU has not yet produced criteria for being considered environmentally sustainable.

8.2 Computer programming, consultancy and related activities

For computer programming, consultancy and related activities, there are only criteria for the environmental objective climate change adaptation.

In order for Vitec to meet the criteria in the taxonomy, we must conduct a robust climate risk and vulnerability analysis in specific steps.

KEY INDICATORS

Sales

Our net sales correspond with what we classified in the annual report as revenues from customer agreements, see note 3 on pages 119–120. Revenues from customer agreements are recognized according to IFRS 15, which divides revenue into distinct performance obligations. In our revenue recognition, neither data processing nor computer programming are distinct performance obligations. Therefore, no part of our sales can be considered to be covered by the taxonomy.

Capital expenditure

Capital expenditure corresponds to the investments we make in the business. Much of Vitec's investments consist of investment in our software, our capitalized development expenditure. This part is included in the taxonomy through the activity computer programming. Our investments in property, plant and equipment consist of purchases of equipment and investments in equipment in our data centers. Investments in the data centers are included in the taxonomy. For more information on investments in fixed assets, see notes 8A and 8B on pages 128-131.

In 2023, investments in capitalized development expenditure amount to SEK 348.8 million. For these capital expenditures to be considered sustainable according to the taxonomy, we need to perform a robust climate risk and vulnerability analysis in specific steps. This analysis is only applicable to climate change adaptation criteria. We work continuously on risk analysis, as described in the management report on page 61. However, we have not conducted a climate risk and vulnerability analysis in the specific steps required by the taxonomy.

Investments in data centers amount to SEK 2.2 million, representing 1% of our capital expenditure. To meet the criteria to be considered environmentally sustainable, we are required to follow the European Code of Conduct on Energy Efficiency and to carry out a robust climate risk and vulnerability assessment in specific steps. Since the investments do not involve significant amounts, we have not prioritized activities to meet the taxonomy requirements this year. Instead, we are continuously working on improving our energy efficiency and on limiting and minimizing the risks of potential damage caused by climate change. However, our activities have not been carried out in a way that allows us to classify them as sustainable according to the taxonomy.

Operating expenditure

Operating expenditure refers to additional costs associated with bringing an asset into place, i.e. costs in addition to what is included in capital expenditure. Vitec does not have any significant additional costs.

COMPLIANCE WITH MINIMUM SAFEGUARDS

To meet the criteria for compliance with minimum safeguards, companies are required to have procedures to ensure human rights, as well as anti-corruption procedures, tax compliance procedures and fair competition procedures.

Human rights

Vitec states in its Code of Conduct that we respect the UN Human Rights Convention. One of our four focus areas is Responsible growth, where we clarify how important it is for us that not only our products, but also our way of working should promote an equal and inclusive society. We particularly highlight goals 8 Decent work and economic growth and 16 Peaceful and inclusive societies.

We choose suppliers who act professionally and appropriately, which is clarified in our sustainability policy.

To date, we have not encountered any situations in which any of our operations or subsidiaries, any of our suppliers or other partners, or any of our acquisition targets have violated human rights.

Vitec has not been accused or convicted of human rights violations, nor has it been the subject of any OECD NCP case.

Anti-corruption

Vitec's Code of Conduct states that we do not accept corruption, bribery, or other undue benefits. The Code of Conduct provides examples of situations to be avoided in order to minimize the risk of irregularities.

Further governing documents are the rules of procedure and CEO instructions for both the Group CEO and the CEOs of the subsidiaries, which regulate the authorities of each CEO and the authorization scheme that regulates what purchases can be made.

Vitec has not been accused or convicted of any corruption-related crimes.

Tax

One of our core values is openness and trust. We stand by our words, both internally and externally. We must be clear and accurate in our accounting and reporting. As part of our efforts to ensure correct taxation in different countries, our transfer pricing policy applies to all entities in the Group. The policy is based on OECD guidelines.

Vitec has not been accused or convicted of any tax-related crimes.

Competition

Our Code of Conduct provides us with an ethical compass, rooted in our values, which clarifies how we should behave as business partners, employers, employees and community players. All of our relationships are characterized by openness and trust, simplicity and product focus. Complying with applicable laws is a natural part of this.

Vitec has not been accused or convicted of any competition-related crimes.

Nuclear and fossil gas related activities

Nuclear energy related activities	
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	No
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies	No
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No

Fossil gas related activities	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

NOTE 6 TAXONOMY TABLES

TAXONOMY REPORTING, TURNOVER

				Criteria for substantial contribution						Do No Significant Harm (DNSH) criteria								
Economic activities	**Codes**	**Absolute turnover (SEK million)**	**Proportion of turnover (%)**	**Climate change mitigation (%)**	**Climate change adaptation (%)**	**Water and marine resources (%)**	**Circular economy (%)**	**Pollution (%)**	**Biodiversity and ecosystems (%)**	**Climate change mitigation (YES/NO)**	**Climate change adaptation (YES/NO)**	**Water and marine resources (YES/NO)**	**Circular economy (YES/NO)**	**Pollution (YES/NO)**	**Biodiversity and ecosystems (YES/NO)**	**Minimum safeguards (YES/NO)**	**Taxonomy-aligned proportion of turnover (%) 2023**	**Taxonomy-aligned proportion of turnover (%) 2022**
A. Taxonomy-eligible activities																		
A.1. Environmentally sustainable activities (Taxonomy-aligned)																		
Data processing, hosting and related activities	NACE 63.1/8.1	0	0	0	0	N/A	N/A	N/A	N/A	NO	NO	NO	NO	N/A	N/A	YES	0%	0%
Computer programming, consultancy and related activities	NACE 62.0/8.2	0	0	0	0	N/A	N/A	N/A	N/A	N/A	NO	N/A	N/A	N/A	N/A	YES	0%	0%
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0	0	0												0%	0%
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
Data processing, hosting and related activities	NACE 63.1/8.1	0	0	0%	0%	N/A	N/A	N/A	N/A	NO	NO	NO	NO	N/A	N/A	YES	0%	0%
Computer programming, consultancy and related activities	NACE 62.0/8.2	0	0	N/A	0%	N/A	N/A	N/A	N/A	N/A	NO	N/A	N/A	N/A	N/A	YES	0%	0%
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0														0%	0%
Total A.1+A.2.		0	0														0%	0%
B. Taxonomy-non-eligible activities (B)																	100%	100%
Turnover of Taxonomy-non-eligible activities (B)		2,778	100%															
Total A+B		2,778	100%															

TAXONOMY REPORTING, CAPITAL EXPENDITURE (CAPEX)

				Criteria for substantial contribution						Do No Significant Harm (DNSH) criteria								
Economic activities	Codes	Absolute CapEx (SEK million)	Propor-tion av CapEx (%)	Climate change mitiga-tion (%)	Climate change adapta-tion (%)	Water and marine resourc-es (%)	Circular econo-my (%)	Pollution (%)	Biodiver-sity and ecosys-tems (%)	Climate change miti-gation (YES/ NO)	Climate change adap-tation (YES/ NO)	Water and marine resourc-es (YES/ NO)	Circular econo-my (YES/ NO)	Pollution (YES/ NO)	Biodiver-sity and ecosys-tems (YES/ NO)	Minimum safe-guards (YES/ NO)	Taxono-my-aligned proportion of CapEx (%) 2023	Taxono-my-aligned proportion of CapEx (%) 2022
A. Taxonomy-eligible activities																		
A.1. Environmentally sustainable activities (Taxonomy-aligned)																		
Data processing, hosting and related activities	NACE 63.1/8.1	0	0	0	0	N/A	N/A	N/A	N/A	NO	NO	NO	NO	N/A	N/A	YES	0%	0%
Computer programming, consultan-cy and related activities	NACE 62.0/8.2	0	0	0	0	N/A	N/A	N/A	N/A	N/A	NO	N/A	N/A	N/A	N/A	YES	0%	0%
CapEx of environmentally sustain-able activities (Taxonomy-aligned) (A.1)		0	0	0	0												0%	0%
A.2. Taxonomy-eligible but not en-vironmentally sustainable activities (not Taxonomy-aligned activities)																		
Data processing, hosting and related activities	NACE 63.1/8.1	**2**	**0%**	**0%**	**0%**	**N/A**	**N/A**	**N/A**	**N/A**	**NO**	**NO**	**NO**	**NO**	**N/A**	**N/A**	**YES**	**0%**	**0%**
Computer programming, consultan-cy and related activities	NACE 62.0/8.2	349	77%	N/A	0%	N/A	N/A	N/A	N/A	N/A	NO	N/A	N/A	N/A	N/A	YES	77%	0%
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		351	78%														78%	86%
Total A.1+A.2.		351	78%														78%	86%
B. Taxonomy-non-eligible activities (B)																	22%	14%
CapEx of taxonomy-non-eligible activities (B)		101	22%															
Total A+B		452	100%															

TAXONOMY REPORTING, OPERATING EXPENDITURE (OPEX)

				Criteria for substantial contribution						Do No Significant Harm (DNSH) criteria								
Economic activities	Codes	Absolute OpEx (SEK million)	Proportion av OpEx (%)	Climate change mitigation (%)	Climate change adaptation (%)	Water and marine resources (%)	Circular economy (%)	Pollution (%)	Biodiversity and ecosystems (%)	Climate change mitigation (YES/NO)	Climate change adaptation (YES/NO)	Water and marine resources (YES/NO)	Circular economy (YES/NO)	Pollution (YES/NO)	Biodiversity and ecosystems (YES/NO)	Minimum safeguards (YES/NO)	Taxonomy-aligned proportion of OpEx (%) 2023	Taxonomy-aligned proportion of OpEx (%) 2022
A. Taxonomy-eligible activities																		
A.1. Environmentally sustainable activities (Taxonomy-aligned)																		
Data processing, hosting and related activities	NACE 63.1/8.1	0	0	0	0	N/A	N/A	N/A	N/A	NO	NO	NO	NO	N/A	N/A	YES	0%	0%
Computer programming, consultancy and related activities	NACE 62.0/8.2	0	0	0	0	N/A	N/A	N/A	N/A	N/A	NO	N/A	N/A	N/A	N/A	YES	0%	0%
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0	0	0												0%	0%
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
Data processing, hosting and related activities	NACE 63.1/8.1	0	0	0%	0%	N/A	N/A	N/A	N/A	NO	NO	NO	NO	N/A	N/A	YES	0%	0%
Computer programming, consultancy and related activities	NACE 62.0/8.2	0	0	N/A	0%	N/A	N/A	N/A	N/A	N/A	NO	N/A	N/A	N/A	N/A	YES	0%	0%
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0														0%	0%
Total A.1+A.2.		0	0														0%	0%
B. Taxonomy-non-eligible activities (B)																	100%	100%
OpEx of taxonomy-non-eligible activities (B)		0	0%															
Total A+B		0	0%															

NOTE 7 DISCLOSURES ON CARBON OFFSETTING

CARBON OFFSETTING

The idea behind carbon offsetting is to allow those who cause emissions to pay in order for the same quantity of emissions to be reduced elsewhere.

Offsetting can also be based on giving money, for example, for safe water supply or the development of renewable energy to replace fossil fuels. Once a carbon offset is purchased, the buyer receives a certificate corresponding to the reduced emissions.

However, carbon offsetting is not only about reducing emissions; it also involves supporting projects that promote sustainable development. Funding initiatives that improve life for people in vulnerable communities creates a positive interaction between environmental and social responsibility.

Sources: naturskyddsföreningen.se, klimatkompensera.se

BIOCHAR

Biochar is made from organic material such as plant trimmings, forestry cuttings and agricultural waste. The material is heated in a low-oxygen environment, in which some of the carbon becomes heat and the remainder forms stable structures that then become a stable, long-term carbon sink in the ground. Because the carbon in the organic material derives from atmospheric carbon dioxide, it provides permanent carbon dioxide storage.

Biochar also serves as a buffer for water and nutrients. It generates more resilient agricultural systems that are resource-efficient with water and nutrients, which can also lead to better crop yields.

Source: 2050.se

PURO STANDARD

The Puro Standard is the first carbon removal standard in the voluntary market. It constitutes a collection of high-quality carbon removal methods that are aligned with the IPCC definition of carbon removal and is a certification, reviewed by a third party, for products or processes that remove carbon from the atmosphere in various ways. The Puro Standard is also supported by the International Carbon Reduction and Offset Alliance (ICROA).

Source: https://puro.earth/puro-standard-carbon-removal-credits/

GOLD STANDARD

Gold Standard was founded in 2003 by WWF and other international NGOs to ensure the highest possible degree of integrity in projects that contribute to avoiding carbon dioxide emissions, while contributing to sustainable development. With the adoption of the Paris Agreement and the UN's framework of 17 Sustainable Development Goals, Gold Standard launched a new practice for climate and sustainability interventions, Gold Standard for the Global Goals, to maximize impact and create value for people worldwide and our shared planet.

Source: https://www.goldstandard.org/about-us/vision-and-mission

Corporate governance report

“Acquisitions are constantly recurring and an essential part of every board meeting.”

Comments from the Chairman of the Board

Because Vitec has significantly increased its presence in the Netherlands, the Board held the annual in-depth meeting in Amsterdam. The CEOs of the Dutch business units introduced themselves and their operations. We also held seminars on cultural differences, differences in legislation, and acquisition potential for Vitec – important knowledge and experiences that the Board has gained for our continued growth.

CURRENT TOPICS

With the interest rate increases during the year, financial issues remained a focus for the Board. Acquisition discussions and decisions are constantly recurring and an essential part of every board meeting this year.

MEETING STRUCTURE

The rules of procedure for the Board state that five meetings are to be held each year, with the annual accounts, interim reports and the budget as the primary items on the agenda. In reality, many more meetings are necessary. During the year, 17 minuted meetings were held, along with a handful of information meetings.

DECISIONS DURING THE YEAR

- Increase of our credit facility by SEK 500 million; it now amounts to SEK 3,000 million.
- Prepare and propose to the Annual General Meeting an incentive program for all employees.
- Six acquisitions
- Establishing the vision: “Shaping a wiser and more sustainable future.”

Read more about the work of the Board in the corporate governance report.

GENDER-BALANCED BOARD WITH A GOOD CLIMATE FOR DISCUSSION

In 2023, our Board consisted of six members, three women and three men. Our combined skills and varied professional backgrounds provide a good climate for dialogue that will move us forward and contribute to carefully considered decision-making. Ongoing Board work requires a high level of commitment from all members.

In conclusion, I would like to thank Group Management for their excellent cooperation, as well as all of our employees, who contributed to Vitec’s continued profitable and sustainable growth.

Lars Stenlund, Chairman of the Board
Vitec Software Group

Corporate governance

Vitec Software Group AB (publ) is a public limited company that was listed on Nasdaq Stockholm on July 4, 2011. The company is headquartered in Umeå, Sweden. Governance in the Vitec Group is provided through external regulations, internal governance documents and policies. Vitec has a decentralized organization model with 40 independent business units, Group Management and common support functions. Corporate governance defines and allocates responsibilities and roles with respect to shareholders, the Board of Directors, management and other stakeholders.

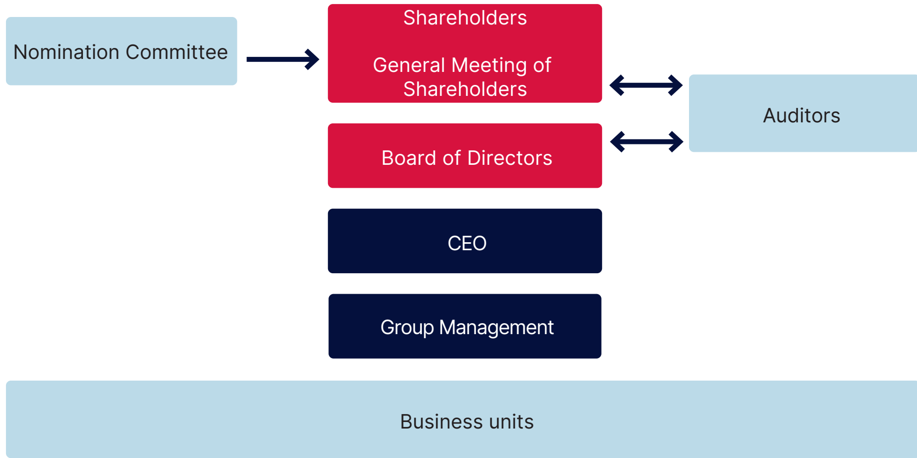
REGULATORY FRAMEWORK

Vitec's corporate governance is based on Swedish legislation. The external framework mainly comprises:

- The Swedish Companies Act
- The Swedish Annual Accounts Act
- The Rulebook for Issuers on Nasdaq Stockholm
- The Swedish Corporate Governance Code.

Vitec complies with the Swedish Corporate Governance Code without exception. We also apply internal control instruments, the most important of which is the Articles of Association adopted by the AGM, followed by the Board of Directors' Rules of Procedure and the Board of Directors' instructions to the CEO. The Board of Directors has also adopted a number of binding policies, guidelines and instructions that are applicable to the Group's operations.

STRUCTURE FOR CORPORATE GOVERNANCE AT VITEC



External governance documents
The Swedish Companies Act, Swedish Annual Accounts Act, Rule Book for Issuers, Swedish Corporate Governance Code and other relevant laws and regulations.

Internal governance documents
Business concept, goals and strategies, Articles of Association, the Board of Directors' Rules of Procedure, CEO's instructions, Code of Conduct and policies.

THE SHARE AND SHAREHOLDERS

The Vitec Software Group's class B share is listed on the Nasdaq Stockholm. At the end of 2023 Vitec had 11,601 shareholders. Lars Stenlund and Olov Sandberg were the largest shareholders in terms of votes, with 3.6% of capital and 19.4% of votes, and 3.1% of capital and 18.3% of votes, respectively. The company's 3 largest shareholders in terms of votes owned 100% of class A shares and 0.7% of class B shares, and the company's 10 largest shareholders owned 34.8% of class B shares. At the same date, the total market value was SEK 21,977 million. The number of shares was 37,535,487, of which 34,885,487 were class B shares and 2,650,000 were class A shares.

GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the highest decision-making body in the company. Shareholders are given the opportunity to exercise their influence as represented by their shareholdings at this meeting. Each class A share represents ten votes and each class B share represents one vote. All shareholders who are registered in the share register maintained by Euroclear on the record date and who have notified their intent to participate in due time are entitled to attend the Meeting and to vote. Shareholders who cannot participate in person may elect a representative. A regular meeting of shareholders (AGM) is to be held within six months from the end of the financial year. The AGM's mandatory tasks include adopting the income statement and balance sheet, and processing the profit/loss for the year. The AGM also resolves on remuneration policies for senior executives and on whether to discharge the Board members and CEO from liability. The AGM chooses Board members, based on proposals from the Nomination Committee (see below), to serve until the end of the next Annual General Meeting. The Articles of Association are amended through resolutions passed by the AGM pursuant to the regulations of the Swedish Companies Act. The AGM is held in Swedish.

2023 Annual General Meeting

The AGM was held on April 25 at Hotel Clarion in Umeå, Sweden.

Shareholders were invited to attend the meeting physically, by proxy, or by postal voting. Both shareholders and others were offered the opportunity to follow the Annual General Meeting by webcast. A total of 276 shareholders were present, representing 82.5% of the votes.

Minutes of the AGM are available at our website, *vitecsoftware.com*.

2024 Annual General Meeting

The 2024 AGM will be held at 5:30 p.m. on April 23 at Universum in Umeå, Sweden. For registration and more information, see *vitecsoftware.com*.

Olle Backman at the 2023 AGM.

NOMINATION COMMITTEE

The Nomination Committee's primary task is to present nominees to the AGM for election as the Board's members and Chairman, and nominees for auditors, in consultation with the Audit Committee. The Nomination Committee's work is to be characterized by transparency and discussion to achieve a well-balanced Board of Directors. The Nomination Committee adopted regulation 4.1 of the Swedish Corporate Governance Code as its diversity policy when preparing the list of candidates for the Board, with the aim of creating a well-functioning Board composition with respect to diversity and broad representation in terms of gender, nationality, age and industry experience. The purpose of the Nomination Committee is to nominate a Board comprising members who complement each other with their experiences and expertise, so as to enable the Board to contribute to the positive development of the company. The Nomination Committee consistently focuses on diversity, in order to ensure that the Board of Directors has varying perspectives on Board work and the considerations given. The Nomination Committee also considers the need for renewal and carefully investigates whether the nominated Board members are able to devote sufficient time and due attention to Board work. All shareholders have the opportunity to submit motions concerning prospective Board members to the Nomination Committee.

The Nomination Committee has participated in the evaluation of the Board. The Nomination Committee is also tasked with preparing nominees to Chair the AGM, proposals on the remuneration of the Board and any fees to committees and subcommittees, and auditor's fees. The 2023 AGM resolved that each of the three largest shareholders be allowed to appoint their own member in the Nomination Committee. It was also resolved that the Nomination Committee should comprise the Chairman of the Board and three additional members. The members of the Nomination Committee serving until the AGM on April 23, 2024 are:

- Patrik Jönsson, Chairman of the Nomination Committee, represents SEB Investment Management
- Lars Stenlund, Chairman of the Board of Vitec, largest shareholder in terms of votes
- Jerker Vallbo, third largest shareholder in terms of votes
- Thomas Eklund

At the time this report was prepared, the Nomination Committee had held four meetings prior to the 2024 Annual General Meeting. No fees were paid for the Nomination Committee's work.

ARTICLES OF ASSOCIATION

The company's activities comprise the purchase, management and sale of real estate and chattels, and other activities consistent therewith. The share capital shall be not less than SEK 1,600,000 and not more than SEK 6,400,000. The company's shares are to be issuable in two series, referred to as Class A and Class B. When voting at the AGM, each class A share carries ten votes and a class B share carries one vote. If both classes of share are issued, the total number of shares of each share class may not exceed 99 hundredths of the total number of shares in the company. The Articles of Association can be found in their entirety at our website, *vitecsoftware.com*.

Board of Directors

The Board's duty is to manage the company's affairs on behalf of the shareholders. Board work is governed by applicable laws and recommendations, and by the Board of Directors' Rules of Procedure, which comprises rules for the division of duties between the Board and CEO, financial reporting, investments and financing. The Rules of Procedure are adopted annually at the statutory Board meeting in direct connection to the AGM.

The Board's responsibility
The Board of Directors has overarching responsibility for the Group's organization and management, and ensuring that the guidelines for the management of the company's funds are appropriately formulated. The Board of Directors is responsible for ensuring that Vitec is managed pursuant to applicable laws and regulations, and adheres to the Rule Book for Issuers and the Swedish Corporate Governance Code, and the Group's adopted internal regulations. The Board is also responsible for developing and ensuring compliance with the Group's strategies through plans and goals, decisions regarding acquisitions and divestments of business operations, major investments, appointments and remuneration of Group management, and the continuous monitoring of operations throughout the year. The Board of Directors adopts the annual accounts, current business plan, business-related policies and the CEO's Rules of Procedure.

The Board of Directors is also to adopt the requisite guidelines for the company's behavior in society, with the aim of ensuring long-term value creation and that guidelines are adhered to with respect to the company's behavior.

Board composition
According to the articles of association, Vitec's Board is to comprise three to ten members, and a maximum of three deputy members. In 2023, the Board of Directors consisted of six regular members with no deputies, and no member is employed by the company.

Board members are elected by shareholders at the AGM, with a one-year term of office. The CEO is not a member of the Board, but presents reports at all Board meetings, except for when the CEO's work is under evaluation. The CEO reports to the Board about the Group's operational activities and ensures that the Board receives objective and relevant decision data.

Board meetings comply with the requirements of Nasdaq Stockholm and the Swedish Corporate Governance Code with respect to independent Board members. Further information about each Board member is available at our website, *vitecsoftware.com*, under About Vitec, Corporate Governance.

The Board held the 2023 in-depth meeting in Amsterdam.

Chairman of the Board
The Chairman of the Board, Lars Stenlund, manages Board work to ensure compliance with laws and regulations. The Chairman monitors operations through a dialogue with the CEO, and is responsible for ensuring that other Board members receive the requisite information for high-quality discussions and well-informed decisions. The Chairman also participates in the assessment and career development issues of the Group's senior executives.

