Software for unique needs

2022 Annual Report

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This English version of teh Annual report is a translation of the original Swedish version; in the event of variances, the Swedish version shall take precedence over the English translation.

This is Vitec

Vitec is the market leader for vertical software and has its origin and headquarters in Umeå, Sweden. We develop and deliver standardized software for various functions in society. They can be found at the heart of a variety of businesses and activities, including pharmacies, banks, car repair shops, property management, health care and education. Our products enable us to help our customers achieve greater efficiency, 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.

GROWTH – DEVELOP AND ACQUIRE

Vitec is an industry player with a long-term outlook. Our growth mainly occurs through corporate acquisitions, but also organically. Our strong cash flow enables us to both reinvest in products and make acquisitions. 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.

OUR VALUES

Our products – our foundation
Vertical Market Software

Keep it simple
Simple solutions succeed

Trust and transparency
Collaboration and responsibility create success

VITEC'S BRAND PROMISE

To rely on — today and tomorrow

VITEC'S BUSINESS CONCEPT

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

SUSTAINABILITY

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

KEY INDICATORS

	2022	2021
Net sales (SEK million)	1,978	1,571
Recurring revenues (SEK million)	1,631	1,324
EBITA	582	440
EBITA margin (%)	29	28
Operating profit (SEK million)	356	283
Profit after financial items (SEK million)	312	262
Operating margin (%)	18	18
Return on equity (%)	9	15
Return on capital employed (%)	10	14
Equity/assets ratio (%)	51	53
Adjusted equity per share (SEK)	85.99	56.76
Earnings per share (SEK)	6.92	6.14
Dividend per share (SEK)	2.00	1.64
Average no. of employees	1,169	980

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

2022 in brief

We acquired five vertical software companies

- Docubizz ApS
- Hotellinx Oy
- Scanrate Financial Systems A/S
- ABS Laundry Business Solutions
- Oy Raisoft Ltd

We focused on recurring revenues
Recurring revenues totaled 82%.

Our organic growth increased
Recurring revenues increased organically by 11%.

We strengthened our position in the Netherlands
Vitec further strengthened its position in the Netherlands through the acquisition of ABS Laundry Solutions, with offices in the Netherlands, the US, Romania, France, Belgium, Germany, Denmark, and Japan.

Our sustainability efforts evolved
We have continued to expand our sustainability efforts on every front. The Board of Directors and management have worked on clarifying and highlighting the sustainability aspects of our business. One result of this effort is updated sustainability targets for the Group linked to our four focus areas.

Vitec completed a directed share issue
Vitec raised SEK 834 million before issuing costs in a directed share issue of 2,200,000 Class B shares.

We are convinced that sustainability, as an integrated part of the business model and culture, is a prerequisite for creating long-term value.

▶ Read more in our sustainability report beginning on page 12.

▼ Vitec operates in 11 countries

Brief facts

24,600
customers

1,350
employees

80%
proforma recurring revenues

SEKm 2,208
proforma net sales

11
countries

36
Business units

Vitec's founders, Olov Sandberg and Lars Stenlund

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 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.

2022
Vitec is moved from the Mid Cap to Large Cap list on the Nasdaq Stockholm. Vitec further strengthened its position in the Netherlands through the acquisition of ABS Laundry Solutions.

Comments from the CEO

Stability, a long-term approach and a generous exchange of experience in changing times

Value creation within Vitec occurs through our business-critical software as it helps our customers achieve their goals. Essential for this purpose are our focus and our decentralized model for how we work, develop and monitor the individual units – as well as how we interact and share knowledge and experience within the Group. Together, we have a wealth of experience from both successes and setbacks that an individual company rarely has, but which we can share as a Group and from which we can benefit. This is why we are now increasingly focusing resources on this internal exchange of experience through both formal and informal forums, in line with one of our core values of openness and transparency.

The year 2022 can be summarized as another good year with strong growth in both profit and sales. Revenue amounted to SEK 1,978 million a 26% increase, with an EBITA margin of 29%. The growth and strengthening of margins are the effects of both strong organic growth of 11% for our recurring revenues and the addition of excellent vertical software companies through acquisitions. We have also responsibly balanced cost increases with price adjustments, mostly through annual contractual indexation of our recurring revenues. Cash flow for the year from operating activities was SEK 563 million, compared with SEK 488 million last year. The balance sheet was also strengthened by SEK 834 million as a result of the forward-looking directed issue carried out in November.

Of course, we are closely following developments in our many verticals and markets, as well as monitoring external factors such as the volatile geopolitical situation. We have not yet seen any major direct impact on our business relationships.

We acquired five new companies in 2022, adding a total of more than SEK 350 million in annual sales to the Group and establishing Vitec in several new markets. The Group's internal acquisition resources were strengthened during the year to optimize the opportunities we see in the future. We continue to target entrepreneur-managed companies and advisors in all of our markets based on our well-established acquisition criteria.

“A long-term approach has always characterized what we do at Vitec. One effect is continuous annual growth in earnings per share”

The Board of Directors and management have worked on clarifying and highlighting the sustainability aspects of our business. This gives direction to our daily work. In early 2023, the Board decided on updated sustainability targets for the Group linked to our four focus areas – Responsible growth, Enabling products, Empowered people and Reduced footprint – which are described in greater detail in our sustainability report.

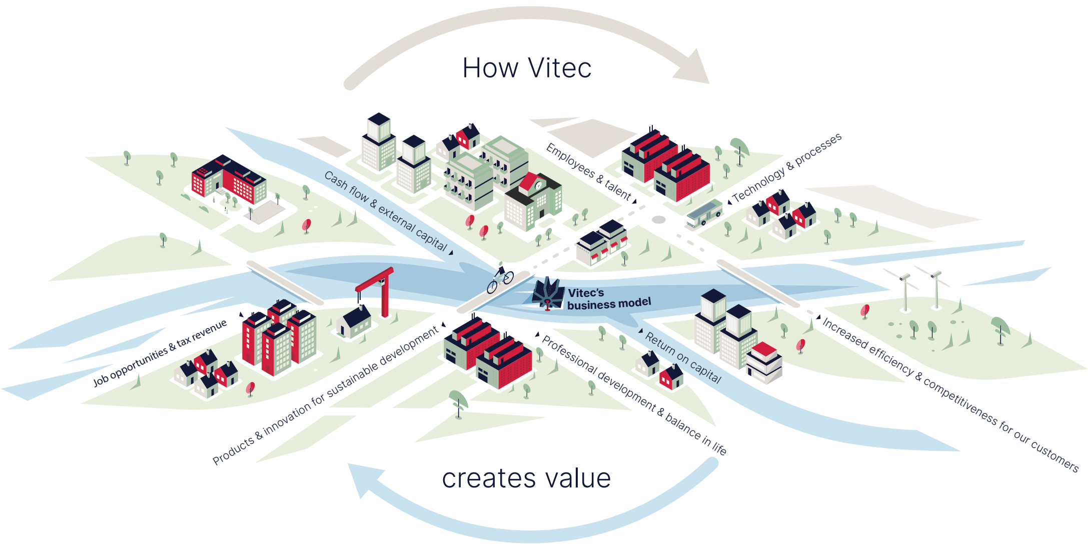
A long-term approach has always characterized what we do at Vitec. One effect is continuous annual growth in earnings per share of 23% over the past 10 years. The Board proposes an increased dividend for this year – for the 21st consecutive year – to SEK 2.28 per share.

I would like to take this opportunity to thank all our staff for another great year. Our value creation would not be possible without all the great employees who, through deep industry knowledge, creativity and hard work, collectively deliver customer value every day.

Umeå, March 2023

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 industry player 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 are 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.

Sustainability Report

We are convinced that sustainability, as an integrated part of the business model and culture, is a prerequisite for creating long-term value and remaining competitive and relevant – for customers, as employers and as part of society. To clarify this approach, we have chosen to describe the Group’s operations in the sustainability report.

To ensure the integration of a sustainable approach into existing and future operations, we also have a sustainability roadmap.

Our roadmap consists of the Group's overall sustainability targets and the activities we develop and implement to achieve them.

This roadmap also aims to inspire all of us to contribute to a sustainable future by thinking long-term and continuously considering the impact of our decisions on the ecological, social and economic systems.

What does sustainability mean for Vitec?

Sustainability, defined in ecological, social and financial terms, is fundamental to our success.

We are committed to making a positive impact on society and reducing risks through our products, a responsible business, and the expertise and creativity of our people. We will facilitate the needs of today, without jeopardizing the opportunities of future generations.

Vitec has an entrepreneur-driven approach to sustainability. We turn challenges into opportunities by taking the initiative, showing responsibility and making sustainability issues a driving force. Key skills for developing a sustainable business are holistic and long-term thinking.

We are guided by the Paris Agreement, the European Green Deal, the UN Agenda 2030 and Global Goals, and we aim to help achieve these goals. In order to focus our sustainability work on those areas where our operations have the greatest impact and where we believe we can make the biggest difference, Group management has developed a number of focus areas. They are linked to the Global Goals and clear performance indicators and activities have been set so that we can monitor our results. These focus areas are described in the following sections.

Operating margin 18%

90% of all employees complete online information security training.

Percentage point difference in gender distribution, managers/employees 6%

45% reduction in emissions

SUMMARY OF SUSTAINABILITY TARGETS

KPI 2019 is the baseline year for Vitec's sustainability targets	Out-come 2021	Out-come 2022	Targets	
RESPONSIBLE GROWTH				
Operating margin Relative to 2019	18%	18%	>20%	More than 20% operating margin
Dividend Proportion	1/3	1/ 3	1/3	1/3 of profit after tax
ENABLING PRODUCTS				
Information security Proportion of all employees	80%	90%	100%	100% complete information security training
EMPOWERED PEOPLE				
Gender distribution Managers/employees Difference in percentage points	7%	6%	0	Same gender balance among managers as among employees.
REDUCED FOOTPRINT				
Greenhouse gas emissions Relative to 2019	-32%	-45%	-75%	75% less emissions/sales. Target year 2030.
Greenhouse gas emissions from business trips Relative to 2019	-63%	-61%	-50%	50% reduction
Renewable energy in electricity agreements Proportion	93%	92%	100%	All energy renewable. Target year 2025.
Electricity consumption in offices Relative to 2019	-3%	+5%	↘	Continuously de-creasing electricity consumption per employee

TARGET ACHIEVEMENT TREND INDICATION

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

Our roadmap

In the 2021 financial year, work began on developing a roadmap to support the development of a more sustainable Vitec. The work is carried out in a Group management committee, a sustainability steering group.

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.

STRATEGIES

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 that sustainability thinking should be fully integrated with all employees and thus become a natural basis for all decision making in the Group.

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

Climate neutral by 2030

Based on the materiality analysis, we have selected our climate footprint as our sustainability priority for 2023. Our target is to reduce our climate impact by 75% from 2019 (sales-based, adjusted for inflation). We will offset the remaining emissions from 2023 onwards. We will be climate neutral by 2030.

External factors

Demographic change, rapid digitalization and increased competition are strong global trends. Climate change is at the heart of the development. Companies are expected to be a part of the movement 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 becoming increasingly 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 we face now or that may arise in the future. The factors that we currently consider to have the greatest impact are increased digitalization, changed working methods, increased complexity, 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. The opportunities can be found by continuing to be attractive to current and new employees, continuing to securely, reliably and sustainably develop and deliver software, while also deliberately and consistently contributing to move the climate issue in the right direction.

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 will be a prerequisite for long-term profitability and funding. Time to act!

Digitalization, data and working methods – Automation, AI and technological development as a whole, where everything is interconnected, drive innovation development 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.

Complexity – Since companies and organizations encounter greater instability, uncertainty, complexity and ambiguity, a need arises for adaptation, a common vision, clarity and flexibility. Trust and the ability to simplify are becoming increasingly 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

Be a good employer - by offering a workplace where knowledge and commitment are valued, where gender equality 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.

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. Resource and energy-efficient server rooms.

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 must be taken now.

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.

We will continue to measure our footprint based on several aspects and gradually develop our performance indicators. Certain performance indicators are measured at Group level and others are assessed for each business unit. Since we are active in a wide range of industries with a variety of needs and challenges, it is important to be able to formulate the performance indicators based on prevailing circumstances. One example is customer surveys, which are conducted and followed up at the business unit level and therefore are not included in our joint sustainability report.

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.

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.

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, optimize our travel and encourage the use of public transportation.

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.

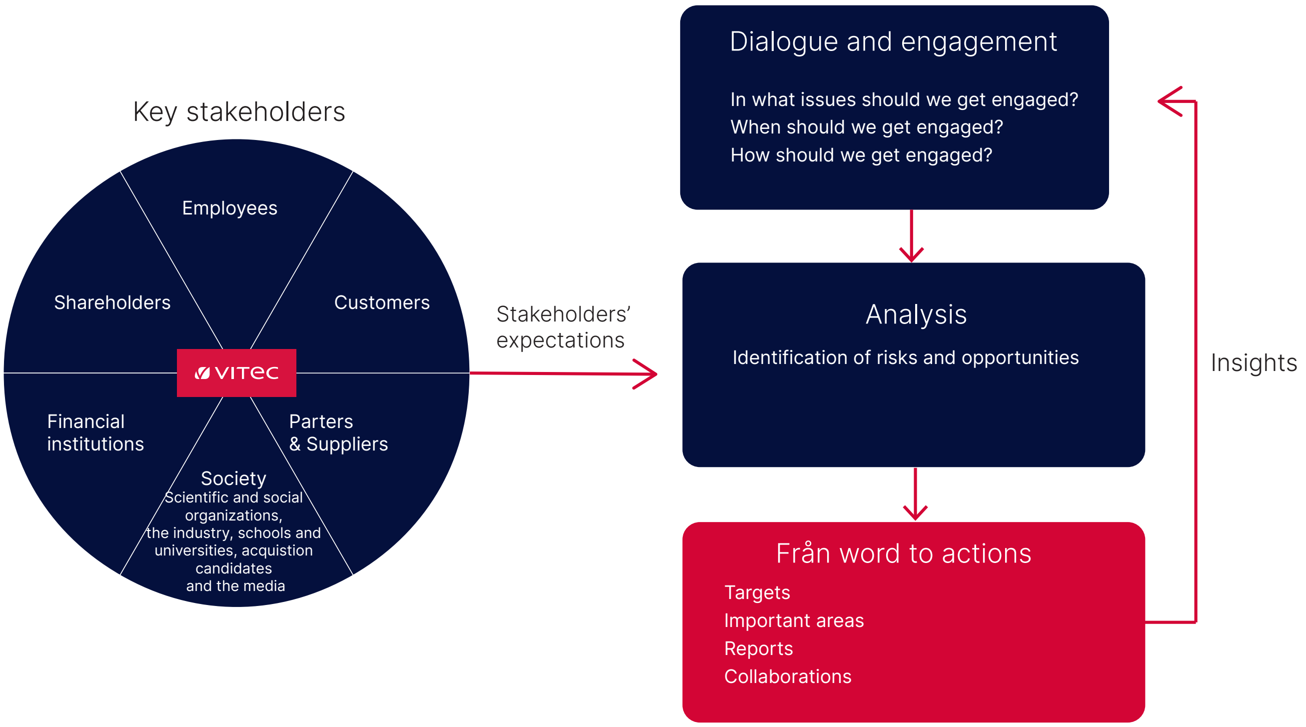
Stakeholder dialogue

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. Many of our dialogues are already formalized, but we are working on strengthening our stakeholder dialogue over time. We have formulated a systematic process for this purpose, based on which we conduct 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 institutions, 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 the times.