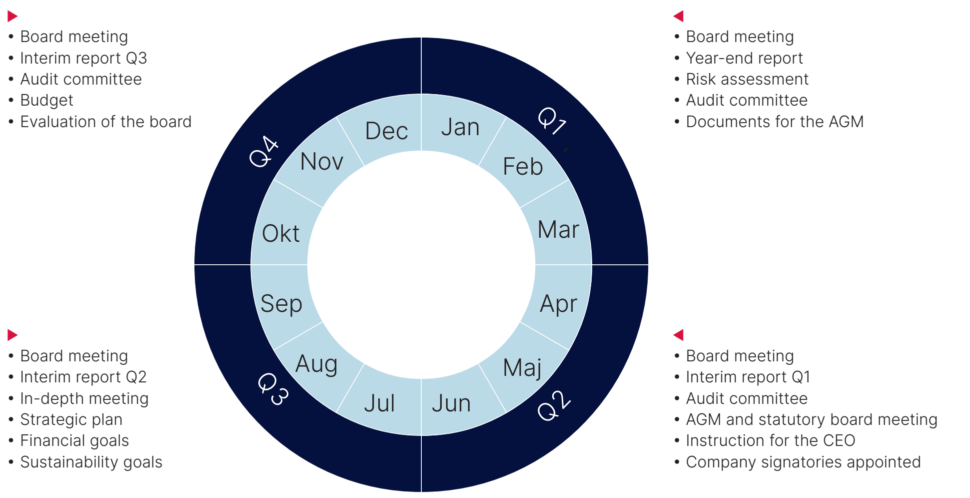
The Board's work
In the course of a financial year, Vitec holds a minimum of five regular Board meetings and a statutory Board meeting directly connected to the AGM. Extraordinary Board meetings are held as needed. A longer in-depth meeting is held jointly with the Board of Directors every year. In 2023, a total of 17 Board meetings were held, including statutory meetings and per capsulam meetings.

In early 2023, it was with great sadness that we announced the passing of Board member Crister Stjernfelt. Crister was not replaced during the period until the AGM on April 25. All Board members elected by the AGM were present at all of the Board meetings, with the exception of Anna Valtonen and Birgitta Johansson-Hedberg, who both notified the Board that they would be absent from one meeting each. At minuted meetings, the Group's earnings and financial position were processed, and interim reports and annual accounts were approved for publication. Issues pertaining to the future were addressed, such as market assessments, potential acquisitions, financing, the focus of business activities and organizational issues. All of the meetings adhered to an approved agenda that was, together with documentation for each item on the agenda, communicated to all Board members about one week prior to the meeting.

Minutes of the meetings were sent to all Board members, in accordance with the Swedish Corporate Governance Code. At year-end, the Board's work was evaluated.

Evaluation
The Board's work is evaluated once a year, by having Board members answer a number of predefined questions about both formal and collaborative relationships. The Chairman compiles the answers, including comments, and presents them to the Nomination Committee. The evaluation for the 2023 financial year indicates well-functioning collaborations and solid efficiency within Board work.

ANNUAL CYCLE OF BOARD WORK



Key decisions

- In late 2023, the existing loan facility with Nordea and SEB was increased by SEK 500 million to SEK 3,000 million. The acquisitions of Entry Event, Neagen and Codea were partially financed via convertible issues totaling SEK 37 million.
- The Board of Directors proposed to the Annual General Meeting to resolve on a share savings plan for employees. The AGM resolved in accordance with the proposal.
- Based on the authorization granted to the Board of Directors by the Annual General Meeting on April 25, 2023 on the acquisition of class B treasury shares from the market to ensure delivery of shares to share savings plan participants, the Board of Directors resolved on the acquisition of treasury shares.
- Establishment of our vision: Shaping a wiser and more sustainable future

In 2023, the following six corporate acquisitions were completed:

- Software company 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.
- DL Systems AB develops and delivers a complete booking system for facilities in the hospitality sector. The company had sales of SEK 8 million during the financial year 2021/2022.
- Entry Event develops and delivers a complete business system for the hospitality sector. The company had sales of SEK 14 million during the financial year 2021/2022.
- Neagen develops and delivers medical imaging archiving and viewing solutions. The company reported sales of about EUR 5 million in the 2022 financial year.
- Memorix develops and delivers software for managing archives, digital heritage and collections. The company reported sales of EUR 4 million in the 2022 financial year.
- Codea develops and delivers critical software for field management of emergency vehicles. The company reported sales of about EUR 1.4 million in the 2022 financial year.

The Board's Rules of Procedure

The Board's Rules of Procedure were adopted on April 26, 2023, and are to be revised annually at the statutory Board meeting, or revised as needed. The Rules of Procedure specify, among other items, the Board of Directors' responsibilities and assignments, the Chairman's assignments and auditing issues, and also indicates specific reports and financial information that the Board of Directors should receive in advance of each regular Board meeting. In addition, the Rules of Procedure comprise instructions to the CEO. The Rules of Procedure also define the Board's work in its capacity as Remuneration Committee.

AUDIT COMMITTEE AND REMUNERATION COMMITTEE

The Board of Directors, as a whole, acts as both the Audit Committee and Remuneration Committee. The description of the Audit Committee's assignments is attached as an appendix to the current Rules of Procedure. The Remuneration Committee's work is regulated in the relevant rules of procedure. The Rules of Procedure and attachments were adopted at the statutory Board meeting held on April 26, 2023. In 2023, the Audit Committee held three meetings and the Remuneration Committee held meetings in conjunction with regular Board meetings.

In fall 2023, the Audit Committee began a process for procurement of external auditing. This process culminated in a proposal that will be presented at the Annual General Meeting and put to a vote.

▶ DL Systems was acquired in 2023. They provide software for the hospitality sector in Sweden.

Board of Directors

Lars Stenlund
Founder of the company, together with Olov Sandberg, in 1985. Employed 1985–2021. CEO 1990–2021. Board member 1985–2009. Chairman of the Board since 2021. Born in 1958. PhD in applied physics from Umeå University, 1987.

Board member of Umeå University Holding AB, Chairman of Treac AB. Former assistant professor at Umeå University.

Holdings in Vitec: 1,170,000 class A shares, 186,911 class B shares. No warrants.

Dependent in relation to the Company. Is the Company's largest shareholder in terms of votes.

Jan Friedman
Board member since 2010. Born in 1952. MBA from the Stockholm School of Economics in 1978.

Chairman of the Board of Stiftelsen Anna Whitlocks Minnesfond, board member of Agora Networks Oy. Experience from various CEO, board and consultancy assignments.

Holdings in Vitec: 15,440 class B shares through company and privately, no convertibles.

Independent in relation to the Company and its shareholders.

Birgitta Johansson-Hedberg
Board member since 2011. Born in 1947. BA, MSc in Psychology from Lund University, 1972.

Chairman of the Board of Sörmlands Sparbank, board member of Hedberg Ekologkonsult AB and Sparbankernas Ägareförening. Former CEO of Lantmännen, Föreningssparbanken and Liber.

Holdings in Vitec: 7,500 class B shares, no convertibles.

Independent in relation to the Company and its shareholders.

Malin Ruijsenaars
Board member since 2023. Born in 1971. Bachelor of Human Resources, Lund University, 1997.

Chief People and Culture Officer at tretton37 AB, previously responsible for Talent Management and business development at Grenspecialisten AB, CPO at Axis Communications AB. Various positions at Daimler. Board member of Probi AB, several previous board assignments.

Holdings in Vitec: no shares, no convertibles.

Independent in relation to the Company and its shareholders.

Kaj Sandart
Board member since 1998. Born in 1953. MSc in Engineering from the Royal Swedish Institute of Technology in 1977.

Advisor in Hallvarsson & Halvarsson Group, board member of Vallabacken Invest AB, Catch23 AB and Milox AB. Former Chief Information Officer of ÅF (now AFRY) and CEO of Svensk Energiförsörjning AB.

Holdings in Vitec: 104,200 class B shares.

Independent in relation to the Company and its shareholders.

Anna Valtonen
Board member since 2012. Born in 1974. PhD. Department of Industrial and Strategic Design, Helsinki, Finland, 2007.

Vice-chancellor, University of Arts, Crafts and Design. Chairman of the Board, Kalevala Jewelry. Several other international assignments. Former Vice President of Aalto University and Dean of the School of Arts, Design and Architecture, as well as professor, now adjunct professor. Professor, president, Umeå Institute of Design. Head of Design Research & Foresight, Nokia.

Holdings in Vitec: no shares, no convertibles.

Independent in relation to the Company and its shareholders.

Holdings in Vitec as of Dec. 31, 2023 unless otherwise indicated.

Upper row: Svein Roger Westengen, Magnus Persson, Sara Nilsson, Anna-Karin Nilsson, Kerstin Anderson, Karin Wendén and Gert Gustafsson.
Lower row: Kim Møller Jensen, Pien Oosterman, Olle Backman, Jerker Vallbo, Aleš Zobec and Anna Andersson.
Not pictured: Pia Kantola.

Management

EXECUTIVE FUNCTIONS

The CEO is appointed by the Board of Directors. Olle Backman is CEO of the company and is responsible for the daily management of the company and the Group's activities in accordance with the Board's instructions and regulations. This entails responsibility for financial reporting, preparing information and decision data, and ensuring that agreements and other measures do not conflict with applicable laws and regulations. The Chairman of the Board holds annual assessment dialogs with the CEO, pursuant to the CEO's instructions and the applicable specification of requirements.

General Management Teams in the Group

The decision-making forum for Group-wide issues is Group Management (GM), which in addition to the CEO includes the COO, CFO, Head of Brand, Head of HR, CIO/CTO, Head of M&A, Manager Financial Services & Integration, as well as all VPOs. Group Management handles strategic issues such as policies, brand, communication and HR.

For matters requiring more extensive preparation and discussion, committees are appointed to report to Group Management. These committees can be either temporary or more permanent.

In 2023, two committees were active; one consisted of the CEO, COO, Investor Relations and CFO. They usually meet monthly to review the results from the previous month and to prepare a basis for decisions regarding acquisitions, financing and other decisions that are later made by the Board. The second committee is our sustainability management group, which consists of the CEO, COO, CFO, Head of Brand and Head of HR. During the year, they worked on coordination and structure for our sustainability work.

In addition, Operations Management (OM), which includes the COO, all VPOs and the head of Vitec IT, addresses operational issues and Nordic coordination.

Decisions are made in the respective management forum, pursuant to guidelines resolved by the Board of Directors and instructions on the division of responsibilities between the Board and CEO.

Olle Backman
CEO, Vitec Software Group
MSc in Bus. Adm.
Employed since 2019

Holdings in Vitec: 39,787 class B shares, SEK 100,000 through convertibles, warrants for 20,000 class B shares.

Anna Andersson
Head of HR
Master of Human Resources Management and Development.
Employed since 2017

Holdings in Vitec 3,190 class B shares, SEK 200,000 in convertibles and warrants for 10,000 class B shares.

Kerstin Anderson
Vice President Operations
MSc in Bus. and Eco., Digital Innovation
Employed since 2018

Holdings in Vitec 4,705 class B shares, SEK 200,000 in convertibles and warrants for 20,000 class B shares.

Gert Gustafsson
COO
Bachelor's Degree Electronics Engineering, Master's Degree Business Administration
Employed since 2017

Holdings in Vitec: 18,726 class B shares and warrants for 20,000 class B shares.

Kim Møller Jensen
Vice President Operations
MBA
Employed since 2016

Holdings in Vitec: 7,554 class B shares, warrants for 10,000 class B shares.

Pia Kantola
Vice President Operations

MSc in electronics and telecommunication, MSc in financial administration

Employed since 2024.

Anna-Karin Nilsson
Head of Brand
BA. MSc in Public Relations
Employed since 2020

Holdings in Vitec: 1,197 class B shares, 100,000 convertibles, warrants for 4,800 class B shares.

Sara Nilsson
CFO
MSc in Bus. and Eco.
Employed since 2014

Holdings in Vitec: 5,362 class B shares, SEK 150,000 in convertibles and warrants for 12,500 class B shares.

Pien Oosterman
Vice President Operations
Bc. Business Studies
Employed since 2023

Holdings in Vitec: 200 class B shares.

Magnus Persson
Vice President Operations
Background in the Swedish Armed Forces and previously CEO of Vitec Fastighet
Employed since 2008

Holdings in Vitec: 4,296 class B shares, warrants for 20,000 class B shares.

Jerker Vallbo
CIO/CTO
Engineer, electronics and microcomputer technology
Employed since 1988

Holdings in Vitec: 360,000 class A shares, 14,089 class B shares, warrants for 20,000 class B shares.

Karin Wendén
Manager Financial Services & Integration
MSc Bus. Adm.
Employed since 2012

Holdings in Vitec: 1,030 class B shares, warrants for 15,000 class B shares.

Svein Roger Westengen
Vice President Operations
Computer science, MBA
Employed since 2014

Holdings in Vitec: 2,968 class B shares, warrants for 1,000 class B shares.

Aleš Zobec
Head of M&A
MSc in Engineering, MBA
Employed since 2018

Holdings in Vitec: 12,785 class B shares, SEK 100,000 in convertibles and warrants for 20,000 class B shares.

Holdings in Vitec as of Dec. 31, 2023 unless otherwise indicated.

BUSINESS UNIT MANAGEMENT

The CEOs of the business unit play a key role in our decentralized governance model. They have both the responsibility and the authority to independently run their business units, in accordance with business directives, authorization procedures and other governing documents.

Five of our 40 business units are managed by a female CEO, a proportion we are actively working to increase as we recruit new CEOs to our business, usually due to the generational shift in the workplace.

The business unit CEOs are assisted by their Vice President of Operations (VPO), a role similar to that of a working chairman. The job as VPO includes following up, setting requirements for and providing support to the CEOs of the business unit, as well as responsibility for promoting and ensuring the commercial and organizational development of the respective companies. The VPO is also responsible for ensuring that newly acquired companies are properly integrated into the Group and that our corporate culture is reinforced in all our entities.

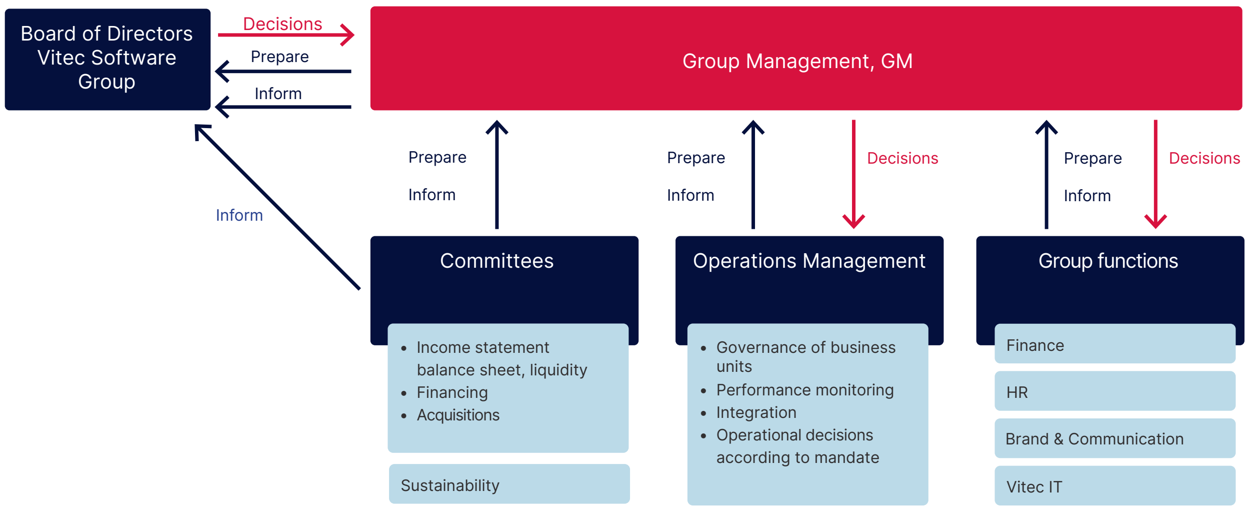
AUDITORS

The AGM elects one or two auditors annually, or one or two registered auditing firms, with a maximum of two deputy auditors. The auditors review the company's annual report, accounts and the administration reports of the Board of Directors and CEO. At the 2023 AGM, PricewaterhouseCoopers AB was elected, with Aleksander Lyckow as auditor in charge. The Group's auditors participate in all audit committee meetings, and in particular, provide a debriefing of their findings concerning internal controls, review of the third quarter interim report and the annual accounts.

INTERNAL CONTROLS

The Board is responsible for the internal controls pursuant to the Swedish Companies Act and the Swedish Corporate Governance Code.

Reports on internal controls and risk management concerning the financial



reporting for the 2023 financial year have been prepared and submitted by the Board pursuant to the Swedish Annual Accounts Act Chapter 6, Section 6, and Item 7.4 of the Swedish Corporate Governance Code.

The Board is responsible for corporate governance work within Vitec and thus, for working with internal controls. The overarching aim is to protect the Group's assets and thereby, the investments of shareholders. The Board is all responsible for ensuring that financial statements are prepared pursuant to applicable laws. The Group's financial statements are subject to quality assurance, by means of the Board processing all critical accounting matters and financial statements submitted by Vitec. This requires that the Board process matters pertaining to internal controls, regulatory compliance, material uncertainties in recognized values, any uncorrected misstatements, events after the balance-sheet date, changes in estimates and assessments, any realized irregularities and other circumstances that impact the quality of financial reporting.

Control environment

Proactive and committed Board work is the basis of effective internal controls. The Board has established well-defined processes and rules of procedure for its work. A vital component of the Board's work is to prepare and approve a number of fundamental policies, guidelines and other governing documents pertaining to financial reporting. The company's governing documents comprise the "Board of Directors' Rules of Procedure" and the "CEO's instructions." The aim of these rules of procedure and policies is to create the foundation for efficient internal controls. Follow-ups and revision are continuously undertaken and are communicated to all employees involved with financial reporting. The Board continuously evaluates the company's performance and results by means of an appropriate reporting package that comprises the income statement and prepared key metrics, as well as other material operational and financial information. The Board of Directors functions in its entirety as the Audit Committee. Thus, the Board of Directors in its entirety has monitored risk-management and internal-control systems in 2023. These systems are intended to ensure that operations are conducted pursuant to laws and regulations, as well as the efficiency of operations and reliability of financial reporting. The Board has reviewed and evaluated the procedures for financial accounting and reporting and followed this up with evaluations of the work performed by the external auditors, their qualifications and independence. Other adopted policies that provide the basis for Vitec's internal controls are primarily the Finance Policy, Information Policy, Information Security Policy and the Code of Conduct. All business units work within, or are preparing to work within, the same structure, accounting system, accounting plan and policies, which facilitates the creation of appropriate procedures and control systems. Every business unit has rules of procedure adopted by Group Management.

Risk assessment

At Vitec, we apply a method to ensure that the risks to which the Group is exposed and which may impact internal controls and financial reporting are managed by means of the adopted processes. A systematic and documented updating of all identified risks is undertaken annually.

For risks that impact financial statements, we work continuously and proactively on their analyses, assessment and management to ensure that the risks to which the company is exposed are managed appropriately within the adopted framework. Risk assessment takes into account, among other matters, the administrative procedures pertaining to invoicing and waste management. Material risks with a potential impact on financial reporting include items based on estimates and assessments, such as ongoing development projects and goodwill.

Risk management

Risks are monitored in different ways and at different levels. At every meeting, Vitec's Board of Directors receives a presentation of the Group's earnings and financial position, liquidity and key metrics. Group management jointly reviews the results of all reporting units monthly. The Group's investments are managed according to established authorization rules, where Group management annually approves product investments, which constitute the single largest category. Product investments are subject to their own separate processes within budget work and monitoring. Monthly debriefing is undertaken and documented. A board is appointed for selected business units as needed. A business unit board comprises a minimum of one member from Group Management and convenes two to four times annually, and minutes are taken. Operational management engages in close dialogue with the CEO of each business unit and conducts detailed monthly reviews of major projects, product development, outstanding accounts receivable, etc. Financial risks such as liquidity, currency, credit, and refinancing risks are managed by Group Management, subject to the governance of the Finance Policy adopted by the Board of Directors.

Control activities

Control activities are designed to manage activities that the Board and Group management deem to be significant for operations, internal controls and financial reporting. Control structures are designed to manage risks that the Board deems to be material to the internal controls of financial reporting. These control structures include an organization with a well-defined division of responsibilities, as well as our Code of Conduct, brand promise and policies. To ensure financial internal control, we have our finance manual and our closing instructions. An internal control checklist that covers all areas is available to help the businesses.

Examples of control activities include the reporting of decision-making processes for substantial decisions (such as on new major customers, investments, and agreements), as well as the review of all submitted financial reports. The regular analyses of financial reporting, combined with a Group-level analysis, are highly important in ensuring that the financial reports do not include any material errors.

Pursuant to the Swedish Companies Act, the Board of Directors is to appoint an Audit Committee. The Board has found it appropriate that the entire Board constitutes the Audit Committee. The relatively small size of the Board is deemed to facilitate such work. Many of the Board members have expertise in accounting.

Information and communication

Vitec's governing documents, such as its policies, guidelines and manuals pertaining to internal and external communication, are subject to continuous updates and are communicated internally through relevant channels, such as internal meetings, internal newsletter emails and the Group's intranet. Communication with external parties is governed by a clearly established communication policy comprising all the guidelines on the dissemination of information. The aim of the policy is to ensure that all disclosure requirements pursuant to the applicable regulations on issuers of shares are correctly and fully complied with.

Subordinate to this policy is a special document that clarifies the practical handling of transparency information. Information regarding financial reporting in the form of instructions, manuals, schedules and checklists is also posted on our intranet. The Group's finance manual and closing instructions are also key to our financial reporting and are available on our intranet; these instructions are continuously updated with new applicable regulatory frameworks, such as from IFRS and the Nasdaq Stockholm. We also have a special information security policy.

Follow-up and monitoring

The business units are followed up monthly by the VPO together with the management of the respective business unit. Group Management has appointed an internal board for some operational units. For issues of strategic importance, projects are created, where Group Management participates in the management group. Group Management analyzes the Group's outcome compared with the preceding year, budget and forecasts.

Group Management's analyses and conclusions are communicated to the Board at every regular meeting.

The Board continuously assesses internal controls regarding financial reporting and ensures that reporting to the Board is effective. This is mainly undertaken by asking questions about and learning about the CFO's work. The company's auditors participate on three occasions annually and provide information about their observations of the company's internal procedures and control systems, which allows for Board members to ask questions. On an annual basis, the Board takes decisions on significant risk areas and evaluates the internal controls.

Internal audit

Having taken into consideration the size and complexity of operations, combined with existing reports to the Board and Audit Committee, the Board of Directors has concluded that it is not financially justifiable to set up a separate internal audit function. The abovementioned internal controls are deemed to be sufficient for assuring the quality of financial reporting.

SHARE AND OWNERSHIP STRUCTURE

At the close of the financial year, the total number of shares issued was 37,535,487, of which 2,650,000 were class A shares (26,500,000 votes) and the remaining 34,885,487 were class B shares (34,885,487 votes). Current share capital is approximately SEK 3.8 million, with a quotient value of SEK 0.10 per share. The ownership structure and Board of Directors' shares pertain to holdings at December 31, 2023, to the best of Vitec's knowledge.

The number of shareholders was 11,601.

Apart from a pre-emption clause for class A shares, there were no provisions limiting the right to share transfers. There are no limitations on the number of votes each shareholder is entitled to cast at the AGM or other general meetings. Board members and any deputy Board members are appointed at the AGM for the period until the next AGM. There are no rules in the Articles of Association regarding the appointment and dismissal of Board members. Vitec Software Group AB (publ) has not signed any agreements that could be impacted by any takeover bids. Vitec Software Group AB holds 16,640 treasury shares as of December 31, 2023. These have been acquired for use as matching shares in ongoing share savings plans.

Employees of Vitec Software Group AB (publ) do not hold shares that restrict them from the direct exercise of their voting rights. Two ongoing convertible programs for employees allow for conversion to a maximum of 30,427 class B shares. There are also convertible debentures originating from acquisitions for a total value of SEK 183.3 million, which, upon full conversion will increase the number of shares by 342,714 class B shares. In addition, there are 445,300 warrants issued for two warrant incentive programs aimed at senior executives.

There is an authorization by the 2023 AGM that entitles the Board of Directors to pass one or more resolutions up to and including the date of the next AGM regarding the issue of up to 2,500,000 new class B shares deviating from the preferential rights of shareholders. The reason that the Board should be able to deviate from shareholders' preferential rights is to enable cost-effective financing of acquisitions of companies or product rights.

Vitec is listed on the Nasdaq Stockholm Large Cap list. At December 29, 2023, the share price was SEK 585.50 (418.20).

At year-end, the total market value of the issued shares was SEK 21,977 million (15,611).

The Vitec share has been traded under the Large Cap segment since January 3, 2022. The Large Cap segment includes companies with a market capitalization of EUR 1 billion and up.

Pien Oosterman began as VPO in 2023. Like the other VPOs, she acts as a working board chair and supports her business units.

Multi-year overview

		2023	2022	2021	2020	2019	2018	2017
Net sales	(SEK million)	2,778	1,978	1,571	1,313	1,156	1,017	855
Recurring revenues	(SEK million)	2,346	1,631	1,324	1,080	908	744	610
Recurring share of net sales	(%)	84	82	84	82	78	73	71
Growth net sales	(%)	40	26	20	14	14	19	27
EBITA	(SEK million)	876	582	440	345	247	212	171
EBITA margin	(%)	32	29	28	26	21	21	20
Growth EBITA	(%)	51	32	28	39	17	24	29
Operating profit (EBIT)	(SEK million)	590	356	283	222	144	128	107
Operating margin	(%)	21	18	18	17	12	13	12
Profit after financial items	(SEK million)	468	312	262	208	130	117	98
Profit after tax	(SEK million)	339	245	207	161	102	97	79
Profit margin	(%)	12	12	13	12	9	10	9
Balance-sheet total	(SEK million)	7,829	6,321	3,752	2,207	1,890	1,676	1,262
Equity/assets ratio	(%)	44	51	53	38	40	40	32
Equity/assets ratio after full conversion	(%)	46	54	55	41	43	42	35
Interest-bearing net liability	(SEK million)	1,990	916	638	423	454	274	348
Debt/equity ratio	(multiple)	1.14	0.94	1.10	1.56	1.50	1.75	2.22
Return on capital employed	(%)	12	10	14	17	12	13	14
Return on equity	(%)	10	9	15	20	14	18	22
Sales per employee	SEK 000s	1,963	1,692	1,603	1,593	1,669	1,658	1,584
Added value per employee	SEK 000s	1,693	1,504	1,439	1,413	1,339	1,316	1,258
Personnel expenses per employee	SEK 000s	915	864	845	843	879	858	828
Average no. of employees	(persons)	1,415	1,169	980	824	693	613	540
Adjusted equity per share (AES)	(SEK)	90.78	85.99	56.76	25.73	23.31	20.71	13.34
Earnings per share	(SEK)	9.07	6.92	6.14	4.93	3.16	3.23	2.70
Earnings per share after dilution	(SEK)	9.12	6.84	6.05	4.91	3.18	3.22	2.70
Resolved dividend per share	(SEK)	2.28	2.00	1.64	1.35	1.20	1.10	1.00
Cash flow per share	(SEK)	23.21	16.86	14.72	13.18	9.90	8.01	6.78

		2023	2022	2021	2020	2019	2018	2017
Basis of computation:								
Earnings from calculation of earnings per share	(SEK million)	339	245	207	161	102	97	79
Cash flow from calculation of cash flow per share	(SEK million)	868	597	497	429	321	240	200
Weighted average number of shares (weighted average)	(thousands)	37,389	35,393	33,724	32,574	32,372	30,017	29,425
Number of shares after dilution	(thousands)	38,170	36,251	34,315	32,994	32,717	30,437	29,539
Number of shares issued at balance-sheet date	(thousands)	37,535	37,329	35,046	32,773	32,573	32,339	29,839
Share price at close of the respective period	(SEK)	585.5	418.20	557.00	341.00	185.00	77.60	87.00

For definitions, refer to “Definitions of performance indicators” on page 171.

Proposed appropriation of profits

THE FOLLOWING FUNDS ARE AT THE DISPOSAL OF AGM:	
Earnings brought forward	746,035,285
Share premium reserve	2,211,805,357
Profit for the year	354,839,578
	3,312,680,220

THE BOARD OF DIRECTORS PROPOSES THAT THESE FUNDS BE DISTRIBUTED AS FOLLOWS:	
dividends of SEK 3.00 per share to shareholders	121,573,093
to be carried forward	3,191,107,127
	3,312,680,220

REASONED OPINION OF THE BOARD OF DIRECTORS PURSUANT TO CHAPTER 18, SECTION 4 OF THE COMPANIES ACT (2005:551)

The Board of Directors of Vitec Software Group AB (publ) hereby submits the following statement pursuant to Chapter 18, Section 4 of the Swedish Companies Act in connection with the proposal for a dividend resolution proposed by the Board of Directors to the Annual General Meeting on April 23, 2024.

It is the opinion of the Board of Directors – on the grounds set out below – that the proposed dividend is justifiable with regard to the parameters set out in Chapter 17, Section 3, paragraphs 2 and 3 of the Companies Act. The Board of Directors has proposed that the Annual General Meeting resolves on an ordinary dividend of SEK 3.00 per share for the 2023 financial year, to be paid in quarterly installments of SEK 0.75. The proposed ordinary dividend may not exceed a total amount of SEK 121,573,093. [1]

The proposed dividend represents approximately 3.67% of reported unrestricted equity, which amounts to SEK 3,312,680,220. The Board of Directors finds that there will be full coverage for the restricted equity of the Company, after distribution of the proposed dividend.

The Board of Directors also finds that the proposed dividend is justifiable with regard to the parameters set out in Chapter 17, Section 3, paragraphs 2 and 3 of the Companies Act (the nature, scope and risks of the business, as well as consolidation needs, liquidity and position in general).

The nature and scope of the business are set out in the Articles of Association and the annual reports. The activities conducted by the company and the Group do not entail any risks other than those that arise or can be anticipated to arise within companies with similar activities, or those risks that are generally associated with operating a business.

The Board of Directors is of the opinion that the equity of the company and the Group after the proposed dividend will be sufficient, given the nature, scope and risks of the business. In so doing, the Board has taken into account the capital structure and future growth opportunities of the Group.

The Board of Directors has conducted a comprehensive assessment of the financial position of the company and the Group and its ability to meet its obligations in the long term. The proposed dividend will not affect the ability of the company and the Group to meet its payment obligations in a timely manner.

[1] The dividend is based on a calculation of the maximum number of shares that may be outstanding in the company on each of the record dates proposed by the Board of Directors for the quarterly dividend installments. The calculation is based on the following hypothetical assumptions:

(i) that the Board of Directors exercises the authorization to issue 2,500,000 shares pursuant to item 17 of the Notice to the Annual General Meeting, and

(ii) the outstanding convertible bonds of the Company are exercised for conversion into shares at such time as the shares carry dividend rights.

Financial reports and notes, Group

Consolidated statement of profit/loss

	Note	2023	2022
Recurring revenues		2,346,036	1,631,256
License revenues		46,861	54,483
Service revenues		343,270	253,629
Other		41,398	38,823
Net sales	(3)	2,777,565	1,978,191
Other operating revenues		-	3,402
TOTAL REVENUES		2,777,565	1,981,593
Capitalized development expenditure		348,412	265,351
Goods for resale		-45,807	-40,002
Subcontractors and subscriptions		-390,786	-196,381
Other external expenses	(5)	-329,593	-289,181
Personnel expenses	(4A-B)	-1,294,192	-1,010,353
Depreciation/amortization and impairment of	(8A-B, 14)		
Property, plant and equipment		-88,239	-67,854
Intangible fixed assets		-385,347	-287,610
Other operating expenses		-1,896	278
OPERATING PROFIT		590,117	355,841
Financial income		6,051	2,596
Financial expenses		-128,356	-46,272
PROFIT AFTER FINANCIAL ITEMS	(6)	467,812	312,165
Tax	(7)	-128,629	-67,298
PROFIT FOR THE YEAR		339,183	244,866
Profit for the year attributable to:			
Parent Company shareholders		339,183	244,866
Share information	(19)		
Earnings per share before dilution		9.07	6.92
Earnings per share after dilution		9.12	6.84
Average number of shares		37,389,434	35,393,213
Number of shares after dilution		38,169,970	36,250,868

Consolidated statement of comprehensive income

	Note	2023	2022
PROFIT FOR THE YEAR		339,183	244,866
OTHER COMPREHENSIVE INCOME			
Items that may be restated in profit or loss			
Restatement of net investments in foreign operations		-107,152	229,850
Net investment hedges for foreign operations		41,429	-44,316
Deferred tax on net investment hedges for foreign operations		-8,534	9,369
		-74,257	194,903
Items restricted from restatement in profit or loss			
Remeasurement of net pension obligations		-865	4,105
Deferred tax on net pension obligations		190	-903
		-675	3,202
TOTAL OTHER COMPREHENSIVE INCOME/LOSS		-74,932	198,105
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		264,251	442,971
Total comprehensive income attributable to:			
Parent Company shareholders		264,251	442,971

Consolidated statement of financial position

	Note	December 31, 2023	Dec 31, 2022
ASSETS			
Fixed assets	(8A-B)		
Goodwill		3,962,672	2,900,642
Other intangible fixed assets		2,915,147	2,163,031
Tangible property, plant and equipment		59,605	55,115
Right-to-use assets		103,082	100,872
Financial fixed assets	(12)	43,590	38,811
Deferred tax assets	(7)	7,320	13,483
Total non-current assets		7,091,416	5,271,954
Current assets			
Inventories		4,645	2,825
Accounts receivable	(10)	438,210	331,749
Current tax assets		24,826	27,571
Other receivables		7,064	8,720
Prepaid expenses and accrued income	(8C)	91,332	62,218
Cash and cash equivalents	(11)	171,851	615,787
Total current assets		737,928	1,048,870
TOTAL ASSETS		7,829,344	6,320,824

	Note	December 31, 2023	Dec 31, 2022
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	(16)	3,754	3,732
Other capital contributions		2,144,655	2,110,921
Reserves		123,467	197,725
Retained earnings including profit of the year		1,135,758	897,381
Equity attributable to Parent Company shareholders		3,407,634	3,209,758
Non-current liabilities			
Provisions for pensions and similar obligations		2,797	2,102
Convertible debentures	(9, 13, 15)	187,425	159,079
Liabilities to credit institutions	(9.15)	1,961,511	1,332,594
Lease liabilities, non-current portion	(14, 15)	47,996	56,513
Other non-current liabilities	(9.15)	607,002	192,643
Deferred tax liabilities	(7)	584,977	407,697
Total non-current liabilities		3,391,708	2,150,628
Current liabilities			
Convertible debentures	(9, 13, 15)	10,649	34,995
Liabilities to credit institutions	(9.15)	2,677	2,790
Accounts payable		57,274	56,696
Tax liabilities		41,034	61,702
Lease liabilities, current portion	(14, 15)	46,632	37,206
Other liabilities	(9.15)	410,669	362,374
Accrued expenses and prepaid income	(8D)	461,067	404,675
Total current liabilities		1,030,002	960,438
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		7,829,344	6,320,824

Consolidated statement of changes in equity

	Share capital	Other capital contributions	Translation of foreign operations	Hedging net investment in foreign operations	Retained earnings including profit of the year	Total equity attributable to parent company shareholders
OPENING EQUITY, JAN 1, 2022	3,504	1,261,537	8,862	-6,041	721,242	1,989,104
Profit for the year	-	-	-	-	244,866	244,866
Other comprehensive income	-	-	229,850	-34,947	3,202	198,105
Total comprehensive income/loss	**0**	**0**	**229,850**	**-34,947**	**248,068**	**442,971**
Option element convertible debentures	-	6,369	-	-	-	6,369
Conversion of convertible debentures	8	18,346	-	-	-	18,354
New share issue	220	833,580	-	-	-	833,800
Issuing costs	-	-14,394	-	-	-	-14,394
Paid option premiums warrants	-	5,483	-	-	-	5,483
Share-based remuneration	-	-	-	-	685	685
Dividends paid	-	-	-	-	-72,614	-72,614
Transactions with shareholders	**228**	**849,384**	**0**	**0**	**-71,929**	**777,683**
CLOSING EQUITY, DECEMBER 31, 2022	3,732	2,110,921	238,712	-40,988	897,381	3,209,758
OPENING EQUITY, JAN 1, 2023	3,732	2,110,921	238,712	-40,988	897,381	3,209,758
Adjustment opening balance					-13,410*	-13,410
NEW OPENING EQUITY, JAN 1, 2023	3,732	2,110,921	238,712	-40,988	883,971	3,196,348
Profit for the year	-	-	-	-	339,183	339,183
Other comprehensive income	-	-	-107,152	32,895	-675	-74,932
Total comprehensive income/loss	**0**	**0**	**-107,152**	**32,895**	**338,508**	**264,251**
Option element convertible debentures	-	1,195	-	-	-	1,195
Conversion of convertible debentures	22	34,961	-	-	-	34,983
Issuing costs	-	-273	-	-	-	-273
Paid option premiums warrants	-	21	-	-	-	21
Long-term incentive program	-	5,357	-	-	-	5,357
Repurchase of treasury shares	-	-7,527	-	-	-	-7,527
Dividends paid	-	-	-	-	-86,721	-86,721
Transactions with shareholders	**22**	**33,734**	**0**	**0**	**-86,721**	**-52,965**
CLOSING EQUITY, DECEMBER 31, 2023	3,754	2,144,655	131,560	-8,093	1,135,758	3,407,634

* In 2022, the tax expense for one of the subsidiaries was not accounted for, resulting in an overstatement of the 2022 earnings by SEK 13.4 million. This is addressed in 2023 as an adjustment to the opening balances of retained earnings.

Consolidated statement of cash flows

	Note	2023	2022
OPERATING ACTIVITIES			
Operating profit		590,117	355,841
Adjustments for non-cash items			
Other operating revenues		-	-3,402
Depreciation/amortization and impairment		473,586	355,464
Unrealized foreign exchange differences		1,896	-278
Share-based remuneration		-	685
		1,065,599	708,310
Interest received		6,051	2,596
Interest paid		-93,969	-42,128
Income tax paid		-109,795	-72,012
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		867,886	596,766
Changes in working capital			
Increase/decrease in inventories		-947	-26
Increase/decrease in accounts receivable		-81,596	-2,064
Increase/decrease in other operating receivables		31,463	-22,068
Increase/decrease in accounts payable		-10,075	-2,611
Increase/decrease in other operating liabilities		-88,332	-6,629
CASH FLOW FROM OPERATING ACTIVITIES		718,399	563,368
INVESTING ACTIVITIES			
Acquisition of shares and participations		-15,902	-10,000
Acquisition of subsidiaries (net impact on liquidity)	(17)	-1,285,707	-1,143,823
Purchase of intangible fixed assets and capitalized development expenditure		-351,132	-267,390
Purchase of property, plant and equipment		-25,827	-17,957
CASH FLOW FROM INVESTING ACTIVITIES		-1,678,568	-1,439,170

	Note	2023	2022
FINANCING ACTIVITIES			
Dividends to Parent Company shareholders		-82,661	-68,137
Borrowings	(17)	984,652	1,326,598
Repayment of loans	(17)	-337,028	-687,752
Repayment of lease liabilities		-67,270	-51,062
New share issue		-	833,800
Issuing costs		-273	-14,394
Acquisition of treasury shares		-7,527	-
Paid option premiums		21	5,483
CASH FLOW FROM FINANCING ACTIVITIES		489,914	1,344,536
CASH FLOW FOR THE YEAR		-470,255	468,734
CASH AND CASH EQUIVALENTS ON JANUARY 1		615,787	119,857
Exchange-rate differences in cash and cash equivalents		26,319	27,196
CASH AND CASH EQUIVALENTS AT YEAR-END		171,851	615,787

Notes

NOTE 1 ACCOUNTING AND MEASUREMENT POLICIES

General information

Vitec Software Group AB (publ) (556258-4804), which is Parent Company of the Vitec Group, is a public limited company registered in Sweden with its registered office in Umeå. The company develops and delivers standardized software for various functions in society, which 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.

The Vitec Software Group's class B share is listed on the Nasdaq Stockholm and is traded under the Large Cap segment. The address of Vitec's headquarters in Umeå is Tvistevägen 47 A, 903 29 Umeå, Sweden.

The Annual Report and the consolidated financial statements were approved for publication by the Board of Directors on March 25, 2024. The consolidated statement of comprehensive income and the statement of financial position, and the Parent Company income statement and balance sheet, are subject to approval by the AGM on April 23, 2024.

The Parent Company's functional currency is SEK, which is also the presentation currency for the Parent Company and the Group. This means that the financial statements are presented in SEK. All amounts are rounded off and recognized to the nearest thousand SEK (SEK thousand) unless otherwise indicated.

Basis for preparation

The consolidated accounts were prepared pursuant to the Swedish Annual Accounts Act, International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU for application within the EU. Recommendation RFR 1, Supplementary accounting rules for corporate groups, issued by the Swedish Financial Reporting Board, has also been applied.

Assets and liabilities are measured at their historical cost, except for financial liabilities (supplementary contingent considerations) and financial assets (securities held as fixed assets) which are measured at fair value through the income statement. No financial assets or liabilities are recognized at a value that substantially deviates from their fair value at December 31, 2023.

Consolidated financial statements

The Group comprises all companies over which the Group holds a controlling influence. The Group controls a company when it is exposed to or has the right to a variable return from its holding in the company and has the possibility to influence this return through its influence in the company. Subsidiaries are included in the consolidated accounts as from the date when control passes to the Group. They are excluded from the consolidated accounts as from the date when this control no longer exists.

Intra-Group assets and liabilities, income and expenses are eliminated, as are unrealized gains and losses between Group companies. Unrealized losses are eliminated in the same manner as unrealized gains, but only insofar as no impairment requirement exists. The Group's equity includes only parts of the subsidiary's equity that were added following acquisition.

Foreign currencies

Transactions in foreign currencies are converted in the financial statements to the functional currency using the exchange rate from the transaction date. Operating receivables and liabilities in foreign currency are translated to the exchange rate at the end of the reporting period and exchange-rate differences are recognized in operating profit/loss. When translating foreign operations, the current method is applied to restate the balance sheets and income statements of foreign subsidiaries. This process involves restating the income statements and balance sheets of the subsidiaries using the average exchange rate and the exchange rate at the balance-sheet date, respectively. The exception is Profit/loss for the year in the balance sheet, which is recalculated using the average exchange rate as with other items in the income statement. Translation differences are recognized in other comprehensive income.

Critical estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of critical accounting estimates and assumptions. The Board of Directors and management exercise their judgment in the process of applying the company's accounting policies. These estimates and assumptions are based on historic experience and other factors that are deemed to be plausible under existing circumstances. If other assumptions are made or other circumstances influence the matter the actual outcome can differ from these assessments. The principles for estimates and assumptions are subject to regular testing. Up to and including the submission date of annual accounts, nothing has occurred to prompt any amendments.

The areas in which estimates and assumptions are of material significance to Vitec's consolidated financial statements are:

- **Acquisitions.** A detailed acquisition plan is prepared in conjunction with each acquisition. In the acquisition plan, the difference between the net assets of the acquired company and the purchase price is allocated to product rights, customer agreements, brands and goodwill. The distribution follows a model, but is based on estimates and judgements. Read more in Note 18.
- **Supplementary purchase consideration for acquisitions.** This pertains to acquisitions where the purchase consideration is divided into two or more parts, one part that is paid in conjunction with the acquisition and other parts that are paid in the event that specified terms and conditions are fulfilled within a specified period of time following the acquisition. Such terms and conditions may be earnings growth, an improved percentage of recurring revenues and/or guarantee commitments. Pur-

chase considerations are measured at fair value at the acquisition date. Estimates and judgments of value are made at subsequent reporting dates. Read more in Note 9.

- Capitalized development expenditure
  Each year, investments are made in internally generated development costs. The asset is capitalized based on an hourly cost and with an assumed lifetime of 10 years. Read more in Note 8A.
- Impairment testing. Impairment tests are performed once a year on capitalized development costs, product rights, customer agreements, trademarks and goodwill. Estimates and judgements of the recoverable amount are made based on future projections and budgets. The estimates and assumptions that are associated with a significant risk for material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed in Note 8, Non-financial assets and liabilities.

Provisions

Provisions are recognized in the balance sheet when there is a formal or informal obligation as a result of a past event and it is likely that an outflow of resources will be necessary to settle the obligation and a reliable estimate of the amount can be made. In cases where part of or the entire amount required for settling a provision is expected to be compensated for by a third party or parties, the compensation is recognized when, and only when, it is essentially ascertained that it will be paid for if the obligation is to be settled. The compensation is recognized as a separate asset in the balance sheet. The amount recognized for the compensation may not exceed the provision. The cost of a provision is recognized in profit or loss as net after deduction for any compensation from third parties.

New or amended accounting policies as of 2023

No new accounting policies have entered into force for 2023 that affect the Group's reporting, nor have any new accounting policies been adopted for the future that are expected to affect the Group's reporting.

NOTE 2 SEGMENTS

OPERATING SEGMENTS

Accounting policies

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. 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.

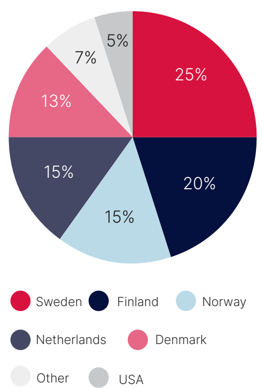
For more information on the cash-generating units, please refer to pages 28–35 in this annual report.

Sales broken down by geography, business unit and customer

Because we operate in a number of niche markets and countries, 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 1.8% (1.4) of the Group's total revenues. As we continue to acquire profitable vertical software companies, we expect the distribution of risk to continue in a positive direction.

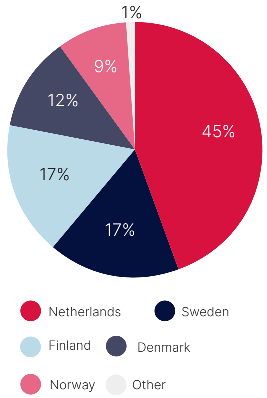
Consolidated net sales are based on the customers' domiciles

	Net sales	
SEK million	2023	2022
Sweden	685.9	619.8
Denmark	371.0	308.1
Finland	543.9	385.3
Norway	423.5	396.5
Netherlands	420.1	104.0
USA	132.9	76.8
Other	200.3	87.8
	2,777.6	1,978.2



Fixed assets by country

SEK million	Dec 31, 2023	Dec 31, 2022
Sweden	1,191.8	1,117.4
Denmark	864.8	875.5
Finland	1,176.9	731.6
Norway	627.0	676.6
Netherlands	3,176.9	1,772.8
Other	3.2	45.7
	7,040.5	5,219.7



NOTE 3 REVENUES FROM CUSTOMER AGREEMENTS

ACCOUNTING POLICIES

Revenue recognition

We recognize our net sales in accordance with IFRS 15 Revenue from Contracts with Customers. In accordance with IFRS 15, revenues are recognized when the customer obtains control of the service and performance obligations are fulfilled.

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

Our most frequent contract types pertain to SaaS, sales of licenses with traditional support and maintenance agreements, services for sale and information services. Contractual periods span from one month to one year. SaaS comprises agreements on all types of subscriptions and cloud services. Temporary right-of-use, support and maintenance are always included. Operations, upgrades, information services etc. may also be included, depending on the contractual setup.

Recurring revenues

Recurring revenues mainly comprise annual agreements related to SaaS, maintenance, support, operations and information services. Revenues for information services are recognized at the date of delivery, while revenues for other agreements are distributed evenly across the contractual period, once the customer obtains control of the service and the performance obligation is fulfilled.

License revenues

License revenues comprise nonrecurring fees from the sale of software licenses. Sales of software licenses are to be recognized as revenue upon fulfilment of the performance obligation. Agreements on support and maintenance that are signed together with sales of licenses are invoiced separately and recognized as recurring revenues once the customer obtains control of the service and performance obligations are fulfilled.

Service revenues

Service revenues comprise consultancy services on a cost-plus basis and consultancy services at a fixed price. Service revenues can be recognized either over time or at a given date. For recognition of revenue over time, the customer must receive and utilize benefits at the same time that Vitec delivers its obligations. In these cases, revenue is recognized gradually in pace with the degree of completion.

The degree of completion is calculated based on the extent that the contractually agreed delivery is fulfilled, taking into account the contractually agreed and completed functionalities, as well as actual time spent in relation to estimated time. For example, for an implementation project where the customer can gradually utilize software functionality, revenue is recognized over time in relation to the degree of completion. If this criterion is not fulfilled, the revenue is recognized at the given date in conjunction with the completion of the service. For example, conferences and training courses, where delivery occurs at a single occasion.

Revenues that are yet to be invoiced to customers are recognized as accrued revenues in the balance sheet. None of our fixed-price agreements are classified under non-current revenues.

Other

Other revenues mainly comprise sales of goods such as hardware and third-party software, excluding third-party licenses, which are recognized as license revenues. Recognition occurs upon delivery.

Our performance obligations comprise support, maintenance and upgrades, temporary usufruct and operations, perpetual usufruct, services, information services, third-party right-of-use assets, third-party maintenance, etc. Their distribution is presented in the table below.