The table on the right 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
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
Employees	Employees who feel committed and involved create long-term value for the business. We constantly strive to 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
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.	One-on-one meetings Annual General Meeting Dialogues and presentation meetings Website Quarterly reports and annual report
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 Website General Meeting of Shareholders Quarterly reports and annual report
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
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 (Partnership for research and development)

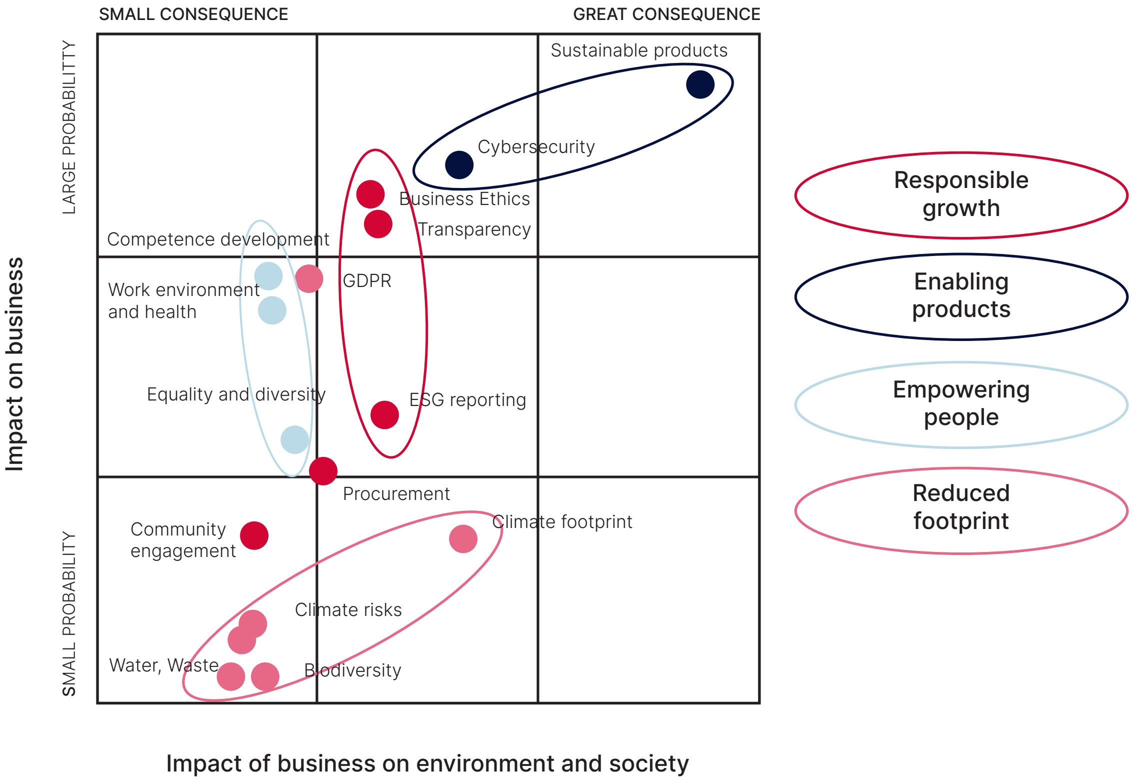
In 2023, we will conduct an enhanced stakeholder analysis through qualitative in-depth interviews and a quantitative measurement. The analysis will be carried out in conjunction with a brand survey.

Materiality analysis

Based on our stakeholder dialogues, a number of areas have been analyzed in terms of the impact of our activities on the surrounding environment and society, as well as the impact our actions in different areas may have on our financial performance.

In formulating the materiality analysis, we also took into account our ability to influence and an assessment of how important the areas are from a global sustainability perspective.

Double materiality analysis



RESULTS OF MATERIALITY ANALYSIS

RESPONSIBLE GROWTH

1.	**Business ethics**	Good business ethics contribute to building trust in us and in society in general.
2.	**Transparency**	Accurate and open communication is a key element of business ethics.
3.	**ESG reporting**	By communicating our sustainability efforts, we can inspire others.

ENABLING PRODUCTS

1.	**Sustainable products**	Products that enhance sustainability by taking sustainability into account in all product development.
2.	**Cyber security**	A strong focus on cybersecurity minimizes the disruption of key functions for our customers.

EMPOWERED PEOPLE

1.	**Skills development**	Continuous development as both a specialist and a generalist supports sustainable development at all levels.
2.	**Health and safety at work**	Long-term thinking, teamwork, short decision paths and freedom under responsibility create an environment in which employees can use their energy wisely and maintain a work-life balance. This promotes job satisfaction and sustainable working conditions.
3.	**Gender equality and diversity**	Inclusion leverages the skills, experience and creativity of all employees. Inclusion also provides opportunities to develop and recruit from a wider target group.

REDUCED FOOTPRINT

1.	**Climate footprint**	By actively focusing on reducing our climate footprint, we can help accelerate the transition to climate neutrality. – Priority area in 2023.
2.	**Climate risk**	The indirect consequences of not reaching the climate targets will have a significant impact on us, even if we do not see a direct impact on our operations today.
3.	**Biodiversity**	The biggest global challenge after the climate issue is prioritized, even if our operations have little impact on and are not directly affected by the biodiversity challenge.

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.

Sustainability – an integral component of our business model

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 11% over the past year. On average, total growth, including acquisitions, over the past decade has been 20%.

Like all other companies, our Group is exposed to various risks, both through its operations, and in the form of financial risks. Our 36 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 82–86.

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. Read more about our corporate governance and internal control on pages 88–103.

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 software 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 industry player with a long-term outlook. Our growth mainly occurs through corporate acquisitions, but also organically. Our strong cash flow enables us to both reinvest in products and make acquisitions. 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 steer 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.

Camilla Svanberg, Stockholm

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 developed 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.

Our current list of prospects comprises some 100 software companies that match our criteria. 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.

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

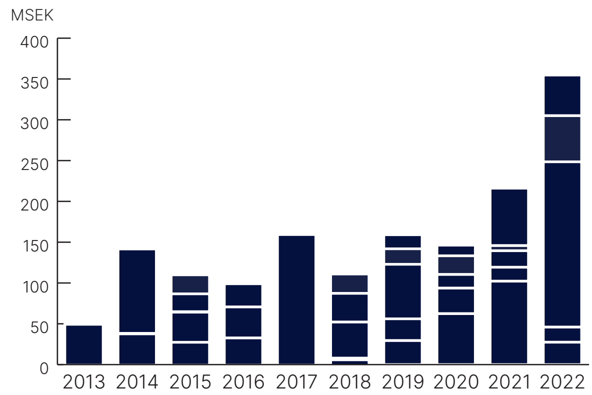
Through our subsidiary Malmkroppen AB we also have the opportunity to invest in Nordic software companies in an earlier phase than the software companies that are usually acquired. In addition to the expected robust return on invested capital, we see value in establishing early relations with younger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

Effect of acquired units on sales

SEK million	2022 Jan–Dec	2021 Jan–Dec	Growth
Reported net sales	1,978	1,571	26%
of which recurring revenues	1,631	1,324	23%
Effect of acquired units	230	418	
of which recurring revenues	128	261	
Proforma net sales	2,208	1,989	11%
Proforma recurring revenues (ARR)	1,759	1,585	11%

Acquired sales and number of acquired companies

Each segment of the bars represents the annual sales of an acquired company.



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
- High percentage of recurring revenues
- Good profitability and positive cash flows

"All of the Group's operations contribute to the strengthening of the Vitec brand"

Anna-Karin Nilsson, Head of Brand Vitec Software Group

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 by either driving or providing a guarantee for the 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, server rooms, electricity supply, information services, travel, electronics, computers, telephony, office materials 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

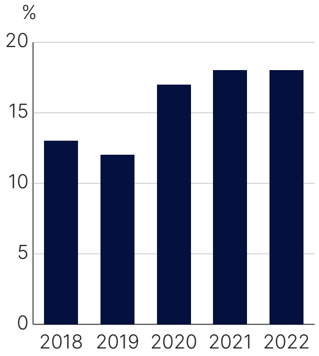
Whistleblowing involves reporting irregularities and the term has come to be used both to report to the media and to express concerns about problems internally. Vitec has a whistleblower system through which employees, suppliers and customers can anonymously notify the organization about irregularities 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.

Key indicators and development

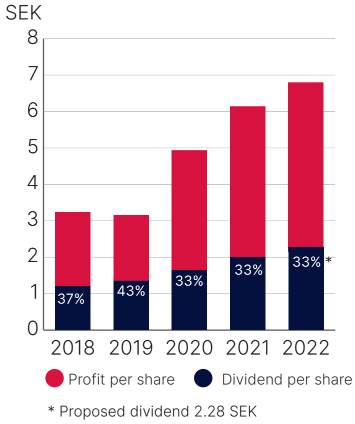
All Group companies are monitored using shared key metrics that steer their strategic focus toward a high percentage of recurring revenues and an emphasis on robust cash flow. In early 2022, the Board decided that the target for the operating margin will gradually increase over time and will reach at least 20% at the Group level. The previous target was 15%.

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.

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



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

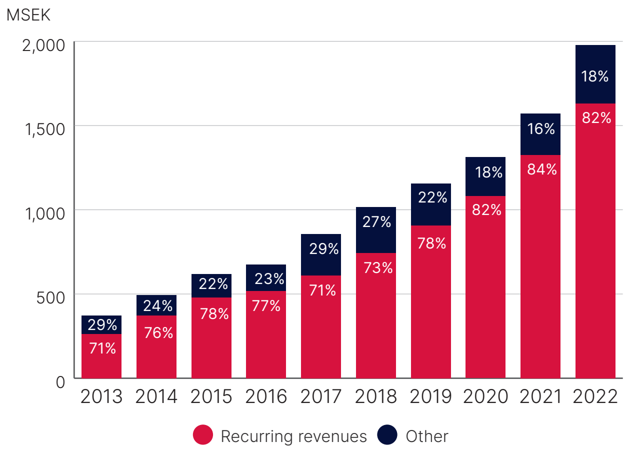


We follow several other performance indicators that are important for our continued growth.

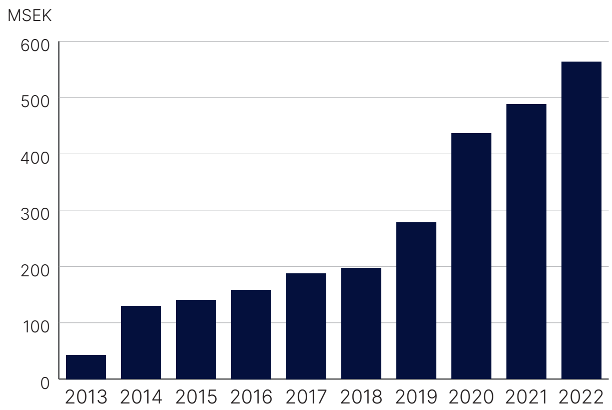
Acquisitions
We grow in part through the acquisition of vertical software companies. During the year, we increased from 31 to 36 business units and the number of customers increased from 22,500 to 24,600.

Agnes Andersson, Stockholm

Sales and recurring revenues
On average, our sales have grown 20% over the past ten years. The repetitive portion of sales was 82% in 2022 compared with 84% in 2021. Over the past year, other revenues have increased at a faster pace than recurring revenues, which is attributable to a lower share of recurring revenues in recently acquired companies. Over a 10-year period, recurring revenues have grown by 22% annually, which is a faster growth rate than for total sales.



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.



Håkan Svensson, Stockholm

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.

Without Vitec...

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 pharmacies, banks, car repair shops, property management, health care and education. We have 24,600 customers and even more use our software daily. In truth, many operations would simply stop without Vitec. That´s why we need to keep a long-term perspective on everything we do. 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 36 independent business units and have a presence in many places. The city shown here illustrates that our business units are located in the middle of the community and contribute to sustainable development.

Business unit	Software for:	Registered office	Acquisition year	Sales 2022, SEKm	Recurring, 2022
ABS Laundry Business Solutions	The global laundry and textile rental industry.	NL	2022	257	41%
Vabi	Sustainable energy management for the real estate and property management industry in the Netherlands.	NL	2021	82	99%
Vitec Actor Smartbook	Municipal culture and recreation administration offices, as well as other visitor facilities in Norway and Sweden.	SE	2018	31	84%
Vitec Acute	Healthcare companies in Finland	FI	2013	80	91%
Vitec Agrando	Church-related administration in Norway.	NO	2018	38	93%
Vitec ALMA	Information management within the process industry and energy companies in Finland.	FI	2020	40	56%
Vitec Aloc	Banking and finance industry in the Nordic region and western Europe.	DK	2014	126	84%
Vitec Appva	The healthcare and social services sector in Sweden.	SE	2020	46	94%
Vitec Autosystemer	Automotive, transportation and machinery industry in Norway.	NO	2015	52	93%
Vitec Avoine	Local associations and national organizations in Finland.	FI	2019	37	84%
Vitec Bygg & Fastighet	Construction and property management industry in Sweden.	SE	1985	216	76%
Vitec Capitex Finanssystem	Banking and finance industry, primarily in Sweden and with some establishment in Norway and Finland.	SE	2010	29	90%
Vitec Cito	Pharmacy market in Denmark.	DK	2018	45	71%
Vitec Datamann	Auto dealers and car repair shops in Denmark.	DK	2015	56	83%
Vitec DocuBizz	Automotive industry in northern Europe and the US.	DK	2022	32	94%
Vitec Energy AB	Electricity traders and owners of electricity and district heating grids in about 25 different countries.	SE	1998	39	89%
Vitec Fixit	Hair and beauty salons in Norway.	NO	2019	69	90%
Vitec Futursoft	Automotive industry and machinery sector in Finland and Sweden.	FI	2016	95	91%
Vitec HK data	Health and welfare sector in Norway.	NO	2019	18	84%

Business unit	Software for:	Registered office	Acquisition year	Sales 2022, SEKm	Recurring, 2022
Vitec Hotelinx	Hotels and tourism in Finland	FI	2022	21	86%
Vitec Katrina	Church-related administration in Finland.	FI	2019	24	86%
Vitec Megler	Real estate agents in Norway.	NO	2012	97	94%
Vitec MV	Education sector in Denmark, Norway and Sweden.	DK	2017	44	95%
Vitec Mäklarsystem	Real estate agents in Sweden.	SE	2010	87	96%
Vitec NexGolf	Golf courses in Finland.	FI	2020	11	100%
Vitec Nice	Liability insurance companies in Norway and Sweden.	NO	2015	16	58%
Vitec Nordman	Food and grocery retail industry in Sweden	SE	2021	21	90%
Vitec Plania	Building and facility management in Norway.	NO	2016	40	73%
Vitec Raisoft	Healthcare and social services company in Finland and Switzerland.	FI	2022	66	73%
Vitec Samfundssystem	Administrative services for churches and preschools in Sweden.	SE	2018	46	77%
Vitec Scanrate	Bond market in Denmark.	DK	2022	57	86%
Vitec Tietomitta	Private and municipal waste and resource processing in Finland.	FI	2016	61	93%
Vitec Travelize	Travel agencies, primarily in Scandinavia.	SE	2021	22	84%
Vitec Unikum	Retail trade and manufacturing industry in Sweden.	SE	2021	109	81%
Vitec Visiolink	Media companies in Europe.	DK	2020	69	74%
Vitec WIMS	Insurance companies in Norway.	NO	2019	33	71%

“We learn from one another. The focus this year has included business development based on the new economic situation, security and increased preparedness.”