REVENUES FROM CONTRACTS WITH CUSTOMERS

SEK million	2023	2022
Recurring revenues	2,346.0	1,631.3
of which:		
Support, maintenance and upgrades	1,100.0	807.9
Temporary usufruct and operations	697.4	596.2
Services	6.5	-
Information services	512.1	201.1
Third-party maintenance	30.0	26.1
License revenues	46.9	54.5
of which:		
Perpetual usufruct	46.7	46.8
Third-party right-of-use assets	0.2	7.7
Service revenues	343.3	253.6
of which:		
Services	343.3	253.6
Other revenues	41.4	38.8
of which:		
Other	41.4	38.8
Net sales	**2,777.6**	**1,978.2**

REVENUES FROM CONTRACTS WITH CUSTOMERS

SEK million	2023	2022
Date of revenue recognition		
Services transferred to customers over time, flat distribution	1,872.5	1,461.1
Services transferred to customers over time, in pace with use	816.8	423.8
Services transferred to customers at a given time	88.3	93.3
Net sales	2,777.6	1,978.2

Contractual assets and contractual liabilities

The Group recognizes the following revenue-related contractual assets and liabilities:

CONTRACTUAL ASSETS

SEK million	2023	2022
Accounts receivable	438.2	331.7
Accrued income from contracts with customers	35.5	10.0
Total contractual assets	473.7	341.7

CONTRACTUAL LIABILITIES

SEK million	2023	2022
Prepaid revenues from contracts with customers	267.9	237.9
Total contractual liabilities	267.9	237.9

Most of our recurring revenues are invoiced in advance. At the date of invoicing, a receivable and a prepaid revenue are entered into the balance sheet. The receivable is removed upon payment, while the prepaid revenue is distributed over the period that the invoice pertains to.

The change in contractual assets and contractual liabilities is attributable to acquisitions, which contributed SEK 67.8 million (42.8) in increased contractual assets and SEK 14.8 million (16.0) in increased contractual liabilities. 100% of contractual liabilities were recognized as revenue during the year.

NOTE 4 REMUNERATION OF EMPLOYEES

ACCOUNTING POLICIES

Remuneration of employees

Short-term remuneration is estimated without discounting and is recognized when the services have been rendered. Costs for bonuses and other variable payroll components are recognized when there is a legal or informal obligation for the company to pay or such remuneration and the amount can be reliably calculated.

Remuneration in the event of employment termination is recognized as a provision in conjunction with the employee's termination only in cases when the company is demonstrably obligated either to terminate an employee prior to the normal date, or when benefits are paid as an offer to encourage voluntary termination. When remuneration is paid as an offer to encourage voluntary termination, a cost is recognized, as well as a provision, if it is probable that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

Pensions and other post-employment remuneration can be classified as defined contribution plans or defined-benefit plans. Most of the Group's pension provisions comprise defined-contribution plans that are fulfilled through regular payments to independent government agencies or entities. Liabilities with respect to fees for defined-contribution plans are recognized as a cost in profit or loss as they arise.

A small number of employees in Sweden have defined-benefit ITP plans, with regular payments to Alecta. These are recognized as defined-contribution plans due to Alecta's non-delivery of requisite information. There is insufficient data for recognizing the plan as a defined-benefit plan. However, there are no indications of any substantial provisions exceeding amounts that are paid to Alecta. A small number of employees in Norway are also affiliated with a defined-benefit plan.

Share-based remuneration

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

There are warrant incentive programs underway, in the form of warrants. The warrant incentive programs are recognized as share-based remuneration pursuant to IFRS 2. The shares were issued on market terms.

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. Employee payments occur over one year and the total program duration is three years. The expense is distributed over the entire duration of the program.

NOTE 4A EMPLOYEES AND SALARIES

AVERAGE NO. OF EMPLOYEES

	Women		Men		Total	
	2023	2022	2023	2022	2023	2022
Sweden	174	157	292	270	466	427
Denmark	58	61	180	159	238	220
Finland	101	92	192	126	293	218
France	1	-	8	4	9	4
Japan	-	-	2	1	2	1
Netherlands	22	41	93	21	115	62
Norway	58	49	130	138	188	187
Romania	50	24	46	23	96	47
Germany	-	-	1	1	1	1
USA	1	1	6	3	7	3
Group total	**465**	**425**	**950**	**744**	**1,415**	**1,169**

At year-end, the number of employees was 1,487 (1,352).

GENDER DISTRIBUTION AMONG SENIOR EXECUTIVES

There are 59 (54) senior executives. The Parent Company's Board of Directors comprises six directors, three of whom are women. The Group's General Management team consists of 13 people, including 6 women. The CEOs of the subsidiaries comprise five women and 35 men.

SALARIES AND OTHER REMUNERATION

	2023	2022
Salaries and other remuneration	953,536	732,589
Share-based remuneration	4,416	10,065
Social Security expenses	242,062	200,169
Of which pension premiums for senior executives	12,785	10,623
Of which pension premiums for other employees	88,177	72,797
Total	**1,200,014**	**942,823**

SALARIES AND OTHER REMUNERATION DISTRIBUTED BETWEEN BOARD MEMBERS, SENIOR EXECUTIVES AND OTHER EMPLOYEES

	2023	2022
Senior executives (of which bonus payments and similar)	98,921 (0)	84,868 (0)
Other employees	859,031	657,786
Total	**957,952**	**742,654**

Definition senior executives
Senior executives comprise the Board of Directors and the general management of the Group, Group Management (GM), as well as CEOs of the subsidiaries that constitute their own reporting units.

Share-based remuneration
Two warrant incentive programs for shareholders are underway, in the form of warrants, aimed at about 45 people. No new warrant incentive programs in the form of warrants were initiated in 2023.

	Average exercise price per stock option (SEK)		Number of options	
	2023	2022	2023	2022
At January 1	447	400	696,300	514,000
Granted during the year	-	579	-	182,300
Converted during the year	-	-	-251,000	-
At December 31	**510**	**447**	**445,300**	**696,300**

Outstanding stock options at year-end have the following maturity dates and exercise prices:

Date of award	Maturity date	Exercise price (SEK)	Stock options
June 15, 2021	June 3, 2024–June 14, 2024	463	263,000
May 23, 2022	June 3, 2025–June 14, 2025	579	129,800
July 20, 2022	June 3, 2025–June 14, 2025	579	52,500
Total			**445,300**

On April 25, the Annual General Meeting resolved on the introduction of a new long-term share savings plan, the Employee Share Savings Plan, "ESSP 2023." The program is aimed at all Vitec Group employees and requires personal investment in class B shares in Vitec ("Savings Shares"), for a period of twelve (12) months ("Savings Period"), typically through monthly savings. Employees are offered an opportunity to receive, free of charge, allocation of class B shares in Vitec after a lock-in period starting after the first acquisition of Savings Shares, until June 30, 2026 ("Lock-in Period"). Employees receive allocation of class B shares ("matching shares") provided that their employment has not concluded before the end of the Lock-in Period and provided that the participant retains their initial investment in Savings Shares.

The program launched during the third quarter of 2023 and the cost of the matching shares for the period amounts to SEK 5.4 million, recognized as a personnel expense and in equity. During the quarter, 16,640 class B shares were also repurchased. These shares will be used as matching shares for "ESSP 2023." The purchase amount of SEK 7.5 million was recognized in shareholders' equity.

Guidelines for remuneration of senior executives

The Annual General Meeting in April 2021 resolved on the following guidelines for remuneration of senior executives:

Who the guidelines cover and their applicability

These guidelines for remuneration to senior executives cover remuneration to the Board of Directors, the CEO, the deputy CEO and other senior executives. The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after the adoption of the guidelines by the Annual General Meeting 2021. Regarding employment conditions that are governed by rules other than Swedish, appropriate adjustments may be made in order to comply with such mandatory rules or local practice, whereby the overall purpose of these guidelines shall be met. These guidelines do not apply to any remuneration decided or approved by the general meeting.

The Board of Directors has the right to temporarily derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the long-term interests of the company, including its sustainability, or to ensure the financial viability of the company. If such deviations occur, they must be reported in the remuneration report before the next Annual General Meeting. These guidelines are applicable after the Annual General Meeting 2021. An issue regarding deviation from the guidelines shall be prepared by the remuneration committee and decided by the Board of Directors.

The guidelines' promotion of the company's business strategy, long-term interest and sustainability

Vitec is the leading software company in Vertical Market Software in the Nordic region. We develop and deliver standardized software aimed at various niche markets. Our business model is based on recurring revenues and our growth is mainly the result of acquisitions of mature software companies. For further information about the business model, growth strategy and sustainability, see *www.vitecsoftware.com*.

In order to successfully implement the company's business strategy and to safeguard its long-term interests, including its sustainability, the Board believes that recruiting and retaining highly competent senior executives with the capacity to achieve specified goals is crucial. To this end, it is necessary that the company can offer competitive remuneration to motivate senior executives to do their utmost to achieve the company's goals.

Forms of remuneration, etc.

Remuneration and other terms of employment for senior executives shall be based on market terms. Remuneration consists of base salary, pension benefits and other benefits. Gross remuneration represents the total remuneration. The Annual General Meeting may also – regardless of these guidelines – resolve on share and share-price related remuneration. The gross remuneration is disposed of by each individual in accordance with the company's policies, and should cover the company's cost for:

- salary, social security expenses and vacation/holiday allowance
- pension and associated special payroll tax
- any health or medical insurance
- Other benefits

Cash salary constitutes a maximum of 90–95% of total remuneration, excluding share or share price-related remuneration, while pensions and other benefits constitute a maximum of 30–40% of total remuneration excluding share or share price-related remuneration.

Variable cash remuneration

Vitec does not offer variable cash remuneration to senior executives.

Share or share price-related remuneration

Senior executives may be offered incentive programs which shall primarily be share and share-price related. Incentive programs are intended to improve the participants' commitment to the company's development and shall be implemented on market-based terms. Resolutions on share and share price-related incentive programs must be passed at the Annual General Meeting and are therefore not covered by these guidelines.

Pension

The agreed retirement age for the CEO is 65 years and there is no agreed retirement age for other senior executives. All pension benefits for senior executives are based on defined payments. This means that the company pays an individually agreed defined premium for senior executives. Other than the aforementioned pension benefits, the company does not have any other pension obligations for senior executives.

Notice of termination and severance pay

For notice of termination served by the company, the maximum notice period is 6 months. The fixed base salary during the notice period and the severance pay may not, in total, exceed an amount corresponding to the fixed base salary for 12 months for the CEO and 12 months for other individuals in company management. For notice of termination served by the executive, the maximum notice period is 6 months, without any right to severance pay.

Remuneration to members of the Board of Directors

In addition to the fees to the members of the Board of Directors resolved upon by the Annual General Meeting, remuneration for assignments for the company performed by a member of the Board of Directors outside the scope of board work may be paid by the company. For the purpose of such assignments, the Board of Directors may, on behalf of the company, enter into an agreement with the relevant member of the Board of Directors regarding the performance of an individual assignment or enter into a framework agreement, whereby the Board of Directors may, on behalf of the company, call off the performance of services under the framework agreement. The member of the Board of Directors that is affected by the matters shall not be present while the Board of Directors addresses matters related to assignments and remuneration and passes resolutions about them. Remuneration for assignments for the company that a member of the Board of Directors performs outside the scope of board work shall be market-based.

Salaries and terms of employment for employees

In preparing the Board of Directors' proposal for these guidelines for remuneration of senior executives, the salaries and terms of employment for the company's employees have been taken into account. Information about employees' total remuneration, components of their remuneration, as well as increases in remuneration and increases over time have been obtained and have constituted a part of the remuneration committee's and the Board of Directors' decision basis in their evaluation of the fairness of the guidelines and the limitations arising from them.

Resolution process

The Board of Directors shall prepare a proposal for new guidelines whenever the need for material changes arises, but at least every four years. The Board of Directors' proposal is prepared by the remuneration committee. The chairman of the Board of Directors may chair the remuneration committee. Other members of the remuneration committee who are elected by the Annual General Meeting must be independent in relation to the company and company management. If the Board of Directors finds it more expedient, the entire Board can fulfill the tasks of the remuneration committee, provided that members of the Board who are part of the company management do not participate in the work.

The remuneration committee shall monitor and evaluate the application of the guidelines for remuneration to senior executives decided by the Annual General Meeting. When the remuneration committee has prepared the proposal, it is submitted to the Board of Directors for decision. The Chief Executive Officer or other senior executives shall not be present while the Board of Directors addresses issues related to remuneration and passes resolutions about them, insofar as they are affected by the issues.

If the Annual General Meeting resolves not to adopt guidelines when there is a proposal for such, the Board of Directors shall submit a new proposal no later than at the next Annual General Meeting. In such cases, remuneration shall be paid in accordance with the current guidelines or, if no guidelines exist, in accordance with the company's practice.

External advisors are used in the preparation of these matters when deemed necessary.

NOTE 4B PENSIONS

Vitec has both defined-contribution and defined-benefit pension plans. The defined-benefit plans are in Sweden and Norway. The Swedish defined-benefit pension plans are secured through coverage by Alecta. For the 2023 fiscal year, the company did not have access to the information necessary to support recognition of this plan as a defined-benefit plan. Accordingly, the Alecta ITP2 pension plan covered by insurance in Alecta is recognized as a defined-contribution plan. The premiums for the defined-benefit retirement pensions and family pension plans are individually calculated and are subject to factors such as salary, previously earned pensions and the expected remaining term of service. The expected fees in the next reporting period for ITP2 insurance covered by Alecta are SEK 1,661,000 (1,905,000). The collective consolidation level for Alecta was 158% (172) in 2023.

Defined-contribution plans

Defined-contribution pension plans entail that the company makes periodic payments to separate government agencies or funds, and the level of remuneration is subject to the yield achieved for these investments. Fees for the year for defined-contribution pension insurance, including Alecta ITP2, totaled SEK 99,250,000 (82,181,000).

Defined-benefit plans

These pension plans refer to some of the Norwegian subsidiaries and comprise retirement pensions in companies that were acquired during 2014. An employee must be enrolled in the plan for a certain amount of years to achieve full entitlement to a retirement pension. The funded pension obligations are secured by plan assets. Fees for the year for defined-benefit pension plans totaled SEK 886,000. The forecast for fees in 2024 is SEK 1,234,000.

COMMITMENTS TO EMPLOYEE BENEFITS, DEFINED-BENEFIT PLANS

	December 31, 2023	Dec 31, 2022
Other pension obligations, Norway	1,022	72
Total defined-benefit plans	**1,022**	**72**

DEFINED-BENEFIT OBLIGATIONS AND VALUE OF PLAN ASSETS

	December 31, 2023	Dec 31, 2022
Present value of funded defined-benefit obligations, Norway	20,353	20,167
Fair value of plan assets, Norway	-19,474	-20,105
Net	**879**	**62**
Estimated employer contributions	143	10
Net debt for funded obligations, Norway	**1,022**	**72**

RECONCILIATION OF NET AMOUNT FOR PENSIONS IN THE BALANCE SHEET

	December 31, 2023	Dec 31, 2022
Opening balance	72	4,791
Net pension costs for the year	800	476
Investments in pension funds, incl. employer contributions	-1,011	-1,239
Actuarial changes recognized in other comprehensive income	866	-4,105
Translation differences	295	148
Total defined-benefit plans	**1,022**	**72**

CHANGES IN OBLIGATIONS FOR DEFINED-BENEFIT PLANS RECOGNIZED IN THE BALANCE SHEET

	December 31, 2023	Dec 31, 2022
Opening balance	17,540	22,017
Adjustment opening balance	4,323	-
Actuarial changes	-553	-2,692
Interest and fees	1,244	522
Pension payments for the year	-584	-256
Payment employer contributions	-26	-94
Translation differences	-1,448	-1,957
	20,496	**17,540**

CHANGE IN PLAN ASSETS

	December 31, 2023	Dec 31, 2022
Opening balance	20,105	17,226
Adjustment opening balance	1,365	-
Actuarial changes	-1,418	1,413
Interest and fees	-63	-32
Investments in pension funds	886	1,086
Pension payments for the year	-584	-256
Change in value	605	136
Translation differences	-1,422	533
	19,474	**20,105**

ACTUARIAL ASSUMPTIONS

Actuarial assumptions	December 31, 2023	Dec 31, 2022
Discount rate	3.70%	2.70%
Expected return on pension fund assets	3.70%	2.70%
Future pay increases	3.75%	2.75%
Future increase of pensions	3.50%	2.50%
Future increases in base amounts	3.50%	2.50%
Employee turnover	0%	0%
Payroll tax	14.10%	14.10%

NOTE 5 REMUNERATION OF AUDITORS

	2023	2022
PwC, audit assignment	5,462	4,527
PwC, auditing activities beyond auditing assignment	154	488
PWC, tax advisory services	220	359
PWC, other assignments	434	4,212
	6,270	**9,586**
Other auditors, audit assignment	302	360
Other auditors, auditing activities beyond auditing assignment	-	-
Other auditors, tax consultancy services and other assignments	93	17
Other auditors, other assignments	-	-
Total auditing fees	**6,665**	**9,963**

Of the audit assignments, SEK 2,408,000 pertained to PwC Sweden; of auditing activities in addition to the auditing assignment, SEK 154,000 pertained to PwC Sweden; of the fees for tax advisory services, SEK 15,000 pertained to PwC Sweden; and of other assignments, SEK 21,000 pertained to PwC Sweden.

NOTE 6 FINANCIAL ITEMS

ACCOUNTING POLICIES

Financial income and expenses

Financial income exclusively comprises interest income from bank balances. Financial expenses mainly comprise interest expenses and transaction costs on borrowings, interest expenses on lease liabilities, as well as impairment of securities held as fixed assets and fair value adjustment of supplementary contingent considerations. Borrowing expenses are recognized in profit/loss applying the effective interest rate method, apart from cases that are directly attributable to purchasing, construction or production of a qualifying asset, since this is included in the cost of the asset.

FINANCIAL ITEMS

	2023	2022
Interest income bank balances	6,051	2,596
Total financial expenses	**6,051**	**2,596**
Remeasurement of securities	-14,791	-2,471
Remeasurement of supplementary contingent consideration	-14,370	-
Interest expenses borrowings	-96,604	-41,414
Interest expenses lease liabilities	-2,346	-2,167
Other interest expenses	-245	-220
Total financial expenses	**-128,356**	**-46,272**
Total financial items	**-122,305**	**-43,676**

NOTE 7 TAX

ACCOUNTING POLICIES

Taxes

The Group's total tax expenses take the form of current tax and deferred tax. Tax is recognized in profit/loss for the year except for when the underlying transaction is recognized in other comprehensive income or in equity, in which case the associated tax effect is recognized in other comprehensive income or in equity. Current tax is tax that is to be paid or received in the current year. This also includes adjustments of current tax attributable to prior periods. Deferred tax is calculated using the balance-sheet method, based on temporary differences between carrying amounts and tax bases of assets and liabilities. Calculation of the amounts is based on how the temporary differences are expected to reverse using enacted tax rates or tax regulations announced at the close of the period. Temporary differences are not taken into account in consolidated goodwill, nor are differences pertaining to participations in subsidiaries or associated companies that are not expected to become subject to tax in the foreseeable future. Deferred tax assets relating to deductible temporary differences and tax loss carryforwards are only recognized to the extent that it is probable they will be utilized and result in lower future tax payments.

Deferred tax assets and liabilities are offset against each other when there is a legal right of offset for the particular tax receivables and tax liabilities and when the deferred tax assets and tax liabilities pertain to taxes levied by one and the same tax authority and pertain to either the same tax subject or different tax subjects, in cases where there is an intention to settle the balances by means of net payment.

TAX EXPENSE

	2023	2022
Current tax		
Current tax on profit/loss for the year	-146,587	-64,408
Adjustment of current tax from previous years	-3,417	-143
	-150,004	**-64,551**
Deferred tax		
Deferred tax pertaining to temporary differences	21,375	-2,748
Total recognized tax expense	**-128,629**	**-67,299**

RECONCILIATION BETWEEN APPLICABLE AND EFFECTIVE TAX RATES

	2023	2022
Recognized profit before tax	467,812	312,165
Tax according to applicable tax rates	-105,816	-72,179
Tax effect of:		
- non-deductible expenses	-20,599	-3,109
- non-taxable revenues	1,203	107
-change in tax loss carryforward/temporary differences	-	8,086
- tax attributable to previous years	-3,417	-204
Recognized effective tax	**-128,629**	**-67,299**

RECOGNIZED DEFERRED TAX ASSETS

	2023	2022
Deferred tax on tax loss carryforwards	3,731	3,407
Differences between carrying amount and taxable value of fixed assets	3,589	10,076
Closing balance	**7,320**	**13,484**

All deferred tax assets with respect to tax loss carryforwards were capitalized.

RECOGNIZED DEFERRED TAX LIABILITIES

	2023	2022
Product rights, customer agreements and brands	375,599	237,775
Capitalized development expenditure	206,617	160,103
Finance leases	1,015	1,022
Pension liabilities	-143	72
Accumulated depreciation/amortization	1,889	8,725
Deferred tax liabilities	**584,977**	**407,697**

CHANGE IN DEFERRED TAX ON TEMPORARY DIFFERENCES

	Opening balance Jan 1, 2023	Business combinations	Recognized in comprehensive income for the year	Recognized in other comprehensive income	Recognized in shareholders' equity	Closing balance Dec 31, 2023
Product rights, customer agreements and brands	237,775	158,419	-58,453	37,858	-	375,599
Pension liabilities	72	-	-19	-195	-	-143
Finance leases	1,022	-	-7	-	-	1,015
Hedging of net investments in foreign operations	-	-	-8,534	8,534	-	-
Accumulated depreciation/amortization	8,725	-	-6,836	-	-	1,889
Capitalized development expenditure	160,104	-	46,513	-	-	206,617
	407,697	**158,419**	**-27,336**	**46,197**	**0**	**584,977**

CHANGE IN DEFERRED TAX ON TEMPORARY DIFFERENCES

	Opening balance Jan 1, 2023	Business combinations	Recognized in comprehensive income for the year	Recognized in other comprehensive income	Recognized in shareholders' equity	Closing balance Dec 31, 2023
Accumulated depreciation/amortization	13,484	-	-6,164	-	-	7,320
	13,484	**0**	**-6,164**	**0**	**0**	**7,320**

NOTE 8 NON-FINANCIAL ASSETS AND LIABILITIES

NOTE 8A INTANGIBLE FIXED ASSETS

ACCOUNTING POLICIES

Goodwill

In the event of a business acquisition, goodwill is recognized whenever the consideration transferred exceeds the fair value of the identifiable acquired assets and assumed liabilities. Goodwill is measured at cost, less any accumulated impairment losses. Goodwill is allocated to cash-generating units and subject to impairment testing a minimum of once annually.

Brands

Brands are normally considered to have an indefinite useful life, since they are highly recognizable and have been established for quite some time. There are presently no known legal, contractual or competition factors limiting their useful life. Brands are measured at cost, less any accumulated impairment losses. Brands are allocated to cash-generating units and subject to impairment testing a minimum of once annually. The Group exclusively holds brands that are identified through acquisition plans.

Product rights

Product rights primarily comprise acquired source code. These are depreciated over 10 years. Although our history demonstrates that useful lives exceed 10 years, we have found a logical conformity between our proprietarily developed software/capitalized development expenditure and the software/product rights that we acquire, and have therefore adopted an impairment period of 10 years for both classes of assets. Impairment is implemented in accordance with a declining-balance depreciation model, which is deemed to reflect actual usage in a more relevant manner, since product rights consist of several components, with each component presumably having a service life of 3 to 20 years. The declining-balance depreciation model entails a higher impairment rate at the beginning of useful life. Assets are recognized at their cost, less accumulated amortization/depreciation and any write-downs. An asset's value is tested using an estimate of future discounted cash flows.

Product rights also consist of assets added to the balance sheet in connection with acquisitions. These may be product rights that were previously acquired in the respective company, or that are self-generated before acquisition. These assets are depreciated over 5 to 10 years.

Customer agreements

Acquired customer agreements are amortized over 8 to 10 years and recognized at cost, less accumulated amortization and any write-downs. The useful life of customer agreements is based on how long net payments can be expected to be received from these agreements, taking into account legal and economic factors.

Capitalized development expenditure

Expenses for software development are capitalized when it is probable that the project will be successful with respect to its commercial and technical potential, and the costs can be reliably estimated. Development work comprises research and development. Only expenditure pertaining to development work is activated as an asset in the balance sheet. The cost of the asset consists of salaries and other expenses directly related to development work. Capitalized development expenditure is depreciated according to an estimated useful life of 10 years. An asset's value is subject to regular testing and testing for each development project, after which it is impaired as necessary. Assets are recognized at their cost, less accumulated amortization/depreciation and any write-downs.

Software

These assets comprise right-of-use for standard software, in the form of enterprise systems, consolidated accounting systems, development environments and other administrative systems. These assets are amortized over 5 years and recognized at cost, less accumulated amortization and any write-downs.

Critical estimates and judgements

Measurement of intangible assets is based on assumptions and estimates that are subject to uncertainty. All acquired intangible fixed assets are subject to annual impairment testing, see section below on impairment testing.

INTANGIBLE FIXED ASSETS (SEK MILLION)

	Goodwill		Capitalized development expenditure		Software		Brands		Product rights		Customer agreements		Total	
	December 31, 2023	Dec 31, 2022	December 31, 2023	Dec 31, 2022	December 31, 2023	Dec 31, 2022	December 31, 2023	Dec 31, 2022	December 31, 2023	Dec 31, 2022	December 31, 2023	Dec 31, 2022	December 31, 2023	Dec 31, 2022
Opening cost	2,940.3	1,725.7	1,272.3	961.2	13.4	24.3	206.6	135.2	1,190.3	837.0	893.5	567.8	6,516.4	4,251.2
Reclassifications	-	-	-4.2	-	-	-	-	-	274.8	-	-0.5	-	270.1	-
Purchasing	-	-	348.8	265.4	1.8	1.4	-	-	0.5	0.6	-	-	351.2	267.4
Corporate acquisitions, Note 18	1,147.5	1,108.4	-	-	-	-	45.1	58.8	97.6	308.5	631.9	279.7	1,922.0	1,755.4
Divestments/Asset retirement	-	-2.4	-	-	-	-12.5	-	-	-	-12.5	-	-	-	-27.4
Reclassifications, Note 18	-34.2	-10.7	-	-	-	-	-0.1	2.1	42.8	1.2	0.2	6.9	8.7	-0.4
Foreign exchange differences	-51.3	119.4	-34.0	45.8	-	0.2	-3.4	10.4	-25.8	55.4	-15.7	39.0	-130.2	270.3
Closing accumulated cost	**4,002.3**	**2,940.3**	**1,583.0**	**1,272.3**	**15.2**	**13.4**	**248.1**	**206.6**	**1,580.2**	**1,190.3**	**1,509.4**	**893.5**	**8,938.2**	**6,516.4**
Opening depreciation, amortization and impairment	-39.6	-36.2	-494.6	-387.7	-11.3	-22.9	-0.1	-0.1	-627.4	-496.1	-279.6	-189.6	-1,452.6	-1,132.5
Divestments/Asset retirement	-	-	-	-	-	12.4	-	-	-	12.4	-	-	-	24.8
Reclassifications	-	-	4.6	-	-	-	-	-	-271.6	2.4	-	-	-267.0	2.4
Foreign exchange differences	-	-	12.6	-17.1	-	-0.1	-	-	23.2	-29.8	8.7	-12.6	44.5	-59.7
Depreciation/amortization for the year	-	-	-124.1	-89.8	-0.8	-0.7	-	-	-125.9	-116.3	-129.0	-77.4	-379.7	-284.2
Impairment	-	-3.4	-4.6	-	-	-	-	-	-1.0	-	-	-	-5.6	-3.4
Closing accumulated depreciation/amortization	-39.6	-39.6	-606.1	-494.6	-12.1	-11.3	-0.1	-0.1	-1,002.7	-627.4	-399.9	-279.6	-2,060.5	-1,452.6
Closing carrying amount	**3,962.6**	**2,900.6**	**977.0**	**777.8**	**3.1**	**2.0**	**248.0**	**206.5**	**577.5**	**562.9**	**1,109.5**	**613.9**	**6,877.7**	**5,063.8**

The following table presents the carrying amount per cash-generating unit with significant amounts for goodwill and brands.

Cash-generating unit	Brand Residual value (SEK million)	Goodwill Residual value (SEK million)
ABS Holding B.V.	42	667
Enova	24	685
Vitec Fixit	2	100
Vitec Memorix	6	128
Vitec Neagen	11	277
Vitec Raisoft	4	160
Vitec Scanrate	11	211
Vitec Unikum	20	356
Vabi	26	497
Other (31 units)	102	882
	248	**3,963**

Impairment testing of goodwill, brands, customer contracts and product rights
Goodwill and brands are not amortized on an ongoing basis, but their value is tested a minimum of once annually in accordance with IAS 36. Testing was most recently conducted in December 2023. Goodwill is allocated to cash-generating units, which for Vitec are equivalent to the 40 business units. The recoverable amount was calculated on the basis of value in use and proceeds from the current assessment of cash flows for the next five-year period. Assumptions were made concerning revenue growth, the gross margin, overhead increases, working-capital requirements and investment requirements. The values for customer agreements and product rights are tested in conjunction with testing of goodwill and brands.

Cash flows were discounted to a weighted average capital cost (WACC) corresponding to 9.59–10.18% (10.00–10.04) before tax and 8.09% (8.21) after tax. The weighted average capital cost was adapted to prevailing interest rate levels and market-risk premiums in the Swedish stock market.

Initially, all cash generating units are tested with the same parameters, which are set to correspond to the budgeted result for the 2024 financial year with a prudent growth rate of 2% for the next 5 years. The cost increase rate is set at 1.5%. Two sensitivity analyses have been carried out in which we raised the discount rate by one percentage point and lowered the sustainable growth rate (beyond the five-year period) to zero percent. In all, 20 of the 40 cash-generating units pass this test.

For the remaining 20 units, more detailed assessments were carried out. The starting point has been the 2024 budget and business plans for the coming years. These cases mainly involve business units with strong growth, or where large investments are underway, such as platform changes. Recently acquired companies often have a higher calculated growth rate and there are often supplementary purchase considerations in which future payments are connected to improvements in earnings. The assumed growth rate over the next 5 years varies between 2-8% for the 20 units and the cost increase varies between 1.5-5%. For cash flows beyond the five-year period, the growth rate is assumed to be 2% (2) and the cost increase is assumed to be 1.50%. All 20 cash-generating units passed the test.

Two sensitivity analyses were performed: the discount rate was increased by one percentage point, and the sustainable growth rate (beyond the five-year period) was reduced to 0%.

All but five of the cash-generating units passed the test for higher discount rates. Potential undervalue is SEK 55.4 million. In addition to these five cash-generating units, four more did not pass the zero-growth test beyond the five-year period. The units that did not pass the test mainly involve newly acquired companies, where real growth is significantly above zero percent. Potential undervalues amount to SEK 283.1 million.

Impairment testing has indicated no existing impairment requirements.

Impairment testing of capitalized development expenditure
Testing of capitalized development costs is ongoing, but at least once a year. The annual review is conducted on a project-by-project basis. At this year's review, we identified some projects in which, due to changes in technology, the remaining economic life is less than 10 years; we also identified some projects in which revenues no longer match the investment. An impairment charge of SEK 4.6 million was taken of these projects.

NOTE 8B PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICIES

Tangible property, plant and equipment

Property, plant and equipment are recognized in the statement of financial position when it is probable that future financial benefits will accrue to the company and the cost of the asset can be reliably calculated. Property, plant and equipment are recognized at cost, less accumulated depreciation and any impairment. The cost includes the purchase price and costs directly attributable to the asset to bring it to location and make it usable in operations. Gains or losses arising on the divestment or scrapping of a tangible asset comprise the difference between the sales price and the carrying amount of the asset, less direct selling expenses. Gains and losses are recognized as other operating revenue/expenses.

Depreciation of property, plant and equipment is based on the assets' depreciable amount, which corresponds to the original cost and comprises 20–33% annually for computers, and 10–20% annually for other equipment. Investments in leased premises are depreciated over the remaining lease period.

TANGIBLE FIXED ASSETS (SEK MILLION)

	Buildings		Investments in leased premises		Equipment, fixtures and fittings		Total	
	December 31, 2023	Dec 31, 2022	December 31, 2023	Dec 31, 2022	December 31, 2023	Dec 31, 2022	December 31, 2023	Dec 31, 2022
Opening cost	11.1	10.0	22.5	20.4	129.6	114.4	159.5	144.8
Reclassifications	-	-	-	-1.8	-	2.5	-	0.6
Purchasing	3.9	-	1.5	0.8	20.4	16.4	25.8	17.2
Sales/disposals	-	-	0.1	-	-17.7	-14.6	-17.6	-14.6
Corporate acquisitions	-	1.0	0.1	1.2	5.0	4.6	5.1	6.8
Foreign exchange differences	-0.2	0.1	-0.2	1.0	-3.1	3.6	-3.5	4.7
Closing accumulated cost	**14.8**	**11.1**	**23.9**	**22.5**	**134.2**	**129.6**	**169.3**	**159.5**
Opening depreciation/amortization	-1.9	-1.6	-16.5	-14.8	-89.4	-80.2	-104.1	-96.6
Reclassifications	-	-	-	-	-	-1.3	-	-1.3
Purchasing	-	-	-	-	-	0.8	-	0.8
Sales/disposals	-2.3	-	-0.4	1.6	14.0	13.5	11.3	15.0
Foreign exchange differences	0.1	-	0.2	-0.7	2.4	-2.6	2.7	-3.3
Depreciation/amortization for the year	-1.1	-0.2	-2.1	-1.7	-16.3	-16.5	-19.5	-18.4
Impairment	-	-	-	-	-	-0.3	-	-0.3
Closing accumulated depreciation/amortization	-5.2	-1.9	-18.9	-16.5	-89.3	-89.4	-109.6	-104.1
Closing carrying amount	**9.7**	**9.2**	**5.1**	**6.0**	**44.9**	**40.2**	**59.7**	**55.4**

NOTE 8C PREPAID EXPENSES AND ACCRUED INCOME

	December 31, 2023	Dec 31, 2022
Accrued income	35,540	19,894
Prepaid rent	-	1,413
Other prepaid expenses	55,792	40,911
Total	91,332	62,218

NOTE 8D ACCRUED EXPENSES AND PREPAID INCOME

	December 31, 2023	Dec 31, 2022
Accrued salaries	100,732	86,276
Accrued special payroll tax	9,756	10,530
Prepaid income	267,912	239,935
Social Security expenses	18,414	17,353
Other accrued expenses	64,252	50,581
Total	461,067	404,675

NOTE 9 FINANCIAL ASSETS AND LIABILITIES

ACCOUNTING POLICIES

Financial instruments consist of accounts receivable, other receivables, cash and cash equivalents, securities held as fixed assets, other non-current receivables, convertible debentures, liabilities to credit institutions, supplementary purchase considerations and accounts payable.

A financial asset or financial liability is recognized in the statement of financial position when the company becomes a contracting party in accordance with the instrument's contractual conditions. A receivable is recognized when the company has performed and a contractual obligation exists for the counterparty to pay, even if an invoice has not yet been sent. A liability is recognized when the counterparty has performed and a contractual obligation exists for the company to pay, even if an invoice has not yet been received. A financial asset is derecognized from the statement of financial position when the contractual rights are realized, expire or the company loses control of them. The same applies to a portion of a financial asset. A financial liability is derecognized from the statement of financial position when the contractual obligation is met or terminated in another manner. The same applies to portions of a financial liability.

Classification and measurement

In accordance with IFRS 9, a company must either classify financial assets at their amortized cost, at fair value through comprehensive income, or at fair value through profit or loss, on the basis of both:

a) The company's business model of administering financial assets.
b) The nature of contractual cash flows from the financial asset.

Financial assets measured at amortized cost consist of accounts receivable, other receivables, cash and cash equivalents and other non-current receivables.

Non-current securities are measured at fair value through profit or loss. Purchases and sales of non-current unlisted securities are recognized when a binding agreement to buy or sell is reached.

Significant amounts of supplementary purchase considerations are measured at fair value through profit or loss. Changes in value are recognized as financial items in profit or loss.

Convertible debentures and liabilities to credit institutions are measured at amortized cost.

FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

SEK 000s	Note	Financial assets measured at amortized cost		Financial assets measured at fair value through profit or loss		Financial liabilities measured at fair value in the income statement		Other financial liabilities are measured at amortized cost	
		December 31, 2023	Dec 31, 2022	December 31, 2023	Dec 31, 2022	December 31, 2023	Dec 31, 2022	December 31, 2023	Dec 31, 2022
Accounts receivable	9A	438,210	331,749	-	-	-	-	-	-
Other receivables	-	7,064	8,720	-	-	-	-	-	-
Cash and cash equivalents	9B	171,851	615,787	-	-	-	-	-	-
Securities held as fixed assets	7C	-	-	35,779	31,705	-	-	-	-
Other non-current receivables		7,811	7,107	-	-	-	-	-	-
Convertible debentures (non-current)	9D	-	-	-	-	-	-	187,425	159,079
Convertible debentures (current)	9D	-	-	-	-	-	-	10,649	34,995
Liabilities to credit institutions (non-current)	9E	-	-	-	-	-	-	1,961,511	1,334,696
Liabilities to credit institutions (current)	9E	-	-	-	-	-	-	2,677	2,790
Supplementary purchase consideration (non-current)		-	-	-	-	602,466	189,509	-	-
Supplementary purchase consideration (current)		-	-	-	-	252,747	241,720	-	-
Accounts payable	-	-	-	-	-	-	-	57,274	56,696
Total		**624,936**	**963,363**	**35,779**	**31,705**	**855,213**	**431,229**	**2,219,536**	**1,588,256**

Fair value disclosure

RECURRING MEASUREMENTS AT FAIR VALUE, AS OF DECEMBER 31, 2023

SEK 000s	Level 1	Level 2	Level 3	Carrying amount
Securities held as fixed assets			35,779	35,779
Total assets			**35,779**	**35,779**
Supplementary contingent considerations, due within 1 year			252,747	252,747
Supplementary contingent considerations, due in more than 1 year, but within 3 years			205,528	205,528
Supplementary contingent considerations, due in more than 3 year, but within 5 years			396,938	396,938
Total liabilities			**855,213**	**855,213**

RECURRING MEASUREMENTS AT FAIR VALUE, AS OF DECEMBER 31, 2022

SEK 000s	Level 1	Level 2	Level 3	Carrying amount
Securities held as fixed assets			31,705	31,705
Total assets			**31,705**	**31,705**
Supplementary contingent considerations, due within 1 year			241,720	241,720
Supplementary contingent considerations, due in more than 1 year, but within 3 years			189,509	189,509
Supplementary contingent considerations, due in more than 3 year, but within 5 years			-	-
Total liabilities			**431,229**	**431,229**

Fair value determination

In accordance with IFRS 7, the fair value of each financial asset and financial liability must be disclosed, regardless of whether they are recognized at fair value in the balance sheet. For assets and liabilities carried at amortized cost, the carrying amount corresponds to their fair value because the interest rate is in line with current market rates or because the item is of a short-term nature.

Under the standard, financial assets and liabilities measured at fair value are divided into three levels:

Level 1: The fair value of financial instruments is traded in an active market.

Level 2: The fair value of financial assets is not traded in an active market, but is determined using valuation techniques based on market data.

Level 3: Cases where one or more significant inputs are not based on observable market data.

All of the company's financial instruments that are subject to measurement at fair value are classified as level 3. Changes for the year with respect to financial instruments at level 3 mainly pertained to received supplementary purchase considerations for acquisitions.

Supplementary contingent considerations are measured at fair value based on available data, such as contractual terms and conditions, and actual assessments of the anticipated fulfillment of these terms and conditions. For the calculation of fair value, an allocated interest of 5.60–7.21% was applied. All supplementary purchase considerations are valued at maximum outcome. Future payments are dependent on EBITDA improvements in the concerned companies.

Securities held as fixed assets refer to unlisted shares and participations and are attributable to level 3 in the fair value hierarchy. Our assessment is that the fair value corresponds to the measurement set at the last capital raising round for the holding. All of our securities held as fixed assets were acquired in the latest round of capital raising, for which reason fair value corresponds to cost.

OPENING BALANCE – CLOSING BALANCE: ANALYSIS CARRYING AMOUNTS AS OF DECEMBER 31, 2023

SEK 000s	Opening balance	New acquisitions fair value	Payments	Remeasurement	Foreign exchange difference	Closing balance
Securities held as fixed assets	31,705	18,902	-	-14,828	-	35,779
Total	**31,705**	**18,902**	**0**	**-14,828**	**0**	**35,779**
Supplementary purchase considerations	431,229	719,972	-247,024	-72,600	23,639	855,213
Total	**431,229**	**719,972**	**-247,024**	**-72,600**	**23,639**	**855,213**

OPENING BALANCE – CLOSING BALANCE: ANALYSIS CARRYING AMOUNTS AS OF DECEMBER 31, 2022

SEK 000s	Opening balance	New acquisitions fair value	Payments	Remeasurement	Foreign exchange difference	Closing balance
Securities held as fixed assets	21,705	10,000	-	-	-	31,705
Total	**21,705**	**10,000**	**0**	**0**	**0**	**31,705**
Supplementary purchase considerations	85,141	416,540	-82,031	-3,402	14,981	431,229
Total	**85,141**	**416,540**	**-82,031**	**-3,402**	**14,981**	**431,229**

Remeasurement of fair value is recognized under financial items.

NOTE 10 ACCOUNTS RECEIVABLE

ACCOUNTING POLICIES

Accounts receivable are amounts attributable to customers and pertain to sold goods or services rendered under operating activities. Accounts receivable are generally due for payment within 30 days and therefore, all accounts receivable are classified as current assets. Accounts receivable are initially recognized at the transaction price. The Group has accounts receivable with the aim of collecting contractual cash flows and therefore measures them at subsequent reporting points as amortized costs, applying the effective-interest method.

Accounts receivable are recognized at the amount expected to be received, after deductions for doubtful accounts receivable. We apply the simplified method for calculating anticipated credit losses. The method entails using anticipated losses for the entire term of the receivable as a basis for accounts receivable and accrued income from contracts with customers. To calculate anticipated credit losses, accounts receivable are grouped together based on their credit-risk characteristics and their number of days overdue. Accrued income from contracts with customers is attributable to yet-to-be invoiced services that have, in all material respects, the same risk characteristics as already-invoiced services rendered for similar contracts. Consequently, we consider the loss levels of accounts receivable to be a reasonable estimate of the loss levels of contractual assets. Accounts receivable are written off when there are no reasonable expectations of repayment. Indicators that there are no reasonable expectations of repayment include the debtor's failure to adhere to the repayment schedule or when contractual payments are more than 90 days past due.

Credit losses on accounts receivable are recognized as other operating expenses in the statement of comprehensive income. Recovered amounts that were previously written off are recognized as other operating revenues in the statement of comprehensive income.

GROUP’S ACCOUNTS RECEIVABLE AS OF DECEMBER 31

	2023	2022
Accounts receivable	444,518	334,542
Provision for doubtful accounts receivable	-6,308	-2,793
	438,210	**331,749**

REALIZED BAD-DEBT LOSSES AS OF DECEMBER 31

Realized bad-debt losses as of Dec 31	1,041	1,230
	1,041	**1,230**

MATURITY ANALYSIS OF THE PROVISION FOR EXPECTED CREDIT LOSSES AS OF DECEMBER 31

	2023	2022
Overdue less than 3 months	640	178
Overdue 3 to 6 months	3705	179
Overdue more than 6 months	1,963	2,436
	6,308	**2,793**

THE CHANGE IN EXPECTED BAD-DEBT LOSSES DURING THE FINANCIAL YEAR IS DETAILED BELOW:

	2023	2022
Opening balance expected bad-debt losses	**2,793**	**746**
Increase in anticipated bad-debt losses	3,569	2,536
Bad-debt losses written off during the year	-54	-489
Closing balance expected bad-debt losses	**6,308**	**2,793**

NOTE 11 CASH AND CASH EQUIVALENTS

ACCOUNTING POLICIES

The Group’s cash and cash equivalents include the Group’s holdings of Group accounts and other bank accounts, including currency accounts. Cash and cash equivalents are measured at amortized cost. Although the Group’s cash and cash equivalents are exposed to risks of currency fluctuations, they can always easily be converted to a known amount of cash on hand.

CASH AND CASH EQUIVALENTS

	2023	2022
Bank balances	171,851	615,787
Total	**171,851**	**615,787**

NOTE 12 SECURITIES HELD AS FIXED ASSETS

ACCOUNTING POLICIES

The Group's securities are recognized at fair value via the income statement. Remeasurement is at fair value on the balance-sheet date. 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. Investments during the year:

OPENING BALANCE - CLOSING BALANCE ANALYSIS

SEK THOUSAND	2023	2022
Opening cost	31,705	21,705
Investments for the year	18,902	10,000
Closing accumulated cost	**50,607**	**31,705**
Opening remeasurement	-	-
Remeasurement for the year	-14,828	-
Closing accumulated remeasurement	**-14,828**	**0**
Closing carrying amount	**35,779**	**31,705**

SECURITIES HELD AS FIXED ASSETS

COMPANY	Corp. ID no.	Ownership stake 2023, %	Ownership stake 2022, %	Carrying amount Dec 31, 2023, SEK 000s	Carrying amount Dec 31, 2022, SEK 000s
Nordkap AB	556580-0835	5.8	5.8	2,700	10,000
Voxo AB	559008-0544	11.2	7.5	8,004	3,006
Tempus Information System AB	556835-3949	32.8	12.1	5,549	3,275
Predge AB	556948-8017	10.0	7.0	4,903	5,424
Pintpointest AB	556846-4977	13.6	9.1	4,735	5,000
Precisely AB	556963-5286	6.7	4.2	6,888	5,000
Indico Technologies AB	559007-9199	3.6	-	3,000	-
Total carrying amount				**35,779**	**31,705**

NOTE 13 CONVERTIBLE DEBENTURES

ACCOUNTING POLICIES

Convertible debentures are recognized partly as financial liabilities and partly as shareholders' equity. Their specific allocation is based on a measurement made in conjunction with their issue. Interest expenses are distributed over the term of the loan.

The initial fair value of the liability portion of the convertible debentures is calculated using market interest rates at the date of issue applicable to an equivalent non-convertible debenture. Following the first recognition occasion, its liability portion is recognized as amortized cost until it is converted or matures. The remaining portion of the funds is allocated the option of conversion and recognized net after tax under shareholders' equity, and is not remeasured.

Convertible debentures	Carrying amount, SEK million	Duration	Conversion period	Conversion price,SEK	Max increase share capital, SEK million	Dilution capital	Dilution votes
Loan 2104	2.4	April 26, 2021–June 30, 2024	January 01, 2024–June 30, 2024	468	0.001	0.0%	0.0%
Loan 2201	5.0	Jan 21, 2022–Jan 31, 2025	Jan 8, 2024–Jan 31, 2025	565	0.001	0.0%	0.0%
Loan 22/25:4	105.5	July 6, 2022—June 30, 2025	July 1, 2024—June 30, 2025	549	0.019	0.5%	0.3%
Loan 22/25:4	18.3	September 7, 2022—June 30, 2025	July 1, 2024—June 30, 2025	481	0.004	0.1%	0.1%
Loan 22/25:5	15.8	Oct 5, 2022–Sept 30, 2025	Oct 1, 2024–Sept 30, 2025	399	0.005	0.1%	0.1%
Loan 23/26:1	2.9	June 12, 2023–June 30, 2026	July 01, 2025–June 30, 2026	652	0.000	0.0%	0.0%
Loan 23/26:2	28.9	Sept 14, 2023–Sept 30, 2026	Oct 1, 2025–Sept 30, 2026	701	0.004	0.1%	0.1%
Loan 23/26:3	4.4	Nov 28, 2023–Nov 30, 2026	Dec 1, 2025–Nov 30, 2026	612	0.001	0.0%	0.0%
Loan 2021:1 Convertible Employee Program	8.2	June 01, 2021–June 30, 2024	June 01, 2024–June 30, 2024	463	0.002	0.1%	0.0%
Loan 2022:1 Convertible Employee Program	6.5	June 1, 2022—June 30, 2025	June 1, 2025—June 30, 2025	579	0.001	0.0%	0.0%
Total liability	**198.0**				**0.038**	**0.9%**	**0.6%**

Convertible debentures as of December 31 are recognized in the consolidated statement of financial position as follows:

DECEMBER 31, 2023	
Nominal value of convertible debentures	201,948
Equity ratio	-8,099
Total	**193,849**
Interest expenses	4,225
Liability portion	**198,074**

DEC 31, 2022	
Nominal value of convertible debentures	200,734
Equity ratio	-9,011
Total	**191,723**
Interest expenses	2,376
Liability portion	**194,099**

NOTE 14 LEASING

ACCOUNTING POLICIES

Lease activities and how these are accounted for

When reporting a finance lease, assets are recognized as fixed assets in the Group's statement of financial position. Assets are measured to the present value of minimum lease payments upon signing of the agreement. Our right-to-use assets mainly consist of lease agreements pertaining to premises. Assets are depreciated over their useful life. Commitments to future lease payments are recognized as current and non-current liabilities. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are discounted with the lessee's incremental borrowing rate. The incremental borrowing rate is calculated based on the average interest rate for outstanding bank loans.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss to produce a constant rate of interest for the period. The lease is measured at cost and includes the amount of the initial measurement of the lease liability. All agreements are extendable. Local agreements comprise index clauses. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

LEASE AGREEMENTS

Reported amounts in the consolidated statement of financial position:	December 31, 2023	Dec 31, 2022
Right-to-use assets		
Properties	103,082	100,870
Vehicles	-	1
	103,082	**100,871**
Lease liabilities		
Current liabilities	46,632	37,206
Non-current liabilities	47,996	56,513
	94,628	**93,719**

Additions to the right-of-use assets relating to leases in 2023 amounted to SEK 65,835,000 (27,876,000). The increase of SEK 9,053,000 (21,706,000) is attributable to the acquisitions during the year; in addition, existing contracts were extended, which entailed additional right-of-use assets totaling SEK 56,782,000 (12,632,000). Retiring right-of-use assets related to premises contracts amount to SEK -5,097,000 (-6,462,000).