Software that enables development

Our ambition is to always improve our software, thereby enabling our customers to both streamline their operations and develop their business. We have experienced strong demand for our products during the year, which is also reflected in good organic growth.

Our products and services are deeply embedded in our customers’ processes and are critical to the functioning of their businesses – businesses that, in many places, provide essential services to society. In troubled times, such as war and a changing economy with rising costs, our expertise and products are in many cases particularly important – they become tools for our customers to develop and manage the new circumstances.

In 2022, five new companies were acquired and introduced. They are based in countries where we are already established, the Nordic countries and the Netherlands, but they have also brought us to new countries. Our customer base has been internationalized and now spans five continents. This creates new opportunities.

The fact that there are many of us and more niche software companies in the same Group is a strength that benefits all of us. We regularly bring together Operations Management, business unit managers and various functional forums across our units to systematically exchange experiences. We learn from each other, without compromising Vitec's governance model with decentralized management of the business units. The focus this year has included business development based on the new economic situation, security and increased preparedness for changing conditions in the world around us, as well as our sustainability efforts – along with the implications for niche software, our value creation, our climate footprint and our customers’ climate footprint.

Below, some of our business units will talk about how their products help customers succeed in their business, in their sustainability efforts and in strengthening society at large.

Gert Gustafsson, COO
Vitec Software Group

Energy forecasting and network calculations for a global market

Niklas Berg
CEO Vitec Energy

Vitec Energy's software is used by companies in more than 25 countries. The business stands firmly on two legs – energy forecasts for energy companies and network calculations for district heating companies. Energy forecasts predict the coming days' consumption and electricity production, which is the basis for active participation on Nordpool, the Nordic electricity exchange. The network calculations help district heating companies to plan investments in existing and new infrastructure.

Our current situation with power shortages in some parts of the electricity grid is new to us in the Nordic region. If the supply of electricity is insufficient, it needs to be rationed to ensure electricity for essential services. Reliable forecasting is crucial for maintaining balance in the electricity system.

"We're in a perfect storm right now, with several critical factors converging – the climate perspective, high energy prices and power shortages in the electricity grids. Our systems provide reliable and accurate forecasting along with energy storage optimization. These services are central to the energy industry right now," says Niklas Berg, CEO of Vitec Energy. We also see opportunities to expand the use of our forecasting tools to other areas where the need for energy optimization is high, such as the property management industry.

A business with customers in many parts of the world creates an international environment, both in external contact networks and among employees. The pandemic showed that people do not have to travel long distances in order to work together, which benefits the climate. Sustainability is an integral part of the business, and the value created for customers ultimately involves using the earth's resources more efficiently.

"Demand for our services is high and we are growing rapidly. In the last year, we increased our staff by 25%. We can offer our employees a stimulating work environment, exciting and important projects for the largest energy companies in Europe and colleagues from all over the world. We attract experts who want to make a real difference.

These activities contribute to the UN's global goals, including Combating climate change.

More sustainable and comfortable buildings

Arjen Zwiers
CEO Vabi

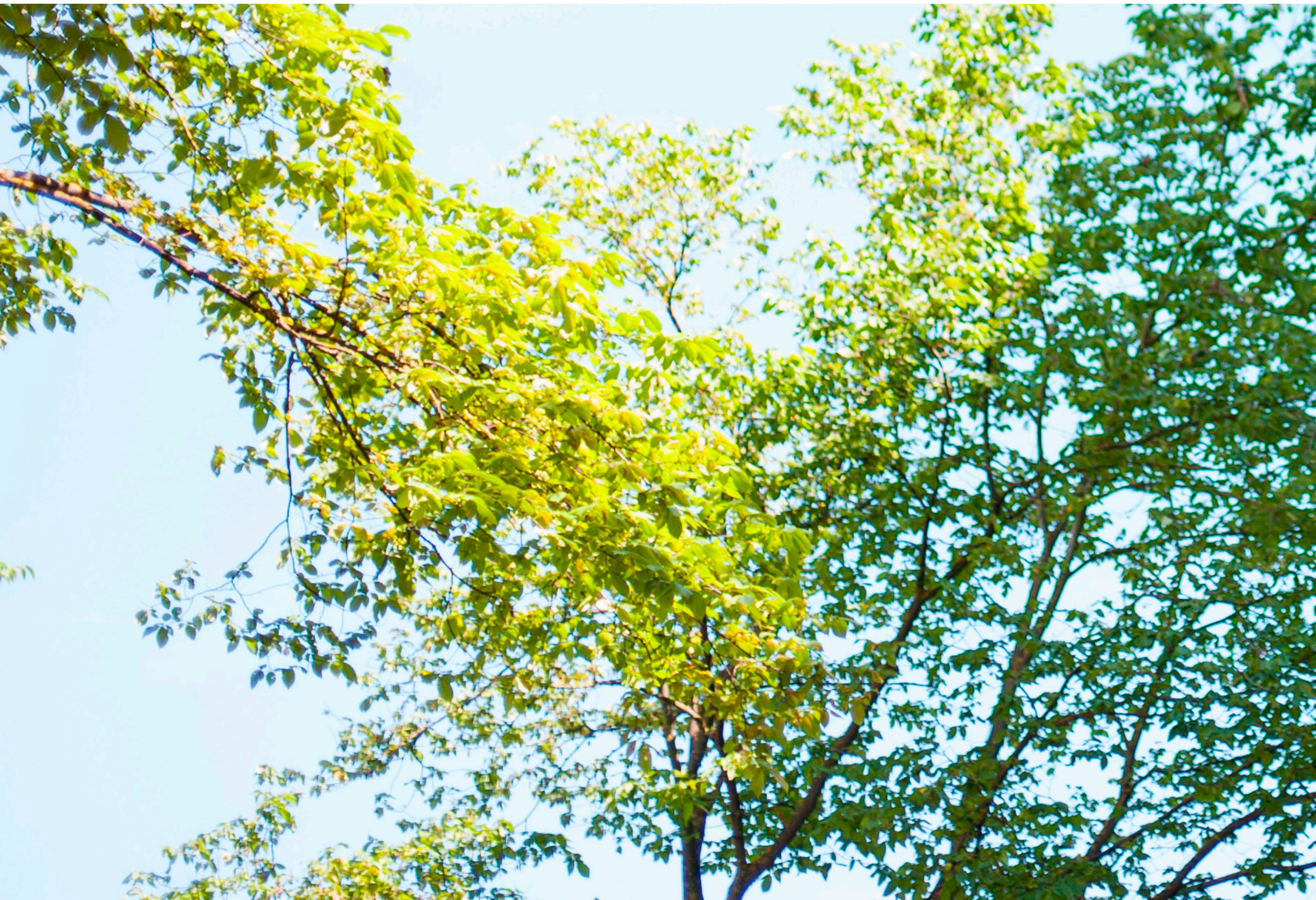
Vabi develops and provides vertical software that contributes to sustainable and efficient energy management for the real estate and property management industry. The products have several functions such as decision support systems, user-friendly 3D simulations and energy certification for reduced climate impact. The approximately 2,000 customers are mainly located in the Netherlands.

"Our products aim to support the property management industry in designing and constructing new buildings, as well as adapting existing buildings to be more sustainable and comfortable. Lower power consumption and increased convenience for those working and living in the buildings give our customers better and more sustainable results. There are also financial incentives to act sustainably, both for our customers and their tenants," says Arjen Zwiers, CEO of Vabi.

The energy management software is designed to match Dutch legislation and supports building owners and managers with simulations, mandatory energy certifications and control of cooling, heating and energy efficiency.

"We have many dedicated employees in our company, all experts in their respective fields. We all work toward the same goal – to support our customers and contribute to environmentally friendly and comfortable buildings that are better built and maintained. As a leader, it is important to consider the big picture and give direction to the work: To help our customers continuously reduce their carbon footprint. Sustainability is at the heart of our business.

Vabi supports the UN Sustainable Development Goals, such as Combating Climate Change.



Improving control and efficiency in the construction and property management industry

Vitec Bygg & Fastighet is Sweden's largest provider of business systems for the construction and property management industry. The customers are located in Sweden and are both private and municipal housing companies and commercial real estate companies, all large or medium-sized. Over 600 customers have chosen the system, which is comprehensive and adapted to the needs of the industry.

"We see that we have satisfied customers, they stay with us. We also welcome new customers so the number of users is growing. For our customers, the system mainly means better control and increased efficiency," says Magnus Persson, CEO of Vitec Bygg & Fastighet.

For the tenant, the system provides contact with the landlord, the booking system in the laundry room, problem reporting – all components related to housing in a single solution.

"We've been working on digitalization since 1985. If our solutions can simplify the tenant experience, we also simplify the experience for our customer. We also provide exposure for our customers' available stock on a website for vacant homes across the country, boplatssverige.se. This makes it easier for everyone involved. We are with the end customer from the curious home seeker to the new tenant who is thinking about their electricity consumption," says Magnus Persson.

Energy and sustainability are highly topical issues. Vitec Bygg & Fastighet's systems play a major role in monitoring energy for real estate companies. By enabling customers to measure kilowatts, SEK and carbon emissions, they can take action and follow up on these parameters. This increases control and consumption can be optimized. Sustainability efforts at Vitec Bygg & Fastighet had an extra focus in 2022. A forum was initiated with several customers' key people in sustainability – to share experiences and best practices, which ultimately affects how the products are designed. Vitec Bygg & Fastighet is also in the middle of a project launched with support from Vinnova, the Swedish Agency for Innovation Systems.

"Together with two customers, we will explore what behavioral changes we can achieve to reduce tenant electricity consumption, through digitalization and by changing habits. The idea is to share the lessons learned with others. Throughout, we focus on the global goals. In addition, we have become involved with a non-profit project for children in a shanty town in Cape Town, South Africa. My colleagues and I are passionate about this project. With no intermediaries, we help sponsor education for primary school children," says Magnus Persson.

Magnus Persson
CEO Bygg & Fastighet

Reducing downtime in critical infrastructure

Juha Nissilä
CEO Vitec ALMA

Vitec ALMA is a scalable and fully integrated technology and information management system that helps companies manage the entire lifecycle of production and service processes, technical information and documentation, events and maintenance. Customers are in the energy, process and food industries in Finland and some of these customers also operate globally. Many of these customers are part of Finland's critical infrastructure. In times of uncertainty, Vitec ALMA plays an important role in securing these customers' delivery capacity and business-critical information.

"Thanks to simple and flexible information management, ALMA can prevent unplanned production stops and reduce downtime. Our customers' main goal is to make production as stable, efficient and predictable as possible. Unplanned production stoppages are expensive and cause more pollution to the environment than if production is stable and uninterrupted. Our SaaS model is practical as it saves our customers time and effort, allowing them to focus on their operations and production, as well as on preventive maintenance," says Juha Nissilä, CEO of Vitec ALMA.

Many of our customers have an essential function in society," he continues. "They are aware of the importance of reliable, safe and secure information management. We work toward a common goal: keeping their businesses running. Customers can rely on Vitec ALMA, both today and tomorrow."

Vitec ALMA's customers have ambitious goals for a sustainable future and support Agenda 2030, the UN's global sustainable development goals. The energy sector has taken a number of initiatives to improve efficiency and minimize emissions. For example, energy production in conventional power plants has been complemented by sustainable distributed methods of producing energy.

"We've developed software for information management in distributed energy solutions, while developing common ways of using technical information. For energy companies, this transformation to customer-based microgeneration has entailed the addition of large amounts of new equipment that must be managed. Our software enables micro-producers, distributors and consumers to work together for a better climate."

Vitec ALMA supports the UN Sustainable Development Goals, such as Combating Climate Change.

Key indicators and development

INFORMATION SECURITY

Information security largely involves people and behaviors. Vitec has implemented a digital information security training program in which all employees receive a short lesson every three weeks, which raises the skill level and awareness of the entire organization. In the 2022 training program we sent out lessons to 1,170 people, for a total of more than 20,444 lessons. The overall completion rate was 90% compared with 80% last year. Our long-term goal is for 100% of our employees to have completed the training.

Tomas Granlund,
Vitec Capitex Finanssystem in Stockholm

PRODUCT INVESTMENT

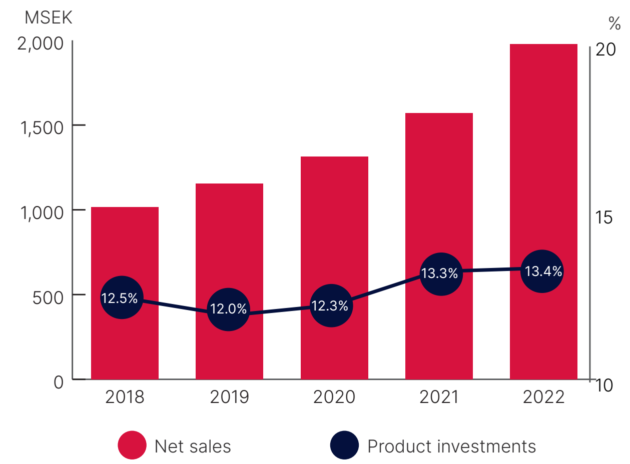
Most performance indicators in the Enabling products focus area are monitored only at the business unit level, such as customer satisfaction and business value. The key performance indicators that we monitor at Group level are presented below.

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



Agnes Andersson,
Vitec Appva in Stockholm

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 what they do. 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.