Reported amounts in the statement of profit/loss:	2023	2022
Depreciation of right-of-use assets		
Properties	-67,067	-49,043
	-67,067	**-49,043**
Interest expenses (included in financial expenses)	-2,346	-2,167
Expenses attributable to short-term leases and leases of lesser value (included in other external expenses)	-9,727	-7,514

Total cash flow for lease agreements in 2023 was SEK 76,997,000 (58,576,000).

RIGHT-TO-USE ASSETS (SEK MILLION)

	December 31, 2023	Dec 31, 2022
Opening cost	223.6	195.7
Reclassifications	-	2.8
Purchasing	70.3	31.5
Sales/disposals	-5.1	-6.5
Foreign exchange differences	-3.4	-
Closing accumulated cost	**285.3**	**223.6**
Opening depreciation/amortization	-122.6	-79.9
Sales/disposals	5.0	6.3
Foreign exchange differences	2.5	-
Depreciation/amortization for the year	-67.1	-49.0
Closing accumulated depreciation/amortization	-182.2	-122.6
Closing carrying amount	**103.1**	**100.9**

NOTE 15 FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

Our Finance Policy for managing financial risks is based on earnings generated by operating companies and not by investments in financial instruments. Only low-risk investments are permitted. Financing operations are tasked with supporting operating companies, as well as identifying and limiting financial risks in the best manner possible. Financing operations are pursued by the Parent Company. Centralization and coordination enable economies of scale with respect to the terms and conditions obtained for financial transactions and financing. The financial risks are managed in accordance with the Finance Policy adopted by the Board of Directors.

Liquidity risk

Cash and cash equivalents at December 31, 2023 amounted to SEK 171.9 million (615.8). In addition to cash and cash equivalents, Vitec had overdraft facilities of SEK 125.0 million (125.0) and SEK 1,038.5 million (1,170.2) in an acquisition loan credit. The acquisition loan credit was expanded in 2023 and is SEK 3,000 million as of December 31, 2023. Vitec's Finance Policy has guidelines on how the Group's liquidity should be managed. We strive to achieve a low-risk profile which entails investing in Swedish banks licensed by the Financial Supervisory Authority to pursue banking operations, or foreign banks with corresponding licenses. Investments in securities are to take the form of treasury bills, money-market funds or K1-rated interest-bearing securities. Liquidity shall not fall below two months of salary and tax payments, and the investments are to have the possibility of liquidation within one month.

Vitec has historically financed and intends to continue financing acquisitions partially by raising loans from credit institutions. Loan agreements may contain terms and conditions with restrictions (known as covenants). There is currently one such agreement with our bank. At December 31, 2023 all covenants were fulfilled in their entirety. Lending entails certain risks for our shareholders. For example, in the event of a radical change of circumstances in our markets, Vitec could have problems signing for new credit facilities and thereby be required to use a greater portion of its cash flow for interest payments and amortization. This could have an adverse impact on Vitec.

Liabilities to credit institutions mainly consist of our credit facility with our two banks, Nordea and SEB. The credit facility secured in June 2022 is valid for 3+1+1 years and totals SEK 3,000,000.

The agreement provides significant flexibility by allowing us to withdraw amounts in SEK, DKK, EUR or NOK at short notice. The interest rate is consistently variable with fixed terms of 1, 3, or 6 months. The interest rate comprises STIBOR, CIBOR, EURIBOR or NIBOR with a margin. The loans are interest-only, but we do have the flexibility to repay at each interest reset.

The table below presents the analysis of maturities for the Group's financial liabilities. The figures included in the table reflect the contractual undiscounted cash flows of the instruments.

ANALYSIS OF MATURITIES

	Convertible debentures		Liabilities to credit institutions		Lease liabilities		Supplementary purchase considerations		Other liabilities		Total	
	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Less than 1 year after balance-sheet date	10,649	34,995	108,783	45,671	46,632	37,206	252,747	241,720	157,922	120,694	576,733	480,285
More than 1 but less than 3 years after balance-sheet date	187,425	159,079	194,577	88,465	41,971	48,918	205,528	189,508	1,087	161	630,588	486,132
More than 3 but less than 5 years after balance-sheet date	-	-	2,107,424	1,394,052	5,391	6,259	396,938	-	-	-	2,509,753	1,400,311
More than 5 years after balance-sheet date	-	-	-	-	634	1,335	-	-	5,533	5,075	6,167	6,410
Total	**198,074**	**194,073**	**2,410,784**	**1,528,188**	**94,628**	**93,718**	**855,213**	**431,228**	**164,542**	**125,930**	**3,723,241**	**2,373,138**

Credit risk

Accounts receivable are associated with a certain amount of credit risk. Our business model frequently entails advance payments and credit checks. We have no significant concentrations of credit risks among our accounts receivable. In cases where our customers are unable to pay their invoices on time, or at all, we face the risk of impact by credit losses. It cannot be guaranteed that future credit losses will not increase, which would adversely impact our operations, financial position and earnings. The maximum exposure to credit risk corresponds to the Group's carrying amount for accounts receivable and accrued income, which totaled SEK 473.8 (341.7) million as of the balance-sheet date, after provisions for estimated losses. For further information about accounts receivable, refer to Note 10.

Market risk

Currency risks

Currency risks can be divided into transaction exposure and translation risk. Transaction exposure arises mainly from sales in currencies other than the company's own currency, which occurs in some of our companies, primarily in the currencies NOK, DKK and EUR. The Group did not utilize any currency hedging in 2023 or in 2022 with regard to transaction exposure.

Translation risk arises upon restatement of our subsidiaries' income statements and balance sheets into SEK from other currencies. Since our subsidiaries report in local currency, the Group is exposed to exchange-rate fluctuations upon consolidation of these companies. Acquisition of foreign subsidiaries is funded in part through liabilities in local currency to reduce translation exposure. Translation risk is managed in part through hedges of net investments in foreign operations.

A change of 5% in foreign-currency rates in 2023 would impact profit/loss for the year and shareholders' equity by approximately SEK 21.2 million, (11.2) distributed as: NOK 2.3 million (1.1), DKK 4.8 million (2.1) and EUR 14.1 million (8.0).

Currency risk management

The Group applies hedge accounting to the net investment in foreign operations. Hedging of net investment in foreign operations refers to hedges held to reduce the impact of changes in the value of a net investment in foreign operations due to changes in exchange rates. Foreign exchange gains and losses from hedging instruments are recognized in other comprehensive income.

Items in foreign currencies identified as hedges on net investments totaled SEK 2,502.5 million (1,035.4). The exchange rate difference on translation into Swedish crowns totaled SEK 41.4 million (44.3) at the close of the reporting period and was recognized under "Other comprehensive income" after deduction for deferred tax.

Interest rate risk

Our interest rate risk of interest-bearing assets is regulated by investing cash and cash equivalents to allow for the dates of maturity of fixed-interest terms and other investments to match known outflows and/or the amortization of debts. Long-term financing is secured through loans from banks and financing institutions, as well as convertibles. Interest rates for loans from banks and financing institutions are floating, while interest rates for convertibles are normally fixed for intervals of 180 days or, in exceptional cases, fixed for the entire term. A change of 1 percentage point in the existing loan portfolio would impact profit/loss for the year and shareholders' equity by approximately SEK 25.4 million (21.4).

Capital management

Risk management

Our objectives when managing the capital structure are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure as a means of reducing the cost of capital. Like other companies in the industry, the Group monitors capital on the basis of the debt/equity ratio. This key metric is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including "Current and non-current borrowings" as shown in the consolidated statement of financial position) less cash and cash equivalents. Total equity is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

Although Vitec does not utilize any absolute measurements for the debt/equity ratio, the Group's guidelines stipulate that indebtedness, except for shorter periods, must not exceed what additional financing can bring to enable a rapid response to any investment opportunities that arise.

The debt/equity ratio as of December 31, 2023 and 2022 was as follows:

DEBT/EQUITY RATIO, SEK MILLION

	December 31, 2023	Dec 31, 2022
Total borrowings	2,171	1,532
Less cash and cash equivalents	-172	-616
Net debt	1,999	916
Total equity	3,408	3,210
Total capital	5,407	4,126
Debt/Equity ratio, %	37	22

NOTE 16 SHAREHOLDERS' EQUITY

ACCOUNTING POLICIES

Shareholders' equity

Costs attributable to the issue of new shares or options are recognized in equity as a reduction of the proceeds received. Repurchases of own shares are classified as treasury shares and recorded as a deduction from equity.

Dividends

A dividend proposed by the Board of Directors reduces distributable funds and is recognized as a liability when the AGM approves the dividend.

SHARE TYPES

	December 31, 2023	Dec 31, 2022
Shares at Jan 1		
Vitec-A	2,650,000	2,950,000
Vitec-B	34,678,539	32,096,163
Total shares at Jan 1	**37,328,539**	**35,046,163**
Reclassification of class A shares to class B shares	-	-300,000
Reclassification of class A shares to class B shares	-	300,000
Conversion of Vitec-B share debentures	206,948	82,376
New share issue Vitec-B	-	2,200,000
Shares at year-end	**37,535,487**	**37,328,539**
Shares at year-end		
Vitec-A	2,650,000	2,650,000
Vitec-B	34,885,487	34,678,539
Total shares at year-end	**37,535,487**	**37,328,539**

Registered share capital on December 31, 2023, totaled SEK 3,753,549 and comprised 2,650,000 class A shares (26,500,000 votes) and 34,885,487 class B shares (34,885,487 votes). The Annual General Meeting in April 2023 resolved to approve a dividend of SEK 2.28 per share. The dividend was divided up and paid on four payment dates: June 30, 2023, September 30, 2023, December 30, 2023 and March 30, 2024. The amount paid during the financial year was SEK 82,661,129, of which SEK 18,664,270 relates to the dividend for the 2021 financial year, which was paid on March 30, 2023. The expensed amount totals SEK 22,906,248.

The proposed but as-yet-unresolved dividend amounts to SEK 3.00 per share, totaling SEK 121,573,093. Dividends are recognized as a liability once the AGM approves the dividend.

Share capital

The item share capital relates to the share capital of the Parent Company.

Other capital contributions

Other capital contributions consists of capital arising from transactions with shareholders, such as share premium issues.

Translation of foreign operations

Translation differences arising from the translation of foreign subsidiaries.

Hedging net investment in foreign operations

Hedging of currency risk in net investments in foreign subsidiaries.

NOTE 17 CASH FLOW

CHANGE IN LIABILITIES FOR FINANCING ACTIVITIES

	Non-current liabilities to credit institutions		Short-term liabilities to credit institutions		Convertible debentures		Lease liabilities	
	December 31, 2023	Dec 31, 2022	December 31, 2023	Dec 31, 2022	December 31, 2023	Dec 31, 2022	December 31, 2023	Dec 31, 2022
OPENING BALANCE	**1,332,595**	**691,298**	**2,790**	**2,767**	**194,074**	**63,336**	**93,719**	**116,358**
Cash flow	647,624	632,046	-	-	-	6,800	-67,270	-51,062
Change in non-cash items								
Exchange-rate fluctuations	-18,708	10,002	-	-	-	-	-	-
Acquisition financing	-	-	-	-	34,962	140,671	-	-
Conversion	-	-	-	-	-35,077	-18,446	-	-
New leases	-	-	-	-	-	-	65,833	26,256
Other	1	-750	-113	23	4,115	1,713	2,346	2,167
CLOSING BALANCE	**1,961,511**	**1,332,594**	**2,677**	**2,790**	**198,074**	**194,074**	**94,628**	**93,719**

Acquisition of subsidiaries

Payment for the acquisition of subsidiaries during the period was in cash for Enova B.V., DL Systems AB, Entry Event Sweden AB, Neagen Oy, Memorix B.V. and Codea Oy. Net cash flow was SEK 1,038.7 million. The acquisitions pertained to all shares outstanding in their entirety and entailed the gain of controlling influence. In addition, supplementary purchase considerations of SEK 247.0 million were paid for the acquisitions of DocuBizz ApS and ABS Holding B.V. The payments did not entail any changes to controlling influence or the total number of shares held.

Payment for the acquisition of subsidiaries during 2022 consisted of cash for DocuBizz ApS, Hotellinx Systems Oy, Scanrate Financial System A/S, ABS Laundry Business Solutions and Oy Raisoft Ltd. Net cash flow was SEK 1,058.0 million. The acquisitions pertained to all shares outstanding in their entirety and entailed the gain of controlling influence. In addition, the supplementary purchase consideration of SEK 85.8 million was paid for the acquisition of Travelize International AB, Appva AB and ALMA Consulting Oy. The payments did not entail any changes to controlling influence or the total number of shares held.

NOTE 18 BUSINESS COMBINATIONS

ACCOUNTING POLICIES

The acquisition of a subsidiary is viewed as a transaction through which the Group indirectly acquires the assets of the subsidiary and assumes its liabilities. An acquisition plan determines the fair value of acquired assets and assumed liabilities on the acquisition date. The value of any non-controlling interests is also determined. Transaction fees that arise are recognized directly in profit/loss for the year.

In the case of business acquisitions where the consideration transferred, any non-controlling interests and the fair value of previously held participations (step acquisitions) exceed the fair value of the acquired assets and assumed liabilities that are to be recognized separately, the difference is recognized as goodwill. Should the difference be negative, which is known as a bargain purchase, it is recognized directly in net profit. Consideration transferred in conjunction with the acquisition does not include payments pertaining to settlement of previous business relationships. This type of settlement is recognized through profit or loss.

Acquisitions from non-controlling interests are recognized as a transaction in equity, meaning a transaction between the shareholders of the Parent Company (in profit brought forward) and the non-controlling interest. Changes in non-controlling interests are based on their proportionate share of net assets. This is the reason why goodwill does not arise from these transactions.

Vitec regularly acquires companies and operations that either become separate business units or are incorporated into existing business units. Restructuring is undertaken from time to time, which results in the operations of two or more companies being merged into a single business unit. In these cases, the carrying amounts may be restated by transferring assets identified in the course of the acquisition process, such as goodwill, product rights, customer agreements and brands. Any such occurrences are described in the annual accounts.

Final acquisition plans, previous year's acquisitions

In the 2022 financial statements, the acquisition plans for Docubizz ApS, Hotellinx systems Oy, Scanrate Financial Services A/S, ABS Laundry Business Solutions and Oy Raisoft Ltd were preliminary. During the year, these were remeasured and are now definitive.

REMEASUREMENT ACQUISITION PLAN ABS LAUNDRY BUSINESS SOLUTIONS

	Initial valuation	Remeasurement	Final valuation
Brands	40,872	-	40,872
Product rights	93,001	31,388	124,389
Customer agreements	138,903	-5,528	133,375
Goodwill	667,786	-20,688	647,098
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 PLANS DOCUBIZZ APS AND OY RAISOFT LTD

	Initial valuation	Remeasurement	Final valuation
Brands	6,308	-116	6,192
Product rights	56,646	11,368	68,014
Customer agreements	66,689	5,772	72,461
Goodwill	214,600	-13,506	201,094
Deferred tax liabilities	-26,465	-3,518	-29,983
Other net assets	790	-	790
Total	**318,568**	**0**	**318,568**

Acquisition calculations for the year

Six acquisitions were completed during the year: Enova Holding B.V., DL Systems AB, Entry Event Sweden AB, Neagen Oy, Memorix B.V. and Codea 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 plan remains preliminary, until 12 months after the acquisition date.

Payment was in cash in all cases and is expected to yield an immediate increase in earnings per share for Vitec. Consolidation has taken place from the date of acquisition.

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.

From the acquisition date up to and including December 31, 2023, revenues in the acquired companies totaled SEK 332.0

million in sales and SEK 64.4 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 138.7 million in sales and SEK 42.3 million in profit before tax. The acquisition-related expenses are recognized in operating profit and total SEK 38.0 million. No business combinations in 2023 are deemed individually significant, and disclosures are therefore presented in aggregated form.

ACQUISITION ANALYSIS, ACQUISITIONS FOR THE YEAR

	Book value	Fair value adjustment	December 31, 2023 Fair value recognized in the Group
Brands		45,062	45,062
Product rights		78,760	78,760
Customer agreements		631,861	631,861
Intangible fixed assets	18,869		18,869
Tangible property, plant and equipment	7,017		7,017
Financial fixed assets	550		550
Inventories	872		872
Current receivables	84,194		84,194
Cash and cash equivalents	144,710		144,710
Deferred tax liabilities		-184,719	-184,719
Accounts payable	-10,663		-10,663
Other current liabilities	-81,071		-81,071
Other non-current liabilities	-3,613		-3,613
Net identifiable assets and liabilities	**160,865**	**570,963**	**731,829**
Consolidated goodwill			1,147,492
Total			**1,879,321**
Group's purchase costs			**1,879,321**

Calculation of net cash outflow as of Dec 31, 2023	**Fair value**
Group's purchase costs	-1,879,321
Expensed portion of contingent consideration	658,607
Convertible debenture	37,324
Acquired cash and cash equivalents	144,710
Net cash outflow	**-1,038,680**

NOTE 19 EARNINGS PER SHARE

	2023	2022
Earnings per share before dilution	9.07	6.92
Earnings from calculation of earnings per share	339,183	244,866
Weighted average number of shares (weighted average)	37,389,434	35,393,213
Earnings per share after dilution	9.12	6.84
Earnings from calculation of earnings per share after dilution	348,269	248,098
Number of shares after dilution	38,169,970	36,250,868

Financial instruments that could yield future dilutive effects comprised in their entirety convertible debentures and warrants. Calculation of dilution is shown in the table on page 174.

NOTE 20 PLEDGED ASSETS AND CONTINGENT LIABILITIES

ACCOUNTING POLICIES

A contingent liability is recognized when there is a possible obligation originating from past events whose occurrence is only confirmed by one or more uncertain future events not entirely within the company's control, that may or may not occur, or when there is an obligation originating from past events that is not recognized as a liability or a provision because it is not likely that an outflow of resources will be required to settle the obligation, or the scope of the obligation cannot be calculated with sufficient accuracy.

PLEDGED ASSETS FOR OWN LIABILITIES AND PROVISIONS

	December 31, 2023	Dec 31, 2022
Chattel mortgages	39,000	39,000
Total	**39,000**	**39,000**

There is general collateral in the form of our credit facility agreement with covenant commitments.
Vitec has no contingent liabilities.

NOTE 21 RELATED-PARTY TRANSACTIONS

There are no outstanding loans, guarantees or surety bonds from Vitec on behalf of Board members, senior executives or auditors at Vitec. No Board member, senior executive or auditor at Vitec has had any direct or indirect involvement in any business transaction with Vitec that is, or was, unusual in nature, or unusual with regard to terms and conditions.

For more information regarding remuneration to senior executives and the Board of Directors, see note 4A.

NOTE 22 EVENTS AFTER THE REPORTING PERIOD

ACQUISITION OF SOFTWARE COMPANY LDC

On January 25, Vitec acquired all shares in the Dutch software company LDC I-Talent Solutions B.V.

LDC develops and delivers a platform for coaches and candidates in career and human resource management, reintegration, training and retraining.

The company reported sales of EUR 2.0 million in the 2023 financial year. The acquisition is deemed to yield an immediate increase in earnings per share for Vitec. Payment is 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%.

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 assets, as well as 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.

Financial statements and notes, Parent Company

Income statement, Parent Company

	Note	2023	2022
OPERATING INCOME:			
Net sales	(10)	190,949	153,350
Other operating revenues		863,571	295,783
OPERATING EXPENSES	(10)		
Other external expenses	(3)	-87,554	-85,707
Personnel expenses	(2)	-73,330	-60,319
Other operating expenses		-820,406	-336,086
Depreciation/amortization	(7)	-1,915	-1,891
OPERATING PROFIT		71,315	-34,872
PROFIT FROM FINANCIAL ITEMS:	(4)		
Income from participation in Group companies	(11)	320,430	295,284
Interest income and similar profit items		5,635	2,467
Interest expenses and similar loss items		-96,646	-42,656
NET FINANCIAL ITEMS		229,419	255,095
PROFIT AFTER FINANCIAL ITEMS		300,734	220,223
Appropriations	(12)	79,048	58,886
PROFIT BEFORE TAX		379,782	279,109
Tax	(5)	-24,942	-392
PROFIT FOR THE YEAR		354,840	278,717

Profit for the year is in line with the total comprehensive income.

Balance sheet, Parent Company

	Note	December 31, 2023	Dec 31, 2022
ASSETS			
Fixed assets			
Intangible fixed assets	(7A)		
Software		2,141	1,860
		2,141	**1,860**
Tangible property, plant and equipment	(7A)		
Buildings		7,502	7,677
Investments in leased premises		907	1,501
Equipment, fixtures and fittings		2,237	1,980
		10,646	**11,158**
Financial fixed assets			
Participations in subsidiaries	(6)	7,158,202	5,147,352
Deferred tax assets	(5)	698	557
		7,158,900	**5,147,909**
Total non-current assets		**7,171,687**	**5,160,927**
Current assets			
Current receivables			
Receivables from Group companies		353,720	372,535
Current tax assets		-	2,257
Other receivables		1,249	326
Prepaid expenses and accrued income	(7B)	14,982	14,362
		369,951	**389,480**
Cash and bank balances		-	226,879
Total current assets		**369,951**	**616,359**
TOTAL ASSETS		**7,541,638**	**5,777,286**

	Note	December 31, 2023	Dec 31, 2022
SHAREHOLDERS' EQUITY AND LIABILITIES			
Restricted equity			
Share capital	(9)	3,754	3,733
Statutory reserve		14,917	14,917
Total restricted equity		**18,671**	**18,650**
Unrestricted equity			
Share premium reserve		2,204,276	2,170,542
Earnings brought forward		753,564	561,567
Profit for the year		354,840	278,718
Total unrestricted equity		**3,312,680**	**3,010,827**
Total shareholders' equity		**3,331,351**	**3,029,477**
Untaxed reserves	(13)	**1,638**	**1,686**
Non-current liabilities			
Provisions for pensions		684	-
Convertible debentures	(8)	187,425	159,078
Liabilities to credit institutions	(8)	1,961,511	1,332,595
Other non-current liabilities	(8)	675,069	189,508
Total non-current liabilities		**2,824,689**	**1,681,181**
Current liabilities			
Liabilities to credit institutions	(8)	2,752	2,752
Convertible debentures	(8)	10,649	34,995
Accounts payable		3,207	6,986
Liabilities to Group companies		1,049,023	743,163
Current tax liabilities		12,780	-
Other current liabilities	(8)	284,302	261,968
Accrued expenses and prepaid income	(7C)	21,247	15,078
Total current liabilities		**1,383,960**	**1,064,942**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**7,541,638**	**5,777,286**

Changes in shareholders' equity, Parent Company

	Share capital	Statutory reserve	Share premium reserve	Retained earnings including profit of the year	Total shareholders' equity
OPENING EQUITY, JAN 1, 2022	**3,505**	**14,917**	**1,320,474**	**634,181**	**1,973,077**
Profit for the year	–	-	-	278,718	278,718
Option element convertible debentures	-	-	6,369	-	6,369
Conversion of convertible debentures	8	-	18,346	-	18,354
New share issue	220	-	833,580	-	833,800
Issuing costs	-	-	-14,394	-	-14,394
Paid option premiums warrants	-	-	5,483	-	5,483
Share-based remuneration	-	-	685	-	685
Dividends paid	-	-	-	-72,613	-72,613
CLOSING EQUITY, DECEMBER 31, 2022	**3,733**	**14,917**	**2,170,542**	**840,285**	**3,029,477**
OPENING EQUITY, JAN 1, 2023	**3,733**	**14,917**	**2,170,542**	**840,285**	**3,029,477**
Profit for the year	-	-	-	354,840	354,840
Option element convertible debentures	-	-	1,195	-	1,195
Conversion of convertible debentures	21	-	34,961	-	34,982
Issuing costs	-	-	-273	-	-273
Paid option premiums warrants	-	-	21	-	21
Long-term incentive programs	-	-	5,357	-	5,357
Repurchase of treasury shares	-	-	-7,527	-	-7,527
Dividends paid	-	-	-	-86,721	-86,721
CLOSING EQUITY, DECEMBER 31, 2023	**3,753**	**14,917**	**2,204,276**	**1,108,404**	**3,331,351**

Cash flow statement, Parent Company

	Note	2023	2022
OPERATING ACTIVITIES			
Operating profit		71,315	-34,872
Adjustments for non-cash items			
Depreciation/amortization and impairment		1,915	1,359
Unrealized foreign exchange differences		1,896	-278
Share-based remuneration		-	685
		75,126	-33,106
Dividends and Group contributions received		336,393	152,551
Interest received		5,634	2,467
Interest paid		-94,211	-41,036
Income tax paid		15,037	-13,532
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		337,979	67,344
Changes in working capital			
Increase/decrease in operating receivables		80,320	-71,640
Increase/decrease in operating liabilities		258,363	230,288
CASH FLOW FROM OPERATING ACTIVITIES		676,662	225,992
INVESTING ACTIVITIES			
Acquisition of subsidiaries (net impact on liquidity)	(8)	-1,458,900	-1,475,325
Change in deferred tax		-141	-1
Purchase of intangible fixed assets		-896	-1,419
Purchase of property, plant and equipment		-788	-203
CASH FLOW FROM INVESTING ACTIVITIES		-1,460,725	-1,476,947

	Note	2023	2022
FINANCING ACTIVITIES			
Dividends to Parent Company shareholders		-82,661	-68,137
Borrowings	(8)	984,652	1,326,598
Repayment of loans	(8)	-337,028	-687,752
New share issue		-	833,800
Issuing costs		-273	-14,394
Acquisition of treasury shares		-7,527	-
Paid option premiums		21	5,483
CASH FLOW FROM FINANCING ACTIVITIES		557,184	1,395,598
CASH FLOW FOR THE YEAR		-226,879	144,643
CASH AND CASH EQUIVALENTS ON JANUARY 1		226,879	82,236
CASH AND CASH EQUIVALENTS AT YEAR-END		0	226,879

Notes

NOTE 1 ACCOUNTING POLICIES

Parent Company accounting policies
The Parent Company has prepared its Annual Report in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation, RFR 2, Accounting for Legal Entities. The application of RFR 2 entails that the Parent Company applies the same accounting policies as the Group to the extent that this is possible, within the framework of the Annual Accounts Act, the Swedish Pension Obligations Vesting Act and taking into account the correlation between accounting and taxation.

The Parent Company applies the same accounting policies as those described for the Group with the exception of the following:

- The Parent Company submits an income statement. The Group submits a statement of comprehensive income. For the Parent Company, the designations "balance sheet" and "cash-flow statement" are used for the statements that in the Group are designated "statement of financial position" and "cash-flow statement," respectively. The income statement and balance sheet for the Parent Company are prepared according to the stipulations of the Annual Accounts Act, while the statement of comprehensive income, statement of changes in equity and cash flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows, respectively. The differences in relation to the consolidated statements that become apparent in the Parent Company's income statement and balance sheets pertain primarily to recognition of equity, as well as the presence of provisions as a separate heading in the balance sheet.
- Participations in subsidiaries as well as contingent considerations are recognized in the Parent Company in accordance with the cost method. Untaxed reserves including deferred tax are recognized in the Parent Company. Untaxed reserves are separated into deferred tax and shareholders' equity in the Group.
- Anticipated dividends from subsidiaries are recognized in cases where the Parent Company alone is entitled to decide on the size of the dividend.

NOTE 2 REMUNERATION OF EMPLOYEES

Senior executives
Senior executives of the Parent Company comprise its Board of Directors and the Group's General Management (GM). Of these, three are employed in subsidiaries in other countries, but where payroll expenses are invoiced to the Parent Company. The salaries and remuneration of these three individuals are included in the amounts for senior executives.

Remuneration of Board members and senior executives of the Parent Company
All remuneration is considered competitive. External Board members are paid board fees.

No variable remuneration is paid. There are no consultancy agreements for any Board members or senior executives.

Board fees are paid in accordance with resolutions passed by the AGM. The Chairman of the Board is paid a fee of SEK 620,000 annually. The other 5 Board members who are not employees of the Group are paid fees totaling SEK 220,000 annually. In both cases, the remuneration level applies as of the date of the AGM.

Remuneration to the CEO totaled SEK 4,508,000. No board fees were paid.

In the event of termination from the company's side, the salary is to be paid during the six-month notice period, as well as severance pay comprising 6 monthly salaries. Severance pay is reconciled against any remuneration from other employers.

The pension plans are defined-contribution and based on the retirement age of 65. Between Vitec and other senior executives, the period of notice is normally set pursuant to current legislation or applicable collective agreements.

The shareholdings and convertible debentures of Board members and senior executives are presented in the Corporate Governance Report.

AVERAGE NO. OF EMPLOYEES

	Women		Men		Total	
	2023	2022	2023	2022	2023	2022
Sweden	24	24	15	8	39	32

At year-end, the number of employees was 41 (32).

GENDER DISTRIBUTION AMONG SENIOR EXECUTIVES

The Parent Company's Board of Directors comprises six directors, three of whom are women. The Group's General Management team consists of 13 people, including 6 women.

SALARIES AND OTHER REMUNERATION

	2023	2022
Salaries and other remuneration	42,341	31,902
Share-based remuneration	4,416	6,930
Social Security expenses	18,842	16,584
Of which pension premiums for senior executives	4,086	3,407
Of which pension premiums for other employees	1,216	1,112
Total	**65,599**	**55,416**

SALARIES AND OTHER REMUNERATION DISTRIBUTED BETWEEN BOARD MEMBERS, SENIOR EXECUTIVES AND OTHER EMPLOYEES

	2023	2022
Senior executives (of which bonus payments and similar)	28,652 (0)	27,867 (0)
Other employees	18,105	11,039
Total	**46,757**	**38,906**

There are 19 (19) senior executives in the Parent Company.

	Base salary/ Board fees		Warrants		Share savings plan		Other benefits		Pension contributions		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
The Chairman of the Board Lars Stenlund	613	600	-	-	-	-	-	-	-	-	613	600
Board member Crister Stjernfelt	18	210	-	-	-	-	-	-	-	-	18	210
Board member Kaj Sandart	217	210	-	-	-	-	-	-	-	-	217	210
Board member Jan Friedman	217	210	-	-	-	-	-	-	-	-	217	210
Board member Birgitta Johansson-Hedberg	217	210	-	-	-	-	-	-	-	-	217	210
Board member Anna Valtonen	217	210	-	-	-	-	-	-	-	-	217	210
Board member Malin Ruijsenaars	147	-	-	-	-	-	-	-	-	-	147	-
CEO Olle Backman	4,508	3,916	-	302	77	-	3	3	450	450	5,038	4,671
Other senior executives of the Parent Company*	22,500	19,862	-	2,137	199	-	160	48	3,636	2,957	26,495	25,004
Total	**28,654**	**25,428**	**0**	**2,439**	**276**	**0**	**163**	**51**	**4,086**	**3,407**	**33,179**	**31,325**

*Other senior executives of the Parent Company comprise 12 people (12) who are part of the Group's General Management (GM).

NOTE 3 REMUNERATION OF AUDITORS

	2023	2022
PwC, audit assignment	2,391	1,926
PwC, auditing activities beyond auditing assignment	154	211
PWC, tax advisory services	220	359
PWC, other assignments	21	4,200
	2,786	**6,695**
Other auditors, audit assignment	-	-
Other auditors, auditing activities beyond auditing assignment	-	-
Other auditors, tax consultancy services and other assignments	-	-
Other auditors, other assignments	-	-
Total auditing fees	**2,786**	**6,695**

Of the audit assignments, SEK 1,988,000 pertained to PwC Sweden; of auditing activities in addition to the auditing assignment, SEK 154,000 pertained to PwC Sweden; of the fees for tax advisory services, SEK 15,000 pertained to PwC Sweden; and of other assignments, SEK 21,000 pertained to PwC Sweden.

NOTE 4 FINANCIAL ITEMS

ACCOUNTING POLICIES

Financial income consists of interest income on financial investments and dividend income. Dividend income is recognized when the right to receive the dividend has been established. Anticipated dividends are recognized only when the distributing company is a wholly owned subsidiary.

FINANCIAL ITEMS

	2023	2022
Dividends from subsidiaries	320,430	295,284
Interest income bank balances	4,934	2,122
Interest income from subsidiaries	701	345
Total financial expenses	**326,065**	**297,751**
Impairment	-	-1,993
Interest expenses borrowings	-96,524	-40,576
Other interest expenses	-122	-87
Total financial expenses	**-96,646**	**-42,656**
Total financial items	**229,419**	**255,095**

NOTE 5 TAX

Current tax	2023	2022
Current tax on profit/loss for the year	-21,688	-497
Adjustment of current tax from previous years	-3,395	-
	-25,083	**-497**
Deferred tax		
Deferred tax pertaining to temporary differences	141	105
Total recognized tax expense	**-24,942**	**-392**

RECONCILIATION BETWEEN APPLICABLE AND EFFECTIVE TAX RATES

	2023	2022
Recognized profit before tax	379,782	279,109
Tax according to applicable tax rate	-78,235	-57,497
Tax effect of:		
- non-deductible expenses	-186	-3,829
- non-taxable revenues	66,021	60,829
-tax reduction investments	-	105
-limitation on interest deduction	-9,288	-
-deferred tax direct pensions	141	-
- tax attributable to previous years	-3,395	-
Recognized effective tax	**-24,942**	**-392**

RECOGNIZED DEFERRED TAX ASSETS

	2023	2022
Difference between carrying amount and taxable value of fixed assets	698	557
Closing balance	**698**	**557**

NOTE 6 PARTICIPATIONS IN SUBSIDIARIES

On April 18, the Swedish company Vitec LJ System AB merged with Vitec Samfundssystem AB. Pursuant to the merger, Vitec Samfundssystem AB has taken over the accounting and tax position of the transferring company, along with their assets, rights and obligations. In addition, Finnish subsidiary Vitec Nexgolf Oy merged with Vitec Avoine Oy in early June. Pursuant to the merger, Vitec Avoine Oy has taken over the accounting and tax position of the transferring company, along with their assets, rights and obligations. During the year, Vitec Travelize AB also divested the subsidiary Åbergs Datasystem i Katrineholm AB.

	2023	2022
Opening cost	5,147,351	3,200,490
Investments in subsidiaries for the year	2,010,851	1,952,805
Sales of subsidiaries	-	-2,542
Remeasurement of contingent consideration	-	-3,402
Closing accumulated cost	**7,158,202**	**5,147,351**
Closing carrying amount	**7,158,202**	**5,147,351**

The following table shows Vitec Software Group AB's directly owned subsidiaries at the end of the financial year.

Subsidiaries	Corporate registration number	Registered office	Number of partici-pations	Capital/share of votes, %	Carrying amount Dec 31, 2023	Carrying amount Dec 31, 2022
ABS Holding International B.V.	16063978	Boxtel, Netherlands	1843	100%	197,366	197,366
ABS Information Systems Group B.V.	866981842	Ravels, Belgium	620	100%	1,070,619	1,070,619
Enova Holding B.V.	55279767	Capelle aan den IJssel, Netherlands	90000	100%	1,134,086	-
Malmkroppen AB	559234-2934	Umeå, Sweden	50	100%	16,000	1,000
Vabi Holding B.V.	27350429	Delft, the Netherlands	1,800,000	100%	639,072	639,072
Vitec AB	556571-5090	Umeå, Sweden	18,000	100%	2,654	2,654
Vitec Acute Oy	18369420	Tampere, Finland	85,714	50%	38,836	38,836
Vitec Agrando AS	970991786	Sandnes, Norway	1,129,500	100%	78,852	78,852
Vitec Alma Oy	0872974–4	Kokkola, Finland	15,086	100%	64,796	64,796
Vitec Aloc A/S	14788484	Odense, Denmark	20,000	100%	88,658	88,658
Vitec Appva AB	556871-4967	Gothenburg, Sweden	672	100%	100,893	100,893
Vitec Autodata AS	817159362	Oslo, Norway	30,000	100%	37,010	37,010
Vitec Avoine Oy	19353375	Tampere, Finland	3,818	100%	86,407	56,132
Vitec Capitex AB	556875-8105	Umeå, Sweden	1000	100%	8,289	8,289
Vitec Cito A/S	16724041	Allerød, Denmark	500,000	100%	87,797	87,797
Vitec Codea Oy	2239038-8	Tampere, Finland	90	100%	62,700	-
Vitec Datamann A/S	59943510	Søborg, Denmark	3,000	100%	56,714	56,714
Vitec DL System AB	556607-5742	Söderhamn, Sweden	2,000	100%	14,518	-
Vitec Docubizz ApS	10102626	Høje Taastrup, Denmark	510,000	100%	71,545	71,545
Vitec Ecclesia Systemer AS	933780945	Oslo, Norway	100	100%	44,529	44,520
Vitec Energy AB	556347-7073	Umeå, Sweden	1,000	100%	8,205	8,205
Vitec Entry Event AB	559004-9119	Gothenburg, Sweden	5,000	100%	22,198	-
Vitec Fixit Systemer AS	982821843	Bergen, Norway	268	100%	173,375	173,375
Vitec Futursoft Oy	14942533	Espoo, Finland	100	100%	107,073	107,073
Vitec Förvaltningssystem AB	556591-2101	Stockholm, Sweden	1,000	100%	117,412	117,412
Vitec HK data AS	965309926	Moelv, Norway	50	100%	21,177	21,177
Vitec Hotellinx Oy	3204701-4	Turku, Finland	1,000	100%	45,152	45,152
Vitec Infoeasy AS	981875923	Bergen, Norway	1,000	100%	16,930	16,930
Vitec IT Drift AS	986363238	Oslo, Norway	1,000	100%	1,869	1,869
Vitec IT-Drift AB	556459-9347	Umeå, Sweden	1,000	100%	1,008	1,008

Vitec Katrina Oy	15995354	Rauma, Finland	13,200	100%	44,149	44,139
Vitec Megler AS	944507302	Oslo, Norway	3,256,596	100%	120,548	120,548
Vitec Memorix B.V.	50767666	Heerhugowaard, Netherlands	182	100%	221,902	-
Vitec MV A/S	15314400	Odense, Denmark	600	100%	120,739	120,739
Vitec Mäklarsystem AB	556367-6500	Umeå, Sweden	1,000	100%	86,010	86,010
Vitec Navicode Oy*	2663252-4	Tampere, Finland	100	100%	-	-
Vitec Neagen Oy	1796163-3	Oulu, Finland	4,333	100%	514,724	-
Vitec Nice AS	844699832	Oslo, Norway	40,000	100%	26,045	26,045
Vitec Nordman AB	556026-3351	Solna, Sweden	1,000	100%	41,005	41,005
Vitec Plania AS	841239172	Stavanger, Norway	330	100%	54,202	54,202
Vitec Raisoft Oy	1615982-5	Kokkola, Finland	500	100%	281,731	271,740
Vitec Samfundssystem AB	556672-5056	Umeå, Sweden	10,000	100%	27,757	6,060
Vitec Scanrate Financial Systems A/S	20224991	Aarhus, Denmark	500,000	100%	306,029	290,315
Vitec Shared Services ApS	41860847	Odense, Denmark	40,000	100%	56	56
Vitec Financial Services AS	920592287	Oslo, Norway	30,000	100%	44	44
Vitec Shared Services B.V.	90008847	Delft, the Netherlands	100	100%	-	-
Vitec Shared Services Oy	25351376	Tampere, Finland	19,800	100%	34,439	34,439
Vitec Smart Visitor System AB	556267-6972	Umeå, Sweden	4,000	100%	32,434	32,434
Vitec Tietomitta Oy	9060034	Espoo, Finland	7,922	100%	46,179	46,179
Vitec Travelize AB	556619-3792	Västra Frölunda, Sweden	1,111	100%	68,331	68,331
Vitec Unikum datasystem AB	556223-4798	Lund, Sweden	10,200	100%	554,967	554,967
Vitec Visiolink ApS	27665314	Aarhus, Denmark	50,000	100%	88,542	88,542
Vitec WIMS AS	984952953	Oslo, Norway	1,217	100%	72,629	72,629
Companies merged and sold during the year					-	51,971
Total					**7,158,202**	**5,147,351**

*Carrying amount is in Vitec Codea Oy

Vitec Software Group AB owns the following companies through subsidiaries

Subsidiaries	Own	Registered office	Corp. ID no.
Vitec Samfundssystem AB	Agrando Asia (Pvt) Ltd.	Sri Lanka	-
Vitec Shared Services Oy	Vitec Acute Oy (50%)	Tampere, Finland	18369420
Vitec Aloc A/S	Vitec Aloc AS	Oslo, Norway	976876768
Vitec MV A/S	Vitec MV AB	Malmö, Sweden	556438-3080
	Vitec MV AS	Oslo, Norway	981205308
Vitec Megler AS	Vitec Megler AB	Kalmar, Sweden	559035-4816
Vitec Datamann A/S	Carlogistic ApS	Herlev, Denmark	41471387
Vitec Visiolink ApS	Vitec LIVEditon ApS	Aarhus, Denmark	34895236
Vabi Holding B.V.	Vabi Development B.V.	Delft, the Netherlands	56659407
	Vabi Software B.V.	Delft, the Netherlands	27272833
	Vabi Vastgoed B.V.	Delft, the Netherlands	27321296
ABS Holding International B.V.	ABS Boxtel Software B.V.	Boxtel, Netherlands	16087916
	Inter Data ABS SRL	Bucharest, Romania	J40/12582/1998
ABS Information Systems Group B.V.	ABS LBS Group B.V.	Ravels, Belgium	887611168
	ABS Deutschland GmbH	Mönchenglabach, Germany	HRB 11173
	ABS Belgium N.V.	Ravels, Belgium	44837941
	ABS France S.A.	Insneauville, France	813141884
	ABS Scandinavia ApS	Horsens, Denmark	26992389
	Laundry Services International Inc.	Plymouth, MN, USA	58-2517381
	ABS Japan	Tokyo, Japan	11703001444
Enova Holding B.V.	Enova B.V.	Capelle aan den IJssel, Netherlands	55280110
	Enova Grid Management B.V.	Capelle aan den IJssel, Netherlands	66425581
	Enova Storage Systems B.V.	Capelle aan den IJssel, Netherlands	70986703

NOTE 7 NON-FINANCIAL ASSETS AND LIABILITIES, PARENT COMPANY

NOTE 7APARENT COMPANY FIXED ASSETS

INTANGIBLE FIXED ASSETS (SEK MILLION)

	Software		Product rights		Total	
	December 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Opening cost	12.7	11.3	0.6	0.6	13.3	11.9
Purchasing	0.9	1.4	-	-	0.9	1.4
Closing accumulated cost	**13.6**	**12.7**	**0.6**	**0.6**	**14.2**	**13.3**
Opening depreciation/amortization	-10.8	-10.3	-0.6	-0.6	-11.4	-10.9
Depreciation/amortization for the year	-0.7	-0.5	-	-	-0.7	-0.5
Closing accumulated depreciation/amortization	**-11.5**	**-10.8**	**-0.6**	**-0.6**	**-12.1**	**-11.4**
Closing carrying amount	**2.1**	**1.9**	**0.0**	**0.0**	**2.1**	**1.9**

TANGIBLE FIXED ASSETS (SEK MILLION)

	Buildings		Investments in leased premises		Equipment, fixtures and fittings		Total	
	December 31, 2023	Dec 31, 2022	December 31, 2023	Dec 31, 2022	December 31, 2023	Dec 31, 2022	December 31, 2023	Dec 31, 2022
Opening cost	9.3	9.3	8.0	8.0	8.5	8.3	25.8	25.6
Purchasing	-	-	-	-	0.8	0.2	0.8	0.2
Closing accumulated amortized cost	**9.3**	**9.3**	**8.0**	**8.0**	**9.3**	**8.5**	**26.6**	**25.8**
Opening depreciation/amortization	-1.7	-1.5	-6.5	-5.8	-6.5	-6.0	-14.7	-13.3
Depreciation/amortization for the year	-0.1	-0.2	-0.6	-0.7	-0.6	-0.6	-1.3	-1.4
Closing accumulated depreciation/amortization	**-1.8**	**-1.7**	**-7.1**	**-6.5**	**-7.1**	**-6.5**	**-16.0**	**-14.7**
Closing carrying amount	**7.5**	**7.6**	**0.9**	**1.5**	**2.2**	**2.0**	**10.6**	**11.1**

FINANCIAL FIXED ASSETS (SEK MILLION)

	Participations in subsidiaries	
	2023	2022
Participations in subsidiaries	7,158.2	5,147.4
Deferred tax assets	0.7	0.6
Closing carrying amount	**7,158.9**	**5,148.0**

NOTE 7B PREPAID EXPENSES AND ACCRUED INCOME

	December 31, 2023	Dec 31, 2022
Prepaid rent	4,035	3,683
Other prepaid expenses	10,947	10,679
Total	**14,982**	**14,362**

NOTE 7C ACCRUED EXPENSES AND PREPAID INCOME

	December 31, 2023	Dec 31, 2022
Accrued interest	8,664	4,409
Accrued salaries	6,722	5,029
Accrued special payroll tax	1,321	2,677
Social Security expenses	2,112	1,580
Other accrued expenses	2,428	1,383
Total	**21,247**	**15,078**

Accrued salaries and other accrued expenses are classified as financial liabilities.

NOTE 8 FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

ANALYSIS OF MATURITIES

	Convertible debentures		Liabilities to credit institutions		Supplementary purchase considerations		Other liabilities		Total	
	December 31, 2023	Dec 31, 2022	December 31, 2023	Dec 31, 2022	December 31, 2023	Dec 31, 2022	December 31, 2023	Dec 31, 2022	December 31, 2023	Dec 31, 2022
Less than 1 year after balance-sheet date	10,649	34,995	108,783	45,671	252,747	241,720	31,553	20,248	403,732	342,633
More than 1 but less than 3 years after balance-sheet date	187,425	159,079	194,577	88,465	205,528	189,508	-	-	587,530	437,053
More than 3 but less than 5 years after balance-sheet date	-	-	2,107,424	1,394,052	396,938	-	-	-	2,504,362	1,394,052
More than 5 years after balance-sheet date	-	-	-	-	-	-	-	-	-	-
Total	**198,074**	**194,073**	**2,410,784**	**1,528,188**	**855,213**	**431,228**	**31,553**	**20,248**	**3,495,624**	**2,173,738**

CHANGE IN LIABILITIES FOR FINANCING ACTIVITIES, PARENT COMPANY

	Non-current liabilities to credit institutions		Short-term liabilities to credit institutions		Convertible debentures	
	2023	2022	2023	2022	2023	2022
OPENING BALANCE	**1,332,595**	**691,298**	**2,752**	**2,752**	**194,073**	**63,336**
Cash flow	647,624	632,046	-	-	-	6,800
Change in non-cash items						
Exchange-rate fluctuations	-18,708	10,002	-	-	-	-
Acquisition financing	-	-	-	-	34,962	140,671
Conversion	-	-	-	-	-35,077	-18,446
Other	-	-751	-	-	4,116	1,712
Reclassifications long-/short-term	-	-	-	-	-	-
CLOSING BALANCE	**1,961,511**	**1,332,595**	**2,752**	**2,752**	**198,074**	**194,073**

Investments in subsidiaries

Payment for the acquisition of subsidiaries during the period was in cash for Enova B.V., DL Systems AB, Entry Event Sweden AB, Neagen Oy, Memorix B.V. and Codea Oy. Net cash flow was SEK 1,211.9 million. The acquisitions pertained to all shares outstanding in their entirety and entailed the gain of controlling influence. In addition, supplementary purchase considerations of SEK 247.0 million were paid for the acquisitions of DocuBizz Aps and ABS Holding B.V. The payments did not entail any changes to controlling influence or the total number of shares held.

Payment for the acquisition of subsidiaries during 2022 consisted of cash for DocuBizz ApS, Hotellinx Systems Oy, Scanrate Financial System A/S, ABS Laundry Business Solutions and Oy Raisoft Ltd. Net cash flow was SEK 1,389.5 million. The acquisitions pertained to all shares outstanding in their entirety and entailed the gain of controlling influence. In addition, the supplementary purchase consideration of SEK 85.8 million was paid for the acquisition of Travelize International AB, Appva AB and ALMA Consulting Oy. The payments did not entail any changes to controlling influence or the total number of shares held.