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.

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. 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.

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. Our workplace climate is based on respect for each other's expertise and for each other as individuals. 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

▼
New employees are introduced through the New@Vitec program, here from the event in Odense. Per Gylling, Vitec Visiolink, Theis Houlberg, Vitec Software Group and Ina Størner Rasmussen, Vitec Aloc.

CORPORATE CULTURE ON THE AGENDA

The Vitec Group is in a state of continuous growth. In 2022, we welcomed about 300 employees in connection with corporate acquisitions and recruitment efforts. At year-end, we had around 1,350 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 six acquired business units to carry out our introduction program New@Vitec on Site and met around 200 new employees at introduction events in Stockholm, Oslo, Odense and Helsinki. For sustainability reasons, we chose for the first time to carry out New@Vitec in different locations, chosen based on the locations of the new employees – this allowed us 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. The introduction program is carried out digitally.

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 at which members of Group management participate as lecturers.

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.

"Confident leaders encourage employees to develop in pace with our operations"

Anna Andersson, Head of HR
Vitec Software Group

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. 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 various materials.

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 group in Teams open to everyone where technical issues are discussed. Supported by a common archive for source code.

PRODUCT MANAGEMENT FORUM

Network for product managers to discuss product strategy, product requirement definitions and product planning/roadmapping.

IT OPERATIONS FORUM

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.

Management conference in Umeå, June 2022. Kristin Nordsveen, Vitec HK Data and Christina Timmerå, Vitec Appva.

Karin Wendén, Vitec Software Group

Niko Pahkala, Vitec ALMA and Arjen Zwiers, Vabi

Meet some of us

Agnethe Løkke Madsen

Head of Project Delivery & Support, Vitec Visiolink, Denmark

“I'm in my tenth year with Vitec Visiolink. Today I'm head of Project Delivery with responsibility for developers, project managers and testing specialists. Most work in our teams in Aarhus, but we also have developers in several other locations. My job includes matching the right skills with the right assignments and creating good flows through the business. I think it is important to meet our customers to understand their needs. Proximity to our support teams also provides good insight into how our products are used.

When does it feel particularly good at work?

“When our customers tell us how happy they are with our products and when I see how well my colleagues work together – despite the distances. We also make sure to meet in person, which makes cooperation even better.”

Sustainability – what does it mean to you and how can you contribute to it at work?

“Visiolink uses electricity from sustainable energy sources and we recycle wherever possible. Sustainability means a lot to me. It feels great that Vitec as a Group attaches great importance to sustainability and it also attracts new employees.”

Linus Bernas

Solution Architect Vitec ALMA, Finland

“I've worked at Vitec for three years. I mainly work with programming, mainly the backend, on the server side. The job involves decision-making on architecture, integrations and technical solutions for our products. I also have the role of Scrum Master in our development team. I work closely with the developers on the team. Together, we constantly improve the products with respect to scalability, maintenance and security."

When does it feel particularly good at work?

“When we find a simple solution to a problem that seems difficult at first – that always feels great!”

Sustainability – what does it mean to you and how can you contribute to it at work?

Sustainability is often mentioned in an ecological and social context, but I think our type of business is also sustainable by building solutions that are scalable and secure. We live up to our brand promise – “to rely on – today and tomorrow” – and help our customers to work more sustainably over time.

Nalaka Rathnayaka

Utvecklare, Vitec Agrando, Norway

“I’m a developer and I’ve worked at Vitec for four years. We work together as a team to meet the system development needs of our customers. Design and development, security and quality are all part of the job. I plan projects and help other developers broaden their knowledge. I spend most of my day working on design, writing code and continuously testing what we've built to make sure everything works as it should.”

When does it feel particularly good at work?
“When I look back on a productive workday after delivering secure, high-quality software that makes the customer happy.”

Sustainability – what does it mean to you and how can you contribute to it at work?
“Balance – we shouldn’t use resources that compromise the needs of future generations. I'm currently working on a product for digital archives, which in the long term will reduce our customers' use of paper and paper archives and would therefore be more sustainable.”

Ad Hoek

Consultant, Vabi, Netherlands

“I’ve been working as a consultant at Vabi for almost three years, about half of that time as part of the Vitec Group. I provide customer support through support cases and training, and I also carry out testing and work on developing our software solutions. No two days are alike.”

When does it feel particularly good at work?
“When I’ve helped a customer solve a problem. It feels good to see your part in a larger solution that reaches all the way to the customer and their everyday life.”

Sustainability – what does it mean to you and how can you contribute to it at work?
“Personally, I think sustainability is very important. This is one of the reasons why I wanted to join Vabi: we create software that our customers can use to improve the sustainability of buildings, homes and their systems.”

AN ATTRACTIVE EMPLOYER

Recruitment and career opportunities are impacted by the individual's qualifications, such as education, experience, expertise, capacity and performance. Wage setting at Vitec is based on the complexity of the position and should motivate employees to do a good job, encourage commitment, promote development and provide job satisfaction. The salary profile shall enable us to recruit and retain talented employees. This is evident in the Group's salary policy, which also clarifies that wage formation should reflect our values. Countering all signs of discrimination and prejudice in our daily work is a given. We promote gender equality and diversity from several perspectives within the Group. Examples of such measures are the adaptation of job advertisements and increased awareness within the recruitment process. To a great extent, we use internal HR support during recruitment to ensure that we maintain the right focus throughout the process. We work to ensure that the entire employee journey is professional and with great respect for the individual. Our recruitment process ensures a good dialogue with those candidates who express interest in us as a potential employer and who are applying for one of our vacant positions.

We continue to use our common communication concept "Vitec keeps things running..." in which we use different metaphors to show that important functions in society would come to a standstill without us, in the same way that Vitec would come to a standstill without our talented employees. We use our common brand and what is common to all our business units as our point of departure. With this approach we can leverage and benefit from the entrepreneurial background, values and important contributions to society that many of us share.

As an employer, all Vitec companies have an important responsibility to provide employees with growth opportunities. Annual career-development meetings between managers and employees provide feedback and an opportunity to discuss future developments based on the needs of the company and the career preferences of the employee. Systematic skills development is an area that we have identified as essential for our long-term success. Work is ongoing to develop support for business units that want to improve their processes.

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. 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 2022 Annual General Meeting resolved to implement the current convertible program, which is the twelfth consecutive round. After a given period the convertible bonds can be converted into Vitec Software Group shares, provided that conditions are advantageous to do so. If it is not advantageous to convert the loan into shares, the loan is repaid to the employee.

▼
"Vitec keeps things running..." is our communication concept to describe Vitec as an employer.

Key indicators and development

GENDER DISTRIBUTION

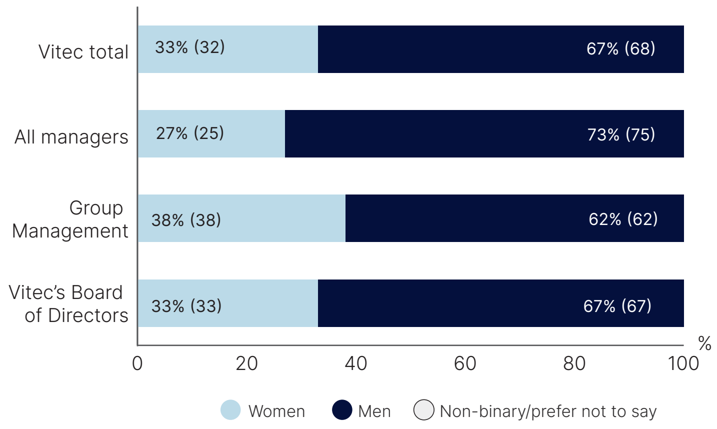
Since we are convinced that differences enrich our Group, we strive to achieve a more even gender distribution. Our aim is that the gender distribution in the "all managers" group should reflect the overall gender distribution. Consequently, we monitor a number of performance indicators in gender distribution. We currently have 6 percentage points fewer female than male managers compared with Vitec as a whole and we are actively working to recruit female managers.

We also monitor the inflow and outflow of our employees who start or leave from a gender distribution perspective.

Target

Same gender distribution for managers as for all employees.

Gender distribution in 2022 (2021 in parentheses)



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.

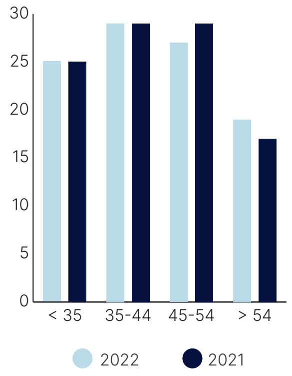
We do not have a target value for employee turnover, but monitor the metric by business unit, since it is at the unit level that the information can indicate possible challenges.

At the Group level, employee turnover is 9% (13).

AVERAGE AGE

The average age in the Group is 43 years (45). We monitor the distribution since we would like to maintain a diversity of ages among our employees.

Average age



FOLLOW-UP

As part of our work with skills supply, we look for ways to measure and monitor our attractiveness as an employer. Consequently, during the year we added a tool to our recruitment system to analyze traffic and candidate behavior on our career site. We don't conduct a Group-wide employee survey, but allow the business units choose how they wish to investigate job satisfaction and the work environment.

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.

Based on an overall analysis of Vitec's environmental impact, we have identified the climate issue as the most important environmental issue to address. Consequently, in 2022, we have focused on developing models to measure and monitor our climate footprint. This information has in turn been used to develop Group-wide climate targets.

“We believe that our greatest contribution to society is through our products”

Comments from the CFO

During the year, we developed our sustainability accounting and reporting methods. At the beginning of the year, the Board decided on new sustainability targets and we have continued to work on them.

We believe that our greatest contribution to society is through our products. As each software application is unique and contributes in its own way, for which reason the sustainability impacts at Group level are difficult to aggregate.

We have decided to be climate neutral by 2030. Achieving this goal requires both activities and measurable interim targets. Through a strong commitment from our business units, we have collected activity data to calculate greenhouse gas emissions, both for the current year and for previous years, in order to measure and monitor the status.

With 2019 as the baseline year, we have already come a long way, and it will be exciting to see how we can further improve to reach the targets.

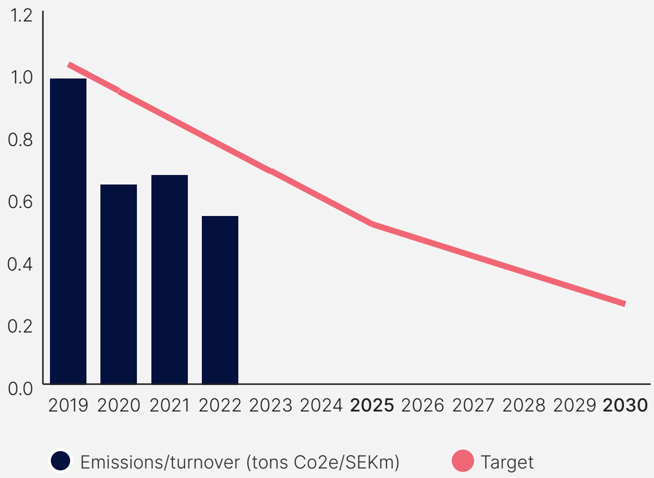
Sara Nilsson, CFO
Vitec Software Group

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.

We have set our internal climate targets to reduce our internal climate impact by 75% by 2030. Moreover, starting in 2023, we will be climate neutral by off-setting the emissions we fail to reduce.

Climate targets and outcomes (tons CO_2e/SEK million)
Calculated and projected climate impact adjusted for sales.



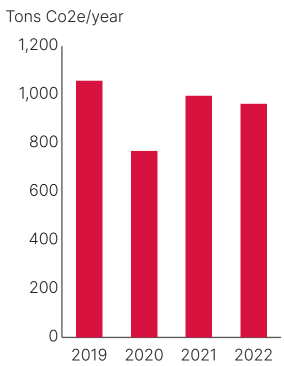
Carbon neutral by 2030
By 2030, the Vitec Software Group will be carbon neutral – by sharply reducing emissions combined with offsetting the remaining emissions.

We will achieve this by reducing emissions/sales by 75% in 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.

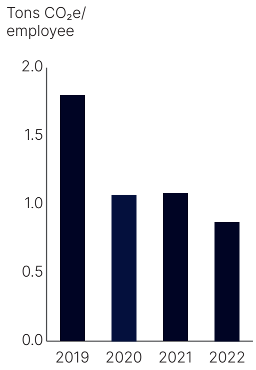
Climate footprint

Vitec's absolute climate footprint in 2022 was 906 tons of CO_2e, which corresponds to 0.51 tons of CO2e $_2$e per million SEK in 2022 monetary value (0.57 in 2019 monetary value) or 0.91 tons of CO2e $_2$e per employee. In absolute terms, this is a decrease of 18% compared with the baseline year 2019.

Absolute emissions



Climate impact/employee

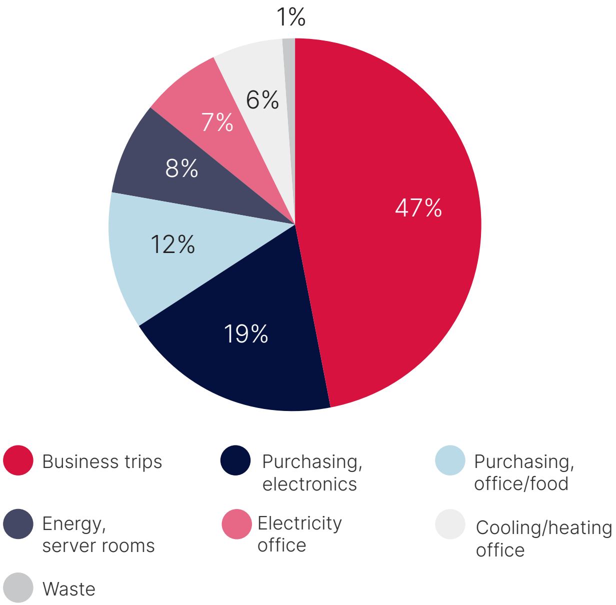


To compare our emissions over time, we evaluate the Group's climate impact in relation to its total sales. When we make this comparison, the climate impact is reduced by 45% between 2022 and the baseline year 2019 and 19% compared with 2021.

Compared with a scenario with a linear reduction of emissions toward the target year 2030, we are above our planned emission reduction rate and have almost reached the 2025 interim target already this year. Emissions per employee decreased by 18% between 2021 and 2022.

The main climate impact of a software production company like Vitec comes from business travel, energy consumption from premises and server rooms, and the purchase of electronics, consumables and food for the offices.

Climate footprint 2022

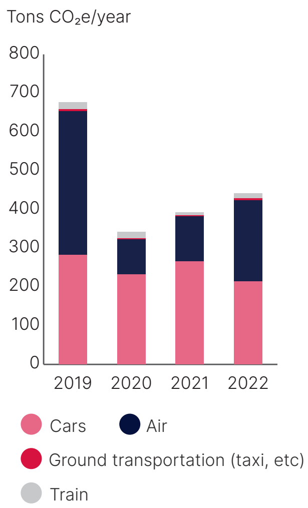


Because of Vitec's wide geographical spread, business travel has historically accounted for a large part of the company's climate-impacting emissions. In 2019, travel was the largest climate-impacting activity in percentage terms, accounting for 54% of our emissions.

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 45% of emissions. This has largely been achieved by reducing air travel.

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.

Business travel



How we reduce our negative climate impact

ENERGY CONSUMPTION

To gradually reduce our energy consumption, we implement efficiency measures in our server rooms 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 server rooms use 100% renewable energy sources.

Energy consumption in our data centers has slightly decreased in 2022 even though we expanded our applications operations. One reason is that we moved a large part of the load from our data center in Oslo to a more energy-efficient data center in Umeå, but during the year we also phased out many of our older physical servers and moved these applications to our virtual clusters where we can use resources more efficiently.

Through our acquisitions of new companies, there is a continuous change in the weighted share of renewable energy sources in the Group's electricity contracts. Our efforts toward achieving 100% renewable electricity contracts continue as we convert existing contracts to 100% renewable electricity as soon as contractually possible. The share of renewable energy sources in our 2022 contracts is 92% (93).

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 increased slightly from 1655 to 1833 kWh/employee in our offices compared with the previous year, which is a level 16% below the 2019 consumption. The increase is due to a continued return to offices with a lower share of work from home than in 2021.

▼
Stefan Westergren and José Mayans at work in one of our data centers.

TRAVEL

During the pandemic, our travel has been at a very low level. Air travel fell sharply, while business travel by car increased slightly. We are now slowly seeing a return to more normal travel patterns, with air travel increasing and car travel returning to pre-pandemic levels. 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. One example of this is that in 2022 we decentralized our new employee introduction program, New@ Vitec, to different locations, chosen based on the locations of the new employees, instead of gathering everyone in one place as before.

During the year, we also updated our travel policy with new, more sustainable guidelines. These guidelines will also govern the procurement of a new business travel agency in 2023.

The Group has 82 company cars. Our current company car policy stipulates a maximum CO_2 emission level of 60g/km, leading to a gradual transition of the company car fleet to full electrification. The share of electric cars and hybrids has increased from 28% in 2021 to 41% in 2022.

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.

PURCHASING AND WASTE MANAGEMENT

Our main purchases pertain to areas such as office premises, server rooms, electricity supply, information services, travel, electronics, computers, telephony, office materials and software components. Our purchases must be appropriate for business, cost-effective and sustainable. We work continuously to improve our purchasing process, as well as to increase awareness and knowledge about climate- and eco-friendly purchases of products and services.

In 2023, we will continue to work toward our goal of achieving 100% circular and sustainable IT. Measures to achieve this include extending our service agreements for new computer purchases from three to four years in 2021 to enable employees to use the computers, and providing business units with access to ATEA's LOOP1 recycling program for IT products. In addition, in 2023 we joined the ATEA 100% club, where we can interact with other organizations with the same goals. As part of this initiative, we will reformulate our key performance indicators, for which reason they are not presented in this report.

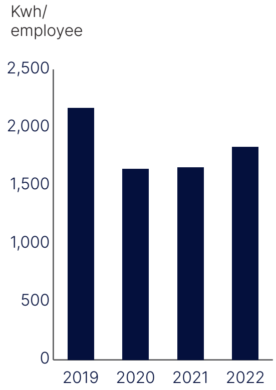
We also established a procedure at most of our new offices where centralized services in our server rooms are used instead of installing local servers, which reduces the need for both local hardware and travel for installation and maintenance.

All improvements in daily life are important. Our intention when employees gradually return to the offices after the pandemic is to continue to introduce waste sorting to facilitate recycling, as well as to minimize waste in general by reviewing how we consume items such as plastic bags, disposable materials and paper printouts.

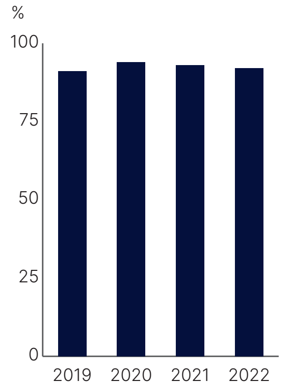
Key indicators and development

ENERGY

Electricity consumption per employee in offices



Percentage renewable energy in electricity contracts



Targets

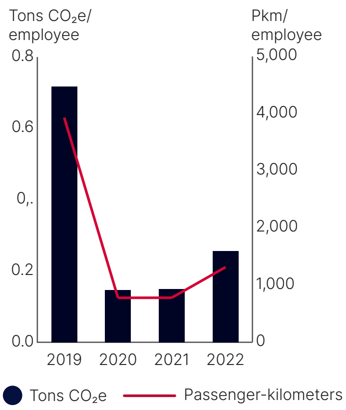
a) Continual improvement of energy efficiency, offices

b) Continual improvement of energy efficiency, data centers

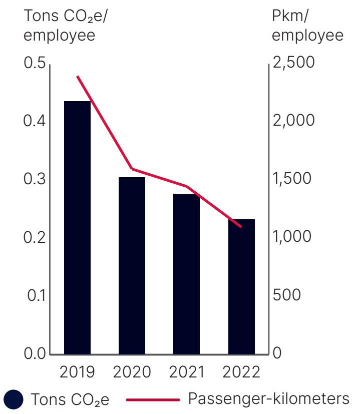
c) 100% fossil-free electricity contracts by 2025

BUSINESS TRIPS

Air travel, climate impact/employees



Car, climate impact/employees



Targets

a) 50% reduction in air and car travel/employee by 2030

b) 40% reduction in air and car travel/employee by 2025

Climate Report 2019-2022

FOOTPRINT METHODOLOGY DESCRIPTION

Calculations according to the GHG protocol

Vitec follows the GHG protocol for calculating its climate footprint. We have chosen to use 2019 as the baseline year for the calculations of our climate footprint 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 methodology for calculations 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 goods, business travel and waste generated.

Most of Vitec's computer systems are operated in its own server rooms 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 software at our customers computer clients are currently not included in Vitec's carbon footprint.

Activity data

Obtaining the underlying activity data used to calculate the climate footprint 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, and flight route distances provided by travel agencies. 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.

Emission factors

The emission factors used come from national statistics, published articles, or databases from established organizations. In cases where country- or time-specific emission factors are unavailable, we use emission factors from nearby systems or time periods. To avoid underestimating emissions, we then use a conservative approach under different assumptions and choose the emission factors that give the highest emissions. The key emission factors are presented in the table on the next page.

Electricity

The climate impact of electricity is calculated according to both market-based (origin-labeled electricity) and location-based method (average emission, Nordic electricity mix) (according to the GHG protocol). We use the location-based method to monitor our targets.

District heating and cooling

In cases where local suppliers' emission factors are not available, we use average values from Sweden. We use the Swedish average values for the market-based method, since we do not have access to information on origin labeling of district heating and cooling from all our offices at this time.

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.

Purchasing

Emission factors for electronics are based on suppliers' environmental product declarations where the climate impact of energy consumption has been excluded to avoid double reporting.
For consumables and food, a flat rate developed in a previous analysis by a consultancy firm is used.

GREENHOUSE GAS EMISSIONS TONS CO_2E

Scope	Activity/Cat	2022	2021	2020	2019	% 2022/2019
2	Electricity	135.9	133.1	99.1	126.3	+8%
2	Heating	49.8	46.0	38.7	37.4	+33%
2	Cooling	4.2	6.1	6.6	4.6	-7%
3	Business travel, air	209.8	116.6	90.5	370.8	-43%
3	Business travel, car	213.4	265.6	232.3	282.7	-25%
3	Other ground transportation (taxi, public transportation)	5.9	1.8	1.7	4.7	+25%
3	Purchasing, electronics	168.3	352.6	244.8	207.1	-19%
3	Purchasing, consumables, food	109.0	101.6	79.0	64.7	+68%
3	Waste	9.9	9.2	7.2	5.9	+68%
	Total	**906**	**1,033**	**800**	**1,104**	**-18%**
	Total/Sales	**0.57**	**0.70**	**0.67**	**1.03**	**-45%**
	Total/employee	**0.91**	**1.12**	**1.11**	**1.88**	**-51%**

EMISSIONS FROM ELECTRICITY CONSUMPTION TONS CO_2E

Scope	Activity/Cat	Market-based				Location-based			
		2022	2021	2020	2019	2022	2021	2020	2019
2	Electricity	10.9	9.3	5.9	11.4	135.9	133.1	99.1	126.3
2	Heating	49.8	46.0	38.7	37.4	49.8	46.0	38.7	37.4
2	Cooling	4.2	6.1	6.6	4.6	4.2	6.1	6.6	4.6

KEY EMISSION FACTORS

Scope	Activity/Cat	Data sources	Emissions factor (2021)	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	52 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	135 g CO_2e/pkm	KTH Flight emission map
3	Business travel, car, company car	Driving distance estimates or logging	202 g CO_2e/pkm average car	Department for Business, Energy & Industrial Strategy, UK
3	Business trips private cars/ground transportation	Travel reimbursement financial system	202 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	59-473 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)

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 CAN BE ADDRESSED THROUGH A FIVE-STEP PROCESS.

First, a company needs to identify which of its activities are included in the taxonomy. Then the company must be able to show whether it makes a significant contribution to meeting specified environmental objectives in the taxonomy. The company must also be able to show that it does not do significant damage to any other target in the taxonomy. The company must also be able to show that it meets certain basic requirements for human rights. Finally, this information should be able to be shown in numbers.

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. This operation is located partly in its own server rooms and partly in rooms at Nordic suppliers.

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 server rooms 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.

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 page 117. 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 server rooms. Investments in the server rooms are included in the taxonomy. For more information on investments in fixed assets, see notes 7A and 7B on pages 127-129.

Investments in capitalized development expenditure amount to SEK 265 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 76. However, we have not conducted a climate risk and vulnerability analysis in the specific steps required by the taxonomy.

Investments in server rooms amount to SEK 11 million, representing 4% 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.

TAXONOMY REPORTING, TURNOVER

Economic activities	Codes	Absolute turnover (SEK million)	Proportion of turnover (%)	Criteria for substantial contribution: Climate change mitigation (%)	Criteria for substantial contribution: Climate change adaptation (%)	Do No Significant Harm (DNSH) criteria: Climate change mitigation (YES/NO)	Do No Significant Harm (DNSH) criteria: Climate change adaptation (YES/NO)	Minimum safeguards (YES/NO)	Taxonomy-aligned proportion of turnover (%) 2022
A. Taxonomy-eligible activities									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0	0	0				0%
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0						0%
Total A.1+A.2.		0	0						0%
B. Taxonomy-non-eligible activities (B)									100%
Turnover of Taxonomy-non-eligible activities (B)		1,978	100%						
Total A+B		**1,978**	**100%**						

TAXONOMY REPORTING, CAPITAL EXPENDITURE (CAPEX)

Economic activities	Codes	Absolute CapEx (SEK million)	Proportion av CapEx (%)	Criteria for substantial contribution: Climate change mitigation (%)	Criteria for substantial contribution: Climate change adaptation (%)	Do No Significant Harm (DNSH) criteria: Climate change mitigation (YES/NO)	Do No Significant Harm (DNSH) criteria: Climate change adaptation (YES/NO)	Minimum safeguards (YES/NO)	Taxonomy-aligned proportion of turnover (%) 2022
A. Taxonomy-eligible activities									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		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	11	4%	0%	0%	NO	NO	YES	3%
Computer programming, consultancy and related activities	NACE 62.0/8.2	265	82%	N/A	0%	NO	NO	YES	82%
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		276	86%						86%
Total A.1+A.2.		276	86%						86%
B. Taxonomy-non-eligible activities (B)									14%
CapEx of taxonomy-non-eligible activities (B)		46	14%						
Total A+B		**322**	**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 (%)	Climate change mitigation (YES/NO)	Climate change adaptation (YES/NO)	Minimum safeguards (YES/NO)	Taxonomy-aligned proportion of turnover (%) 2022
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0	0	0				0%
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0						0%
Total A.1+A.2.		0	0						0%
B. Taxonomy-non-eligible activities (B)									100%
OpEx of taxonomy-non-eligible activities (B)		0	0%						
Total A+B		**0**	**0%**						

Auditor’s report on the statutory sustainability report

TO THE GENERAL MEETING OF THE SHAREHOLDERS IN VITEC SOFTWARE GROUP AB (PUBL), CORPORATE IDENTITY NUMBER 556258–4804

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2022 on pages 12-69, and 82–86 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

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.

Opinion

A statutory sustainability report has been prepared.

Stockholm April 4, 2023

PricewaterhouseCoopers AB
Aleksander Lyckow
Authorized Public Accountant

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, 2022, there were 11,237 shareholders and the percentage of foreign-owned shares corresponded to 33% of the capital.

SALES AND SHARE PRICE TREND

In 2022, the total value of share trading was SEK 4,387 million. The average turnover per day of trading was 40,643 shares, valued at SEK 17.3 million. The closing price for the year was SEK 418.2 (557.0) and the overall market capitalization amounted to SEK 15,611 million (19,521) 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 37,328,539, including 2,650,000 class A shares and 34,678,539 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. Our 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 2.28 (2.00) per share, which corresponds to 33% of profit after tax for 2022.

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.

Brief facts

	2022	2021
Number of class B shares	34,678,539	32,096,163
Highest closing price, SEK	552	591
Lowest closing price, SEK	316	282
Closing price, SEK	418	557
Average daily turnover, SEK 000s	17,342	21,846
Average daily turnover, no. of shares	10,283	50,740
Market capitalization, SEK million	15,611	19,521
Marketplace	Nasdaq Stockholm	Nasdaq Stockholm
Segment	Large Cap	Mid Cap
Ticker	VIT B	VIT B
ISIN code	SE0007871363	SE0007871363

"Vitec has increased its dividend 21 years in a row."