NOTE 9 SHAREHOLDERS' EQUITY

For more information, see the Group's Note 16 – Shareholders' equity

DIVIDEND

	2023
The dividend for the 2021 financial year was SEK 2 per share (1.64)	18,664
The dividend for the 2022 financial year was SEK 2.28 per share (2.00)	86,903
Total dividends expensed or paid	**105,567**

DIVIDEND

	2022
The dividend for the 2020 financial year was SEK 1.64 per share (1.35)	14,369
The dividend for the 2021 financial year was SEK 2 per share (1.64)	72,613
Total dividends expensed or paid	**86,982**

For the 2023 financial year, the Board of Directors has proposed a dividend of SEK 3.00 per share (2.28).	
The total amount of the proposed dividend was not recognized as a liability as of December 31, 2023, but is expected to be settled with retained earnings in April 2024.	121,573
	121,573

NOTE 10 INTRA-GROUP REVENUES AND EXPENSES

The Parent Company's net sales included invoices to Group companies at a rate of 100% (100), and essentially comprised invoicing for services pertaining to premises, data communications and telephony, financial reporting, HR and management/operations development. The Parent Company's expenses include invoicing from Group companies at a rate of 9% (8).

NOTE 11 ANTICIPATED DIVIDENDS

The Parent Company has recognized a receivable pertaining to anticipated dividends from subsidiaries. This totaled SEK 237.0 million and was (253.0) distributed as follows:

SEK million	2023	2022
Vabi Holding B.V.	33.3	-
Vitec Acute Oy	7.0	8.8
Vitec Agrando AS	6.9	1.6
Vitec Alma Oy	5.6	-
Vitec Aloc A/S	17.9	15.0
Vitec Appva AB	4.0	12.0
Vitec Avoine Oy	5.5	5.6
Vitec Capitex AB	3.5	4.0
Vitec Cito A/S	7.4	10.5
Vitec DocuBizz ApS	6.0	-
Vitec Ecclesia AS	2.0	1.1
Vitec Energy AB	4.0	3.0
Vitec Fixit Systemer AS	4.9	10.6
Vitec Futursoft Oy	15.5	15.6
Vitec Förvaltningssystem AB	22.0	12.0
Vitec IT-Drift AB	4.0	-
Vitec IT Drift AS	-	5.3
Vitec Katrina Oy	4.4	5.6
Vitec Megler AS	17.6	-
Vitec Mäklarsystem AB	4.5	5.0
Vitec Nice AS	-	2.1
Vitec Plania AS	4.7	5.3
Vitec Samfundssystem AB	10.0	19.0
Vitec Shared Services Oy	6.3	7.9
Vitec Smart Visitor System AB	3.0	2.0
Vitec Travelize AB	5.0	13.0
Vitec Unikum datasystem AB	26.0	83.0
Vitec WIMS AS	5.9	5.3
Total	237.0	253.0

NOTE 12 APPROPRIATIONS

	2023	2022
Differences between book depreciation and depreciation according to plan	48	86
Group contributions received	79,000	58,800
Total	**79,048**	**58,886**

NOTE 13 UNTAXED RESERVES

	December 31, 2023	Dec 31, 2022
Differences between book depreciation and depreciation according to plan	1,638	1,686
Total	**1,638**	**1,686**

NOTE 14 PLEDGED ASSETS AND CONTINGENT LIABILITIES

PLEDGED ASSETS FOR OWN LIABILITIES AND PROVISIONS

	December 31, 2023	Dec 31, 2022
Chattel mortgages	39,000	39,000
Total	**39,000**	**39,000**

NOTE 15 RELATED-PARTY TRANSACTIONS

Most of our Swedish companies rent premises from the Parent Company through customary lease agreements. All of the companies that rent premises from the Parent Company are wholly owned by Vitec. In addition to costs for premises, the Parent Company invoices for intra-Group services rendered.

For more information, see the Group's Note 21 – Related parties.

Signatures

THE FOLLOWING FUNDS ARE AT THE DISPOSAL OF THE AGM:	
Earnings brought forward	746,035,285
Share premium reserve	2,211,805,357
Profit for the year	354,839,578
	3,312,680,220

THE BOARD OF DIRECTORS PROPOSES THAT THESE FUNDS BE DISTRIBUTED AS FOLLOWS:	
dividends of SEK 3.00 per share to shareholders	121,573,093
to be carried forward	3,191,107,127
	3,312,680,220

In light of the above and what has generally come to the attention of the Board of Directors, the Board of Directors deems that a comprehensive assessment of the company's and Group's financial position indicates that the dividend is justifiable with respect to the requirements placed by the nature, scope and risks of the business on the size of equity in the company and the Group, as well as the consolidation requirements, liquidity and general financial position of the company and the Group.

The consolidated financial statements and annual accounts were prepared in accordance with the International Financial Reporting Standards (IFRS) referred to in the European Parliament's and Council's directive EC 1606/2002 of July 19, 2002 on the application of International Financial Reporting Standards and generally accepted accounting policies, and provide a true and fair view of the Group's and Parent Company's financial position and earnings. The administration report for the Group and the Parent Company provides a true and fair view of the business activities, financial position and results of the Group and the Parent Company, and describes material risks and uncertainties to which the Parent Company and Group companies are exposed. As stated above in Note 1, the Annual Report and the consolidated financial statements were approved for publication by the Board of Directors on March 28, 2023. The consolidated statement of comprehensive income and the statement of financial position, and the Parent Company income statement and balance sheet, are subject to approval by the AGM on April 23, 2024.

Umeå, March 25, 2024

Lars Stenlund
Chairman of the Board

Anna Valtonen
Board member

Birgitta Johansson-Hedberg
Board member

Malin Ruijsenaars
Board member

Jan Friedman
Board member

Kaj Sandart
Board member

Olle Backman
Chief Executive Officer

Our audit report was submitted on March 26, 2024

PricewaterhouseCoopers AB

Aleksander Lyckow

Authorized Public Accountant

The Board of Directors' proposal for guidelines for remuneration to senior executives

The Board of Directors proposes that the 2024 Annual General Meeting of Vitec Software Group AB (publ) ("Vitec") resolves on the following guidelines for remuneration of senior executives:

WHO THE GUIDELINES COVER AND THEIR APPLICABILITY

These guidelines for remuneration of senior executives cover remuneration of:

- the Parent Company's senior executives, i.e. the members of the Board of Directors, Chief Executive Officer, Executive Vice President and other members of Group management.
- employees who are Vice President Operations (VPO) regardless of the Group company in which they are employed
- senior executives of subsidiaries, who report directly to the VPO

The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after the adoption of the guidelines by the Annual General Meeting 2024. Regarding employment conditions that are governed by rules other than Swedish, appropriate adjustments may be made in order to comply with such mandatory rules or local practice, whereby the overall purpose of these guidelines shall be met. These guidelines do not apply to any remuneration decided or approved by the general meeting.

The Board of Directors has the right to temporarily derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the long-term interests of the company, including its sustainability, or to ensure the financial viability of the company. If such deviations occur, they must be reported in the remuneration report before the next Annual General Meeting. These guidelines are applicable after the Annual General Meeting 2024. An issue regarding deviation from the guidelines shall be prepared by the remuneration committee and decided by the Board of Directors.

The guidelines' promotion of the company's business strategy, long-term interest and sustainability

Vitec is the leader in Vertical Software. Our products are developed based on specific needs in various niches of society. The expertise of employees, combined with our shared corporate culture and business model, enable continuous improvements and innovation. We grow through the success of our business units and through acquisitions. All of our actions are driven by a long-term perspective. Customers can rely on Vitec – today and tomorrow.

In order to successfully implement the company's business strategy and to safeguard its long-term interests, including its sustainability, the Board believes that recruiting and retaining highly competent senior executives with the capacity to achieve specified goals is crucial. To this end, it is necessary that the company can offer competitive remuneration to motivate senior executives to do their utmost to achieve the company's goals.

FORMS OF REMUNERATION, ETC.

Remuneration and other terms of employment for senior executives shall be based on market terms. Remuneration consists of fixed base salary, pension benefits and other benefits. Other benefits are intended to facilitate the executive's opportunities to complete their duties and refer mainly to car benefits or car allowances.

The Annual General Meeting may also – regardless of these guidelines – resolve on share and share-price related remuneration.

The fixed base salary constitutes the base of the total remuneration of senior executives. Remuneration in the form of pension shall amount to a maximum of 35% (however, the actual amount may not exceed the right to deduction) of the annual fixed base salary and remuneration in the form of other benefits shall amount to a maximum of 15% of the annual fixed base salary.

VARIABLE CASH REMUNERATION

Vitec does not offer variable cash remuneration to senior executives.

SHARE OR SHARE PRICE-RELATED REMUNERATION

Senior executives may be offered incentive programs which shall primarily be share and share-price related. Incentive programs are intended to improve the participants' commitment to the company's development and shall be implemented on market-based terms. Resolutions on share and share price-related incentive programs must be passed at the Annual General Meeting and are therefore not covered by these guidelines.

PENSION
The agreed retirement age for the CEO is 65 years and there is no agreed retirement age for other senior executives. Pensions shall always be premium-based (defined-contribution) to establish predictability concerning the company's future obligations. Pension premiums are individually agreed, up to the maximum right to deduction. Other than the aforementioned pension benefits, the company does not have any other pension obligations for senior executives.

NOTICE OF TERMINATION AND SEVERANCE PAY
Employment or assignment contracts for senior executives shall be valid indefinitely or for a specified period.

For notice of termination served by the company, the maximum notice period is 6 months. The fixed base salary during the notice period and the severance pay may not, in total, exceed an amount corresponding to the fixed base salary for 12 months. For notice of termination served by the executive, the maximum notice period is 6 months, without any right to severance pay.

REMUNERATION TO MEMBERS OF THE BOARD OF DIRECTORS
In addition to the fees to the members of the Board of Directors resolved upon by the Annual General Meeting, remuneration for assignments for the company performed by a member of the Board of Directors outside the scope of board work may be paid by the company. For the purpose of such assignments, the Board of Directors may, on behalf of the company, enter into an agreement with the relevant member of the Board of Directors regarding the performance of an individual assignment or enter into a framework agreement, whereby the Board of Directors may, on behalf of the company, call off the performance of services under the framework agreement. The member of the Board of Directors that is affected by the matters shall not be present while the Board of Directors addresses matters related to assignments and remuneration and passes resolutions about them. Remuneration for assignments for the company that a member of the Board of Directors performs outside the scope of board work shall be market-based.

SALARIES AND TERMS OF EMPLOYMENT FOR EMPLOYEES
In preparing the Board of Directors' proposal for these guidelines for remuneration of senior executives, the salaries and terms of employment for the company's employees have been taken into account. Information about employees' total remuneration, components of their remuneration, as well as increases in remuneration and increases over time have been obtained and have constituted a part of the remuneration committee's and the Board of Directors' decision basis in their evaluation of the fairness of the guidelines and the limitations arising from them.

RESOLUTION PROCESS
The Board of Directors shall prepare a proposal for new guidelines whenever the need for material changes arises, but at least every four years. The Board of Directors' proposal is prepared by the remuneration committee. The chairman of the Board of Directors may chair the remuneration committee. Other members of the remuneration committee who are elected by the Annual General Meeting must be independent in relation to the company and company management. If the Board of Directors finds it more expedient, the entire Board can fulfill the tasks of the remuneration committee, provided that members of the Board who are part of the company management do not participate in the work.

The remuneration committee shall monitor and evaluate the application of the guidelines for remuneration to senior executives decided by the Annual General Meeting. When the remuneration committee has prepared the proposal, it is submitted to the Board of Directors for decision. The Chief Executive Officer or other senior executives shall not be present while the Board of Directors addresses issues related to remuneration and passes resolutions about them, insofar as they are affected by the issues.

If the Annual General Meeting resolves not to adopt guidelines when there is a proposal for such, the Board of Directors shall submit a new proposal no later than at the next Annual General Meeting. In such cases, remuneration shall be paid in accordance with the current guidelines or, if no guidelines exist, in accordance with the company's practice.

External advisors are used in the preparation of these matters when deemed necessary.

REVIEW OF THE GUIDELINES
A review of the guidelines for remuneration to senior executives adopted by the 2021 Annual General Meeting has been undertaken prior to the 2024 Annual General Meeting. The proposed changes are not expected to entail any significant change in the remuneration paid in accordance with the guidelines adopted at the 2021 Annual General Meeting. The company has not received any comments from the shareholders regarding the guidelines.

Auditor's report

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Vitec Software Group (publ) for the year 2023 except for the corporate governance report and sustainability report on pages 94–108 and 75–93, respectively. The annual accounts and consolidated accounts of the company are included on pages 112–162.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Parent Company and the Group as of December 31, 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 01, 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance report or sustainability report on pages 94–108 and 75–93, respectively. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the consolidated statement of profit and loss and consolidated statement of financial position and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of

the additional report that has been submitted to the parent company's Board of Directors in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Focus and scope of the audit

Vitec has an expressed growth strategy whereby growth is primarily achieved through the acquisition of mature software companies in the Nordic region. Through these acquisitions, Vitec secures, amongst other things, client relationships and established brands and software specific to certain industries. Company management works on an ongoing basis with the identification and evaluation of appropriate acquisition targets on the basis of a clearly defined specification of requirements. As at year-end, December 31, 2023, the group was comprised of 47 subsidiaries within 40 independent business units. Of the subsidiaries, seven companies are reporting sales in excess of SEK 100 million. Vitec's business model is based, primarily, on the sale of subscription agreements which are recognized in income on a straight-line basis over the tenor of the agreement, so-called recurring revenues. In 2023, recurring revenues accounted for 84 percent of the group's reported net sales.

In addition to the larger subsidiaries, the audit of the consolidated accounts has included the Parent Company, Vitec Software Group AB and the larger subsidiaries in Sweden, comprising a significant share of the group's total external sales. In addition, all companies in the Group with external sales are subject to statutory audit that is carried out in connection with the Group audit.

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the company and Group, the accounting processes and controls, and the industry in which the Group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or mistake. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Business combinations During the year, Vitec completed six acquisitions in Finland, the Netherlands and Sweden. For each business combination, company management prepares an acquisition plan in which the difference between the net assets in the acquired company and the purchase price is allocated to identify intangible assets in the acquired company. The intangible fixed assets in the acquired companies comprise product rights, client relationships and brands. Any excess value which does not refer to intangible assets is reported as goodwill. In order to determine the value of the identified intangible assets, company management is required to undertake estimations and forecasts regarding the future development of the acquired companies. Customer relationships and product rights are written off, in contrast to goodwill and brands, over their expected lifetimes. An incorrect allocation of the excess value in an acquisition plan can, consequently, have a major impact on the financial reporting. Business combinations are complex in nature and the reporting is dependent on the manner in which the acquisition agreement is formulated, and the reporting involves significant estimations on behalf of management. This is the reason we have deemed that the reporting of the business combination acquisition analyses is a key audit area. As regards the above-stated accounting principles, refer to page 143 and Note 1 in the 2023 annual report.	We have examined and evaluated the purchase price analyses with a special focus on the manner in which company management identify goodwill and other intangible assets, such as brands and product rights. We have undertaken this by, amongst other things, performing the following audit activities: • Obtaining copies of the acquisition agreements and evaluating the terms of those agreements from an accounting perspective. • Confirmed the paid purchase price against bank account excerpts. • Assessed the company's methods and assumptions to identify intangible assets, such as product rights, brands and goodwill, and examined the allocation of the excess values of these items. • Checked acquisition-related costs against underlying invoices. • Based on materiality, we have confirmed that appropriate disclosures regarding the acquisition have been provided in the annual report. Based on materiality, we have confirmed that appropriate disclosures regarding the acquisition have been provided in the annual report.

Key audit matter	How our audit addressed the key audit matter
Impairment testing The group's balance sheet reports acquisition-related excess values and goodwill in a total amount of MSEK 6,878, including SEK 3,963 million in goodwill. Goodwill and acquisition-related excess values are equivalent to the difference between the value of net assets and the purchase price paid for the acquisition. In contrast with other fixed assets, there is no write-down of goodwill and brands, rather these items are tested annually for impairment or when there is an indication of an impairment requirement. Other acquisition-related fixed assets are written off over their calculated useful lifetimes. Testing, and thereby the reported values, are dependent on the Board of Directors' and management's assessments and assumptions, including growth, future profitability, and discount rate. Further events and new information can change these assessments and estimations and it is, therefore, particularly important that company management evaluates, on an ongoing basis, the reported value of acquisition-related intangible assets to ensure that such values can be motivated in consideration of any new information or circumstances. Company management's calculation of the useful lifetimes of the assets is based on the forthcoming year's budget and forecasts for the subsequent four years. A closer description of these assumptions is found in Note 8. Impairment testing involves, naturally, a large component of estimations and judgments on behalf of company management, which is the reason we have deemed this to comprise a key audit matter in our audit. As regards the above-stated accounting principles, refer to page 128 and Note 1 in the 2023 annual report.	In our audit, we have placed a special focus on the manner in which the company management's testing of impairment requirements has been performed. Amongst other things, we have executed the following audit activities: • We have evaluated Vitec's process for testing any impairment requirement of goodwill. • We have examined the manner in which group management identified cash-generating units and compared the identified units with how Vitec follows up goodwill internally. • We evaluated the reasonability of the applied assumptions and executed sensitivity analyses as regards changed assumptions. • We evaluated the reasonability of the discount rate used. • We compared the calculated value in use with the market cap as of December 31, 2023. • We evaluated management's forecast capacity through comparing previously undertaken forecasts against actual outcome. • Based on materiality, we confirmed that sufficient disclosures have been provided in the Notes in the Annual Report.

Other Information than the annual accounts and consolidated accounts
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 3–60 and 171–175. The remuneration report that was published on the company's website is also 'other information'. The Board of Directors and the Chief Executive Officer are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

Responsibilities of the Board of Directors and the Chief Executive Officer
The Board of Directors and the Chief Executive Officer are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or mistake.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Chief Executive Officer

are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Chief Executive Officer intend to liquidate the company, to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility
Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or mistake, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or mistake and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The auditor's examination of the administration of the company and proposed appropriations of the company's profit or loss
Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Chief Executive Officer of Vitec Software Group for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

Basis for Opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Chief Executive Officer
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Chief Executive Officer shall manage the ongoing administration according to the Board of Directors' guidelines and instructions among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Chief Executive Officer in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

AUDITOR'S REVIEW OF THE ESEF REPORT

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Chief Executive Officer have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Vitec Software Group AB (publ) for 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Chief Executive Officer have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Vitec Software Group AB (publ) for 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Chief Executive Officer determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies International Standard on Quality Management 1, which requires the company to design, implement and manage a quality assurance system, including guidelines or procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Chief Executive Officer, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Chief

Executive Officer.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity and cash flow as well as disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement
The Board of Directors is responsible for ensuring that the corporate governance statement on pages 94–108 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Auditor's report on the statutory sustainability report
The Board of Directors is responsible for ensuring that the sustainability report on pages 75–93 has been prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed auditor of Vitec Software Group AB (publ) by the general meeting of the shareholders on April 25, 2023 and has been the company's auditor since May 6, 2014.

Stockholm March 26, 2024

PricewaterhouseCoopers AB

Aleksander Lyckow

Authorized Public Accountant

Definitions of performance indicators

This annual report refers to several financial measurements that are not defined under IFRS, known as "alternative performance measures," in accordance with ESMA's guidelines. These measurements provide senior management and investors with significant information for analyzing trends in the company's business operations. Alternative performance measures are not always comparable with measurements used by other companies. They are intended to complement, not replace, financial measurements presented in accordance with IFRS. The performance indicators presented in the multi-year overview on page 109 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 performance indicator for the management of operational activities.
Subscription-based recurring revenues	Contractual recurring revenue for all types of subscriptions and cloud services. Revenue is spread evenly over the contractual period.	Used to track the company's recurring revenues.
Transaction-based recurring revenues	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 performance indicator for the management of operational activities.
Growth	The trend of the company's net sales in relation to the corresponding year-earlier period.	Used to monitor the company's sales trend.
Growth in recurring revenues	Trend in recurring revenues in relation to the corresponding year-earlier period.	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, year-over-year.	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 depreciation/amortization and impairment losses, net financial items and tax.	Indicates the company's net profit/loss for the period before acquisition-related costs and acquisition-related depreciation/amortization.

EBITDA	Earnings before interest, tax, depreciation and amortization for the period.	Indicates the company’s operating profit before depreciation/amortization and interest.
Acquisition-related costs	Costs such as broker fees, legal fees and stamp tax (tax on single property purchases).	Used to disclose items affecting comparability.
Acquisition-related depreciation/ amortization and impairment losses	Depreciation/amortization and impairment losses regarding product rights and customer agreements.	Used to disclose items affecting comparability.
EBITA margin	Operating profit before acquisition-related costs in relation to net sales.	Used to monitor the company’s earnings trend.
Operating margin	Operating profit in relation to net sales.	Used to monitor the company’s earnings trend.
Profit margin	Profit after tax for the period, in relation to net sales.	Used to monitor the company’s earnings trend.
Equity/assets ratio	Shareholders' equity, including equity attributable to non-controlling interests as a percentage of total assets.	This measurement is an indicator of the company’s financial stability.
Equity/assets ratio after full conversion	Shareholders’ equity and convertible debentures as a percentage of total assets.	This measurement is an indicator of the company’s financial stability.
Interest-bearing net liability	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 performance indicators is based.
Capital employed	Total assets less interest-free liabilities and deferred tax.	An underlying measurement on which the calculation of other performance indicators is based.
Return on capital employed	Profit after net financial items plus interest expenses, as a percentage of average capital employed.	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	Average number of employees in the Group during the financial year.	An underlying measurement on which the calculation of other performance 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 performance indicators is based.

IFRS performance 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 performance 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 and warrants.	IFRS performance indicators.

Estimates

ORGANIC GROWTH IN RECURRING REVENUES

SEK million	2023	2022	Growth, %
Reported net sales	2,778	1,978	40%
of which recurring revenues	2,346	1,631	44%
Annual effect of acquired units	141	677	
of which recurring revenues	112	531	
Organic growth in net sales	2,919	2,655	10%
Organic growth in recurring revenues	2,458	2,162	14%

EFFECT OF ACQUIRED UNITS

SEK million	Sales, time before acquisition		Recurring revenues, time before acquisition	
	2023	2022	2023	2022
Companies acquired 2023	141	447	112	403
Companies acquired 2022	-	230	-	128
Total annual effects	**141**	**677**	**112**	**531**

Calculation of EBITA	2023	2022
Operating profit	590,117	355,841
Acquisition-related costs	38,040	40,285
Acquisition-related depreciation/amortization and impairment losses	247,953	185,443
EBITA	**876,110**	**581,569**

Weighted average number of shares (weighted average)	No. of days	No. of shares	Weighted value
No. of shares on Jan 1	118	37,328,539	12,067,856
April 28, 2023 Conversion	24	37,338,207	2,455,115
May 22, 2023 Conversion	114	37,365,017	11,670,170
September 13, 2023 Conversion	21	37,374,686	2,150,324
October 04, 2023 Conversion	7	37,389,699	717,063
October 11, 2023 Conversion	8	37,495,017	821,809
October 19, 2023 Conversion	73	37,535,487	7,507,097
Average number of shares	**365**		**37,389,434**

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Dilution, convertibles	365	5,128	5,128
Dilution, Personnel 2021 convertible	365	18,693	18,693
Dilution warrants 2021	365	263,000	263,000
Dilution, convertibles	365	8,850	8,850
Dilution employee convertibles June 30, 2022	365	11,658	11,658
Dilution warrants June 30, 2022	365	129,800	129,800
Dilution, convertibles	365	194,573	194,573
Dilution employee convertibles August 03, 2022	365	86	86
Dilution warrants August 03, 2022	365	52,500	52,500
Dilution, convertibles	365	38,699	38,699
Dilution, convertibles	365	40,950	40,950
Dilution, convertibles	203	4,601	2,559
Dilution, convertibles	111	42,442	12,907
Dilution, convertibles	34	7,470	696
Average number of shares after dilution			**38,169,533**

Earnings from calculation of earnings per share after dilution	
Profit for the year	339,183
Interest expenses on convertible debentures	9,086
	348,269

Shareholder information

Our website, *vitecsoftware.com*, is our primary channel for information to shareholders and the stock market, where we publish financial information and other potentially price-sensitive information immediately following disclosure.

FINANCIAL CALENDAR

Annual General Meeting	April 23, 2024
Interim report January–March	April 18, 2024
Interim report January–June	July 12, 2024
Interim report January–September	October 17, 2024
Year-end report January–December	February 05, 2025

INVESTOR INFORMATION IS AVAILABLE AT VITECSOFTWARE.COM

You can also sign up for an e-mail subscription to receive our press releases at *vitecsoftware.com*. There is also information released ahead of our general meetings of shareholders and much more.

IF YOU HAVE ANY QUESTIONS, PLEASE DO NOT HESITATE TO *CONTACT:

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