Patrik Fransson, Investor Relations
Vitec Software Group

Share data

		2022	2021	2020	2019	2018
Adjusted equity per share (AES)	(SEK)	85.99	56.76	25.73	23.31	20.71
Earnings per share	(SEK)	6.92	6.14	4.93	3.16	3.23
Earnings per share after dilution	(SEK)	6.84	6.05	4.91	3.18	3.22
Resolved dividend per share	(SEK)	2.00	1.64	1.35	1.20	1.10
Cash flow per share	(SEK)	16.86	14.72	13.18	9.90	8.01

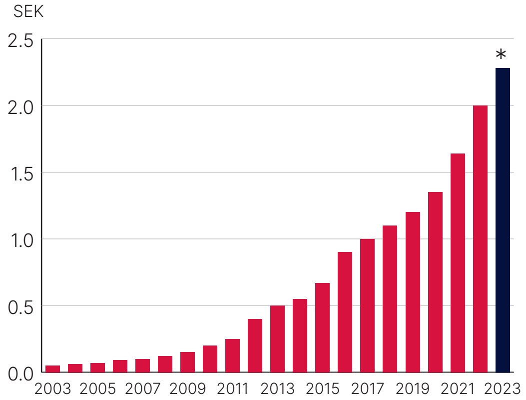
Shareholders Dec 31, 2022

	No. of class A shares	No. of class B shares	Share capital, %	Votes, %
Lars Stenlund	1,170,000	182,715	3.62	19.42
Olov Sandberg	1,120,000	34,995	3.09	18.36
Jerker Vallbo	360,000	21,154	1.02	5.92
Capital Group		2,750,283	7.37	4.50
SEB Fonder		2,708,094	7.25	4.43
Didner & Gerge Fonder		1,710,705	4.58	2.80
Thomas Eklund		1,670,805	4.48	2.73
Första AP-fonden		1,669,293	4.47	2.73
Lannebo Fonder		1,472,305	3.94	2.41
Invesco		1,411,950	3.78	2.21
Martin Gren (Grenspecialisten)		1,032,655	2.77	1.69
Other		20,013,585	53.62	32.81
Total	**2,650,000**	**34,678,539**	**100.00**	**100.00**

Shareholders, by number holdings

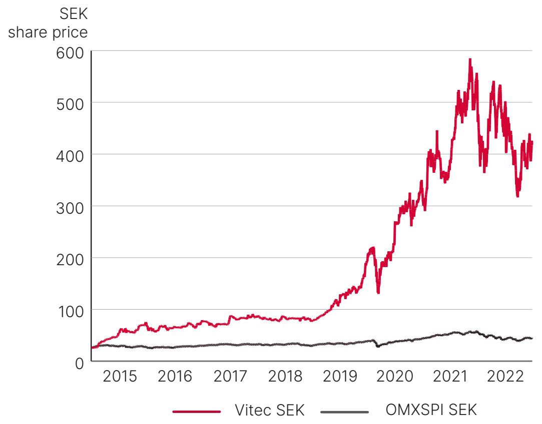
Holdings	Number of shareholders	No. of class A shares	No. of class B shares	Holdings, %	Votes, %
1–500	9,997		627,472	1.68	1.03
501–1,000	403		327,082	0.88	0.53
1,001–5,000	567		1,253,746	3.36	2.05
5,001–10,000	105		784,912	2.11	1.28
10,001–20,000	55		773,340	2.09	1.26
20,001–	110	2,650,000	29,979,964	87.84	92.10
Anonymous ownership			932,023	2.04	1.75
Total	**11,237**	**2,650,000**	**34,678,539**	**100.00**	**100.00**

Dividend per share 2003–2023

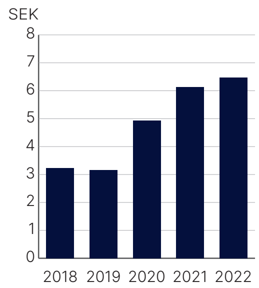


* Proposed dividend: 2.28

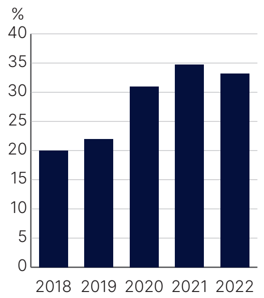
Share performance



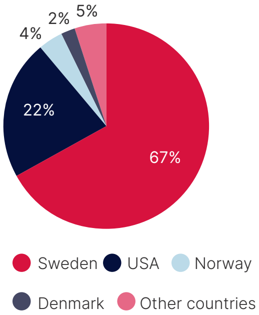
Earnings per share



Foreign-owned shares



Shareholders by geographic area



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
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

Market capitalization at year-end*

SEK million	2022	2021	2020	2019	2018
Market capitalization at year-end*, SEK million	15,611	19,521	11,176	6,026	2,509

*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.

Annual report

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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 2022 financial year. In accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, Vitec has chosen to prepare the statutory sustainability report as a separate report from the annual report, the contents of which are presented on pages 12–69. Risks and uncertainties are described on pages 82-86.

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 pharmacies, banks, car repair shops, property management, health care and education. 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 1,978 million in 2022.

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

%	2022	2021	2020	2019	2018
Sales growth	26	20	14	14	19
Operating margin	18	18	17	12	13

NET SALES AND EARNINGS

Consolidated net sales in 2022 totaled SEK 1,978.2 million (1,571.3). Net sales rose a total of 26% for the period; recurring revenues rose 23%, including 11% organically. We estimate that approximately two percentage points of this growth is attributable to currency effects. Aggregate recurring revenues amounted to SEK 1,631.3 million for the full year. Other revenues totaled SEK 38.8 million, which is an increase of 53% compared with the corresponding period last year. Licensing increased by 100%, mainly attributable to our newly acquired companies. Service revenues gained 30%, compared with 2021. Recurring revenues accounted for 82% of net sales, compared with 84% in 2021. During the year acquired companies contributed SEK 203.5 million in net sales.

EBITA was SEK 581.6 million (439.8), with an EBITA margin of 29.4% (28.0). Operating profit was SEK 355.8 million (283.1), with an operating margin of 18.0% (18.1). IFRS 16 related to leases had an impact of to SEK 51.1 million (44.4) on operating profit, and SEK -49.0 million (-46.8) on depreciation. The net of capitalized development costs and amortization and impairment losses on intangible fixed assets had a negative impact on operating profit of SEK -18.9 million, compared with -13.1 million the corresponding period last year. Acquisition-related costs are included in operating profit and amount to SEK -40.3 million (-14.6).

Net financial items totaled SEK -43.7 million (-20.9), an increase attributable to higher interest rates and increased borrowing in conjunction with acquisitions. Financial income amounted to SEK 2.6 million (0.3) and comprised interest from bank accounts. Financial expenses totaled SEK -46.3 million (-21.2) and consisted of interest on financial leases of SEK -2.2 million (-2.4) and interest on acquisition credits and convertible debentures of SEK -41.4 million (-18.7) and other financial items of SEK -2.7 million (-0.0).

Profit after tax for the year was SEK 244.9 million (206.9), of which SEK 244.9 million (206.9) was attributable to Parent Company shareholders.

OPERATING SEGMENTS

Operating segments are defined as business units, of which there are 36, 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.

Our current geographic market comprises Sweden 31%, Denmark 16%, Finland 20%, Netherlands 5%, Norway 20%, US 4% and other countries 4%.

ACQUISITIONS AND CHANGES TO THE LEGAL STRUCTURE IN 2022

In 2022, the following corporate acquisitions entailed changes to the legal structure:

- January 21 DocuBizz Aps
- May 4 Hotellinx Systems Oy
- July 6 ABS Laundry Business Solutions
- September 7 Scanrate Financial Systems A/S
- October 5 Oy Raisoft Ltd

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

On October 6, a merger occurred between Vitec Förvaltningssystem AB and Vitec PP7 AB. Pursuant to the merger, Vitec Förvaltningssystem has taken over the accounting and tax position of Vitec PP7, along with its assets, rights and obligations.

In April, Vitec Agrando AS transferred its wholly owned subsidiary Vitec Agrando AS to the Parent Company Vitec Software Group AB (publ). After the transfer, Vitec Agrando AB changed its name to Vitec Samfundssystem AB.

Acquisition DocuBizz ApS

On January 21, Vitec acquired all shares in the Danish software company DocuBizz ApS. The company reported sales of SEK 27 million, with an EBITDA of SEK 6 million for the 2021 financial year.

DocuBizz develops and provides a SaaS solution that digitizes and automates management of all types of supplier invoices for companies.

The company's approximately 350 customers are mainly in the automotive industry in Scandinavia, Germany, and the US. Vitec welcomes 12 new employees as part of the acquisition.

Payment was in cash and with a convertible, with deviation from shareholders' preferential rights in accordance with the authorization from the Annual General Meeting on April 28, 2021. The convertible matures in 36 months and at full conversion will have a dilutive effect on capital of 0.02%. The acquisition is expected to yield an immediate increase in earnings per share for Vitec.

Acquisition Hotellinx Systems Oy

On May 4, Vitec acquired all shares of the Finnish software company, Hotellinx Systems Oy. Hotellinx Systems reported sales of SEK 18 million, with an EBIT of SEK 8 million for the 2020/2021 financial year.

Hotellinx Systems develops and supplies software for hotels, restaurants, and spa and conference facilities.

The roughly 250 customers with about 400 facilities are mainly located in Finland. Vitec welcomes 8 new employees as part of the acquisition.

Payment was in cash. The acquisition is expected to yield an immediate increase in earnings per share for Vitec

▲
Oy Raisoft Ltd i Finland acquired October 2022

Acquisition ABS Laundry Business Solutions
On July 6, all shares in the software group ABS Laundry Business Solutions were acquired. The company has its headquarters in Boxtel, the Netherlands, as well as subsidiaries in several countries. The company reported sales of SEK 203 million, with an EBIT of SEK 82 million for the 2021 financial year.

The software company ABS Laundry Business Solutions, founded in 1987, develops, delivers, and maintains an ERP application for the global laundry and textile rental industry. The roughly 600 customers are based worldwide in well-developed economies and form a mature market in Europe and North America. Vitec welcomes 140 new employees as part of the acquisition.

Payment was in cash and with a convertible, with deviation from shareholders' preferential rights in accordance with the authorization from the Annual General Meeting on April 26, 2022. The convertible matures in 36 months and at full conversion will have a dilutive effect on capital of 0.5%. The acquisition is expected to yield an immediate increase in earnings per share for Vitec.

Acquisition Scanrate Financial Systems A/S
On June 17, an agreement was signed to acquire all shares in the Danish software company Scanrate Financial Systems A/S and the acquisition was completed on September 7. The company reported sales of SEK 57 million, with an EBIT of SEK 25 million for the 2021 financial year.

The software company Scanrate Financial Systems A/S develops and supplies software for analysis, valuation, and risk management with a focus on the Danish bond market.

The roughly 50 customers are mainly located in Denmark, the UK and Switzerland and comprise banks, asset managers, suppliers of financial data, and real estate investors. Vitec welcomes 26 new employees as part of the acquisition.

Payment was in cash and with a convertible, with deviation from shareholders' preferential rights in accordance with the authorization from the Annual General Meeting on April 26, 2022. The convertible matures in 36 months and at full conversion will have a dilutive effect on capital below 0.1%. The acquisition is expected to yield an immediate increase in earnings per share for Vitec.

Acquisition Oy Raisoft Ltd
On October 5, Vitec acquired all shares of the Finnish software company Oy Raisoft Ltd. The company reported sales of SEK 50.2 million, with an EBIT of SEK 6.5 million for the 2021 financial year.

Raisoft provides digital assessment and decision-making systems for better health care and social services primarily in Finland and Switzerland.

Vitec welcomes 60 new employees as part of the acquisition.

Payment was in cash and with a convertible, with deviation from shareholders' preferential rights in accordance with the authorization from the Annual General Meeting on April 26, 2022. The convertible matures in 36 months and at full conversion will have a dilutive effect on capital of 0.1%. The acquisition is expected to yield an immediate increase in earnings per share for Vitec.

OTHER IMPORTANT EVENTS

February 11: Vitec presents new financial target and aims for sustainability
The Board of Directors decided to update the Group's financial targets and aims for its sustainability work. The mission and business concept have also been updated.

Financial targets:
Profitability/growth (revised): The operating margin will gradually increase over time and will reach at least 20% at the Group level.

Dividend (unchanged): Equivalent to at least 1/3 of net profit.

Mission and business concept:
Mission: "To be a profitable and sustainable growth company that develops and acquires vertical software companies."

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

Vitec has also raised the bar for the Group's sustainability work. Using our updated focus areas as a point of departure, we also added a number of new key figures that concern:

- Product investments and information security
- Corporate social responsibility
- Reduced footprint

OTHER IMPORTANT EVENTS IN BRIEF

- June 3: Conversion of convertible debenture 2006, the number of shares and votes increased.
- May 23 and July 20: Allocation of employee convertibles and warrant incentive program.
- June 27: Loan facility increased by SEK 1,000 million to SEK 2,500 million.
- September 7: Conversion of convertible debenture 2001, the number of shares and votes increased.
- November 9: Vitec raises SEK 834 million in a directed issue of 2,200,000 Class B shares.
- December 21: Reclassification of 300,000 class A shares to class B shares.

EVENTS AFTER THE BALANCE-SHEET DATE

Acquisition Enova Holding B.V.
On Thursday, February 23, 2023, Vitec acquired all shares in the Dutch software company Enova Holding B.V. with subsidiaries.

Enova was founded in 2005 and is based in Capelle aan den Ijssel. The company specializes in developing, delivering and maintaining energy management software for large companies in the Netherlands, as well as providing grid balancing services.

Enova currently has over 250 customers in the Netherlands, the UK and France. The GMS business has grown rapidly due to the increasing need to balance the power supply, while the Energy Management Software (EMS) business has also seen steady growth. Enova's sales averaged EUR 28 million in the 2021 and 2022 financial years.

Payment was in cash. The acquisition is expected to yield an immediate increase in earnings per share for Vitec. Consolidation will commence as of the acquisition date.

At the time of 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 615.8 million (119.9). In addition to cash and cash equivalents, Vitec had an overdraft facility of SEK 125.0 million and SEK 1,170.2 million that was an unutilized portion of the credit facility. During the year, a new credit facility agreement was signed with Nordea and SEB, totaling SEK 2,500 million. The agreement replaces our previous agreement of SEK 1,500 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, 2022, interest-bearing liabilities totaled SEK 1,531.6 million (757.4) and comprised SEK 1,493.8 million (736.3) in non-current interest-bearing liabilities and SEK 37.8 million (21.1) in current interest-bearing liabilities. Non-current interest-bearing liabilities comprised bank loans of SEK 1,334.7 million, as well as convertible debentures totaling SEK 159.1 million. Current interest-bearing liabilities comprised bank loans of SEK 2.8 million as well as convertible debentures totaling SEK 35.0 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 the most recent annual general meetings. During the year, convertible loans 2006 and 2001 were converted to Class B shares, which reduced financial liabilities by SEK 7.6 million and SEK 10.8 million, respectively.

Liabilities relating to right-to-use assets in the form of leases for premises are included in other non-current liabilities of SEK 56.5 million (78.4) and in other current liabilities of SEK 37.2 million (38.0).

The Group's net interest-bearing assets and interest-bearing liabilities, excluding IFRS 16 liabilities, totaled an expense of SEK -915.8 million (-637.5).

On November 9, a directed issue was completed that raised SEK 819.4 million after issuing costs. In addition, financing was arranged by using SEK 1,326.6 million from the credit facility and by taking out four convertible loans of SEK 141.9 million. Repayment of the facility totaled SEK 685 million, amortization of bank loans amounted to SEK 2.8 million, and amortization related to right-to-use assets was SEK 51.1 million.

- Cash flow from operating activities was SEK 563.4 million (488.1).
- Cash flow from investing activities was a SEK -1,439.2 million (-1,510.1), including SEK -1,143.8 million (-1,260.2) for the acquisition of subsidiaries, SEK -10 million (-21.7) for the acquisition of shares and participations in associates, SEK -267.4 million (-209.6) for intangible fixed assets, including capitalized work and SEK -18.0 million (-18.6) for investments in property, plant and equipment.
- Cash flow from financing activities totaled SEK 1,344.5 (1,017.8), and comprised SEK 819.4 million (904.4) from a new share issue, SEK 1,326.6 million (508.7) from new bank loans, SEK -68.1 million (-53.2) from dividend payments, SEK 5.5 million (5.1) from option premiums paid and SEK -738.8 million (-347.1) from depreciation/amortization.

Equity attributable to Vitec's shareholders totaled SEK 3,209.8 million (1989.1). The equity/assets ratio is 51% (53). On April 26, the Annual General Meeting resolved to pay a dividend of SEK 2.00 per share. The dividend will be divided up and paid on four payment dates: June 30, September 30, December 30 and March 30, 2023. Expensed dividends for the last payment date amount to SEK 18.8 million.

INVESTMENTS

Investments totaled SEK 265.4 million in capitalized work, SEK 2.0 million in other intangible assets and SEK 18.0 million in property, plant and equipment. Investments in right-of-use assets not affecting cash flow totaled SEK 31.5 million. Through the acquisitions of DocuBizz ApS, Hotellinx Systems Oy, Scanrate Financial Systems A/S, ABS Laundry Business Solutions and Oy Raisoft Ltd, SEK 1,626.7 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 13.4% (13.3).

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, 2022, the carrying amount was SEK 2,900.6 million (1689.4) for goodwill, SEK 562.9 million (340.9) for product rights, SEK 777.8 million (573.5) for capitalized development expenditure, SEK 613.8 million (378.2) for customer agreements and SEK 206.4 million (135.1) for brands.

SHAREHOLDERS' EQUITY

Total shareholders' equity amounted to SEK 3,209.8 million (1,989.1) at December 31, 2022. Equity attributable to Vitec's shareholders totaled SEK 3,209.8 million (1,989.1).

As of December 31, there were three warrant incentive programs and two convertible programs for employees, as well as seven convertible loans signed in conjunction with acquisitions. These amounted to SEK 194.1 million and are convertible to a maximum of 1,116,658 class B shares, and increase share capital by SEK 0.11 million.

INCENTIVE PROGRAM

The Annual General Meeting on April 26 resolved on a convertible program for all personnel as well as a warrant incentive program through warrants. The warrant incentive program is aimed at about 45 people in Sweden, Finland, the Netherlands, Norway and Denmark.

At the end of the subscription period, 182,300 warrants were transferred to senior executives in the Group on market-based terms. According to the AGM resolution, participants in the incentive program were subsidized equivalent to net 50% of the option premiums, which had a negative impact on profit for the year of SEK 7.1 million. All participants then paid premiums for the warrants for a value of SEK 6.2 million, which was recognized in equity.

The warrants entitle the holder to subscribe for one share and can be exercised during the period June 3–14, 2025, at a price of SEK 579 per share, at which time which the share capital may increase by no more than SEK 0.02 million. When fully exercised, this corresponds to a dilutive effect of 0.4% on share capital and 0.3% of voting rights.

Further information about the convertible program for personnel can be found in Note 9D.

EMPLOYEES

In 2022 Vitec had an average of 1,169 (980) employees, of which 425 (305) were women. At year-end, the number of employees was 1,352 (1,033).

SUSTAINABILITY REPORT

A sustainability report has been prepared and reviewed by the company's auditors. See pages 12–69 of this report. Risks and uncertainties are described on pages 82-86.

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. 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 2022. 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 153.4 million (126.2) 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 278.7 million (183.9), including anticipated dividends from subsidiaries.

The Parent Company's cash and cash equivalents totaled SEK 226.9 million (82.2). 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 2,500 million, of which SEK 1,170.2 million was unutilized at the balance-sheet date. Investments totaled SEK 1.4 million (0.5) for intangible fixed assets, SEK 0.2 million (2.7) for tangible fixed assets, and SEK 1,946.9 million (1,348.9) for participations in Group companies.

Non-current interest-bearing liabilities totaled SEK 1,491.7 million (763.3) in the form of SEK 1,332.6 million (691.3) in bank loans and SEK 159.1 million (45.0) for convertible debentures. Current interest-bearing liabilities totaled SEK 37.7 million (21.1) and pertained to SEK 2.8 million in bank loans and SEK 35.0 million for convertible debentures. During the year, new loans of SEK 1,326.6 million were raised.

The Annual General Meeting in April 2022 resolved to approve a dividend of SEK 2.00 per share for a total of SEK maximum 75.3 million. The dividend will be divided up and paid on four payment dates: June 30, September 30, December 30 and March 30, 2023. The dividend paid to date totaled SEK 53.8 million. The remaining dividend of SEK 18.8 million is expensed.

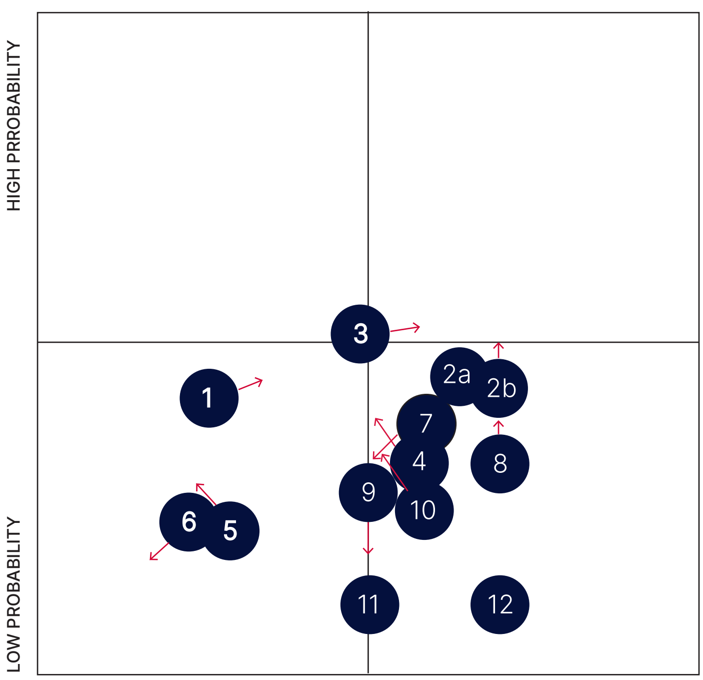
Risks and uncertainties

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 36 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 88–103 describes our internal controls and risk management in greater detail.



The arrows show movement from the previous year.

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

<table>
<tr><th>Area</th><th>Description of risk</th><th>Opportunity and management</th></tr>
<tr><td>Product and market risk</td><td>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. The reverse is true for an individual business unit.</td><td>We address these risks through an annual product investment plan, and conduct an annual follow up of capitalized hours. We have monthly reporting and monitoring of product investment plans. A management group is appointed from Group Management and Group functions to address major investments/changes.

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. We are the business partner with whom customers want to discuss development and opportunities. Our business units often have unique knowledge of the customer's business, which in combination with a good understanding of sustainability creates competitive products.</td></tr>
<tr><td rowspan="2">Operational and information security</td><td>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 server rooms would affect many businesses.</td><td rowspan="2">Vitec has chosen to build a central IT department to leverage the Group's size and be able to provide greater expertise in security than what can be maintained at the individual business unit level. Our “Information Security Management Group” monitors developments and regularly discusses their application within Vitec. We continuously work with relevant technical protective measures. Operations are located in different server rooms, all with redundancy, so that no single failure can knock out the operation. In the event that a center is completely destroyed, operations can be moved to another location. We have the majority of all data in our own server rooms or with Nordic providers. We have procedures for incident management and continuity planning.</td></tr>
<tr><td>Cyber 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.</td></tr>
</table>

EMPOWERED PEOPLE

Area	Description of risk	Opportunity and management
Recruitment	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.	During the year, we continued our long-term efforts to clarify our attractive employer offer by focusing on our corporate culture and the role of our products in society. 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 in the Nordic region, depending on labor market conditions. We also offer warrant incentive programs for all employees.
Retain and train	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.	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. We conduct and improve our orientation programs for CEOs and other managers.

REDUCED FOOTPRINT

Area	Description of risk	Opportunity and management
Climate 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.	The premises that are most vulnerable to climate change are our server rooms and climate-related risks are one of the factors in assessing the best location for server rooms. 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 footprint	We are part of society and there is a risk that our business could have a negative impact on the climate or the environment.	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, optimize our travel and encourage the use of public transportation. We have set targets to be climate neutral by 2030 and interim targets to achieve this goal. Every year, we measure and monitor our footprint to ensure we are on the right track.

Area	Description of risk	Opportunity and management
Acquisition process	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.	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 resources from the Parent Company. More employees work with the acquisition process today, thereby reducing dependence on individuals.
Brand 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.	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	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) and risk linked to refinancing and credit risk (receivables, mainly accounts receivable), as well as liquidity risk, which involves investment of cash and cash equivalents.	Financial review and analysis with our two banks is carried out annually. Review in relation to the Finance Policy is carried out annually. Great flexibility through our RCF credit denominated in several currencies. Vitec currently has a good reputation and is known on the financial market, which is maintained through ongoing contact. Our exposure to financial risks and management of these risks are described in Note 11.
Decentralized governance model	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.	We continuously work on building consensus within Group Management and the VPO team and on promoting a consistent approach to work and attitudes. We conduct and improve our orientation programs for 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.

Area	Description of risk	Opportunity and management
Human rights	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.	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	There is a risk that some business units do not comply with our Code of Conduct and carry out unethical transactions.	Our Code of Conduct 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.

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 196.4 million annually. A change of 1% would have an impact of approximately SEK 1.5 million on profit after tax.
- The Group's greatest cost item is personnel expenses, which totaled SEK 1,010.4 million. A change of 1% would have an impact of approximately SEK 7.6 million on profit after tax.
- Corporate acquisitions are largely financed by bank loans or convertibles. The interest rate is mostly variable. A one percentage point change in the interest rate on existing interest-bearing liabilities at December 31, 2022 would impact profit after tax by SEK 12.1 million.
- Vitec's commitment to foreign subsidiaries is increasing, which entails heightened currency and translation risks. 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 11.2 million.

		Impact on earnings, SEK 000s		Impact on earnings SEK/share		Impact on equity, SEK 000s	
Impact factors	Change, %	2022	2021	2022	2021	2022	2021
Subcontractors and subscriptions	+/- 1	1,536	1,382	0.04	0.04	1,536	1,382
Personnel expenses	+/- 1	7,641	6,488	0.22	0.20	7,641	6,488
Borrowing interest rate (change in percentage on borrowing interest rate)	+/- 1	12,144	11,976	0.35	0.37	12,144	11,976
Change in NOK, DKK and EUR exchange rate	+/- 5	11,238	6,385	0.32	0.20	11,238	6,385

Corporate governance

“A good climate for discussion of Board work forward”

Comments from the Chairman of the Board

The major world event of 2022 was of course Russia's war of aggression against Ukraine. For Vitec, the impact of the war has been purely indirect as we had no operations in either Russia or Ukraine. However, with the interest rate increases during the year, financial issues have remained a focus of the Board's work. Acquisition discussions and decisions have continued to be a recurring feature of every Board meeting this year.

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 of the Board are necessary. During the year, 16 minuted meetings were held, along with a handful of information meetings.

The most important decisions during the year have been:

- Increase of our credit facility by SEK 1,000 million to SEK 2,500 million.
- Raising capital through a directed issue of SEK 834 million at a price of SEK 379, which was subscribed for by a large number of both Swedish and international institutions.
- New financial target: The operating margin will gradually increase over time and will reach at least 20% at the Group level.
- Sustainability policy and related objectives.
- Prepare and propose to the Annual General Meeting an incentive program for all employees and an option program for senior executives.
- Five acquisitions.

In 2022, our Board consisted of six members, two women and four 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.

In early January 2023, we received the sad news that long-time Board member and former President Crister Stjernfelt passed away after a short illness at the age of 79. Under Crister’s leadership, working on the Board was stimulating, exciting and thoughtful, with everyone's experience and views being taken into account. As CEO while Crister was chairman, I had many long discussions with Crister about Vitec’s growth and organization, where Crister had extensive experience from his time as CEO of WM-data that could be translated to Vitec's situation. He had a remarkably unsentimental approach to events, coupled with a concrete prescription for what needed to be done going forward, which has both inspired and influenced me.

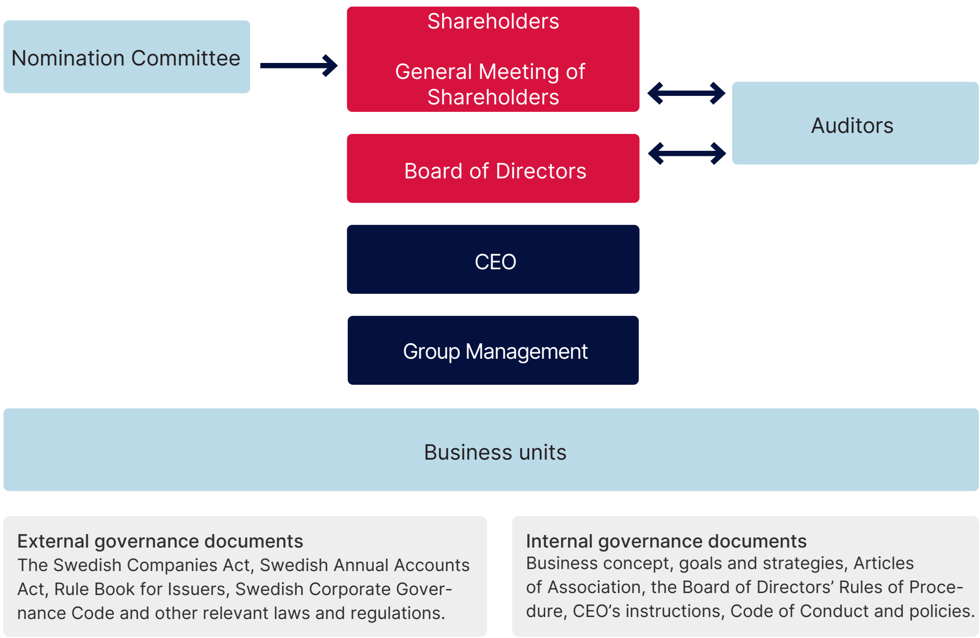
Thank you Crister!

Lars Stenlund, Chairman of the Board
Vitec Software Group

Corporate governance report

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 36 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.

STRUCTURE FOR CORPORATE GOVERNANCE AT VITEC



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
- Swedish Corporate Governance Code

Vitec also applies 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.

The Swedish Corporate Governance Code is based on the principle of "comply or explain," which means that deviations from the framework are permissible on the condition that we disclose the reason(s) for the deviation and also disclose the chosen alternative. Vitec complies with the regulations, with the exception that the composition of the Nomination Committee does not follow the Code (item 2.3). The largest shareholders in terms of votes, Lars Stenlund, who is also Chairman of the Board, and Olov Sandberg, are members of the Nomination Committee. The Nomination Committee has appointed Olov Sandberg as its Chairman, which can be considered a natural choice, when taking into account Vitec's ownership structure.

The controlling influence of the largest shareholders in terms of votes is of such importance that the chosen option is for them to be members of the Nomination Committee. Members of the Nomination Committee deem that there are no conflicts of interest in accepting the assignment.

THE SHARE AND SHAREHOLDERS

The Vitec Software Group's class B share is listed on the Nasdaq Stockholm. At the end of 2022 Vitec had 11,237 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 18.4% 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 39.3% of class B shares. At the same date, the total market value was SEK 15,611 million. The number of shares was 37,328,539, of which 34,678,539 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.

2022 Annual General Meeting

The AGM was held on April 26 at Väven, 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 193 shareholders were present, representing 75.2% of the votes.

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

2023 Annual General Meeting

The 2023 Annual General Meeting will be held at 5:30 p.m. on April 25 at Hotel Clarion in Umeå, Sweden. For registration and more information, see viteesoftware.com.

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 2022 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 two to three committee members. The members of the Nomination Committee serving until the AGM on April 25, 2023 are:

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

At the time this report was prepared, the Nomination Committee had held 3 meetings prior to the 2023 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 2022, 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.

In early 2023, it was with great sadness that we announced the passing of Board member Crister Stjernfelt. Crister was a member of the Board of Directors of Vitec Software Group (publ) since 2009 and Chairman from 2013 to 2021. Crister will not be replaced during the period until the next Annual General Meeting on April 25.

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 once a year and as needed. In 2022, a total of sixteen Board meetings were held, including statutory meetings and per capsulam meetings.

All Board members elected by the AGM were present at all of the Board meetings, with the exception of Crister Stjernfelt, who notified the Board that he would be absent from one meeting. 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 2022 financial year indicates well-functioning collaborations and solid efficiency within Board work.

Key decisions

- At the beginning of the year the Board of Directors decided to update the Group's financial targets and aims for its sustainability work. The mission and business concept were also modified.
- In 2022 the existing loan facility with Nordea and SEB was increased by SEK 1,000 million to SEK 2,500 million.
- The acquisitions of DocuBizz, ABS, Scanrate and Raisoft were partially financed via convertible issues totaling SEK 147 million.
- Based on the authorization granted to the Board of Directors by the Annual General Meeting on April 26, in November the Board resolved on a

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, 212,245 class B shares including related parties. No convertibles. Warrants for 10,000 class B shares.

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

Chairman of the Board of RTS Group AB, Stiftelsen Anna Whitlocks Minnesfond. Board member for Agora Networks Oy, Football Analytics Sweden AB. Many years of experience from various CEO, board and consultancy assignments.

Holdings in Vitec: 13,995 Class B shares through company and privately, no convertibles.

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

Board Chairman 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.

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

Advisor at Hallvarsson & Halvarsson Group. Board member of Vallabacken Invest AB, Catch23 and Milox AB, as well as the association Baltic Deepwater Life. Former Chief Information Officer of ÅF (now AFRY) and CEO of Svensk Energiförsörjning AB.

Holdings in Vitec: 116,000 class B shares including related parties.

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

Professor of Strategic Design, Aalto University. Chair of the Board of Kalevala Jewelry. Several other international assignments and seats on various boards. Former Vice President of Aalto University and Dean of the School of Arts, Design and Architecture. Professor, president, Umeå Institute of Design. Head of Design Research & Foresight, Nokia. Etc.

Holdings in Vitec: no shares, no convertibles.

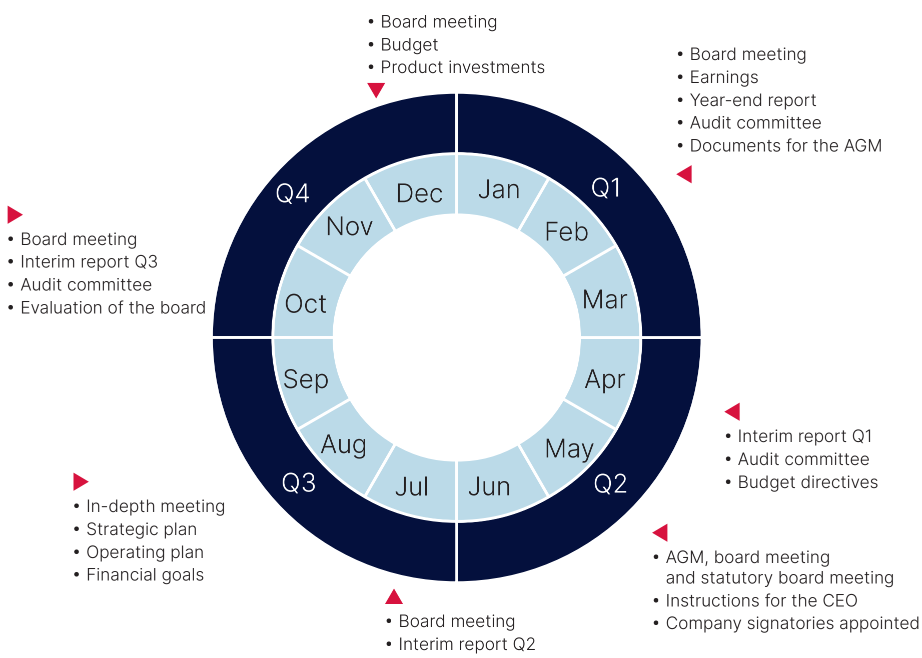
directed issue of 2,200,000 Class B shares at a price of SEK 379 per share. The issue raised SEK 834 million before issuing costs.
- The Board of Directors proposed that the AGM should make decisions on two staff incentive programs in the form of a convertible program aimed at all employees and a warrant incentive program aimed at senior executives.

In 2022, the following five corporate acquisitions were completed:
- The software company DocuBizz develops and provides a SaaS solution that digitalize and automates management of all types of supplier invoices for companies. The company reported sales of SEK 27 million, with an EBITDA of SEK 6 million for the 2021 financial year.
- Hotellinx Systems develops and supplies software for hotels, restaurants, and spa and conference facilities. The company reported sales of SEK 18 million, with an EBIT of SEK 8 million for the 2020/2021 financial year.
- ABS Laundry Business Solutions, founded in 1987, develops, delivers, and maintains an ERP application for the global laundry and textile rental industry. ABS, with its headquarters in Boxtel, the Netherlands, reported sales of SEK 203 million, with an EBITA of SEK 82 million for the 2021 financial year.
- Scanrate Financial Systems A/S develops and supplies software for analysis, valuation, and risk management with a focus on the Danish bond market. The company reported sales of SEK 57 million, with an EBIT of SEK 25 million for the 2021 financial year.
- Raisoft provides digital assessment and decision-making systems for better health care and social services primarily in Finland and Switzerland. The company reported sales of SEK 50.2 million, with an EBIT of SEK 6.5 million for the 2021 financial year.

The Board's Rules of Procedure
The Board's Rules of Procedure were adopted on April 26, 2022, 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, 2022. In 2022, the Audit Committee held three meetings and the Remuneration Committee held meetings in conjunction with regular Board meetings.

ANNUAL CYCLE OF BOARD WORK



Upper row: Jerker Vallbo, Olle Backman, Kerstin Anderson, Kim Møller Jensen, Anna Andersson, Anna-Karin Nilsson, Patrik Fransson and Sten Stockmann. Lower row: Svein Roger Westengen, Aleš Zobec, Karin Wendén, Gert Gustafsson and Sara Nilsson.

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 Group Management (GM), which in addition to the CEO includes the COO, Investor Relations, 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 2022, 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

OLLE BACKMAN
CEO, Vitec Software Group
MBA
Employed since 2019

Holdings in Vitec: 35,000 class B shares, 515 class B shares through convertibles, warrants for 30,000 class B shares.

ANNA ANDERSSON
Head of HR
Master of Human Resources Management and Development
Employed since 2017

Holdings in Vitec: 1,508 class B shares, 687 class B shares through convertibles, warrants for 13,000 class B shares.

KERSTIN ANDERSON
Vice President Operations
MBA, Digital Innovation
Employed since 2018

Holdings in Vitec: 1,670 class B shares, 687 class B shares through convertibles, warrants for 30,000 class B shares.

PATRIK FRANSSON
Investor Relations
Computer science, MBA
Employed since 2011

Holdings in Vitec: 59,974 class B shares, 300 class B shares through convertibles, warrants for 30,000 class B shares.

GERT GUSTAFSSON
COO
Bachelor's Degree Electronics Engineering, Master's Degree Business Administration
Employed since 2017

Holdings in Vitec: 20,000 class B shares, 300 class B shares through convertibles, warrants for 30,000 class B shares.

KIM MØLLER JENSEN
Vice President Operations
MBA
Employed since 2016

Holdings in Vitec: 3,900 class B shares, warrants for 20,000 class B shares

ANNA-KARIN NILSSON
Head of Brand
BA MSc in Public Relations
Employed since 2020

Holdings in Vitec: 515 class B shares through convertibles, warrants for 6,800 class B shares.

SARA NILSSON
CFO
MBA
Employed since 2014

Holdings in Vitec: 5,349 class B shares, 601 class B shares through convertibles, warrants for 12,500 class B shares.

STEN STOCKMANN
Vice President Operations
MSc in Industrial Engineering and Production Management
Employed since 2021

Holdings in Vitec: Warrants for 10,000 class B shares.

JERKER VALLBO
CIO/CTO
Engineer, electronics and microcomputer technology
Employed since 1988

Holdings in Vitec: 360,000 class A shares, 67,479 class B shares (including related parties), warrants for 30,000 class B shares.

KARIN WENDÉN
Manager Financial Services & Integration
MBA
Employed since 2012

Holdings in Vitec: 645 class B shares, 300 class B shares through convertibles, warrants for 15,000 class B shares.

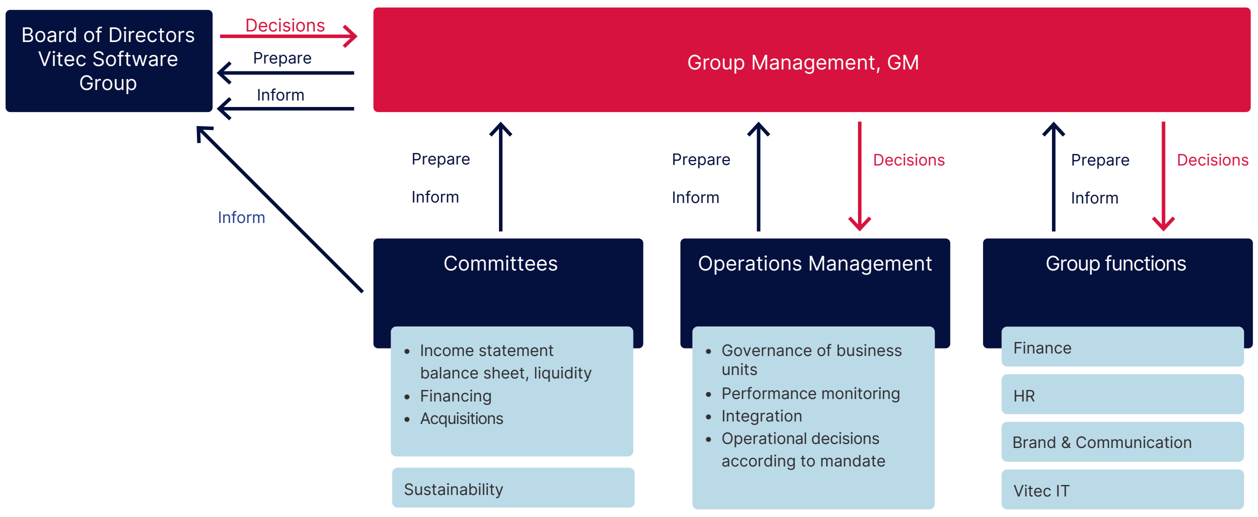
SVEIN ROGER WESTENGEN
Vice President Operations
Computer science, MBA
Employed since 2014

Holdings in Vitec: 2,608 class B shares, warrants for 3,000 class B shares.

ALEŠ ZOBEC
Head of M&A
MSc in Engineering, MBA
Employed since 2018

Holdings in Vitec: 10,100 class B shares, 515 class B shares through convertibles, warrants for 30,000 class B shares.

Management and Group-wide functions



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.

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.

Four of our 36 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 2022 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 2022 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 2022. 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 and some business units also have an internal board appointed by Group Management.

Risk assessment

At Vitec, we apply a method of risk management and risk assessment 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 37,328,539, of which 2,650,000 were class A shares (26,500,000 votes) and the remaining 34,678,539 were class B shares (34,678,539 votes). Current share capital is approximately SEK 3.7 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, 2022, to the best of Vitec's knowledge.

The number of shareholders was 11,237.

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 (publ) does not hold any treasury shares.

Employees of Vitec Software Group AB (publ) do not hold shares that restrict them from the direct exercise of their voting rights. Three ongoing convertible programs for employees allow for conversion to a maximum of 70,997 class B shares. There are also convertible debentures originating from acquisitions for a total value of SEK 171.8 million, which, upon full conversion will increase the number of shares by 349,360 class B shares. In addition, there are 696,300 warrants issued for three warrant incentive programs aimed at senior executives.

There is an authorization by the 2022 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 30, 2022, the share price was SEK 418 (557).

At year-end, the total market value of the issued shares was SEK 15,611 million (19,521).

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.

Sofia Gylling and Fredrik Edin, Stockholm

Multi-year overview

		2022	2021	2020	2019	2018	2017	2016
Net sales	(SEK million)	1,978	1,571	1,313	1,156	1,017	855	675
Recurring revenues	(SEK million)	1,631	1,324	1,080	908	744	610	519
Recurring share of net sales	(%)	82	84	82	78	73	71	77
Growth net sales	(%)	26	20	14	14	19	27	9
EBITA	(SEK million)	582	440	345	247	212	171	133
EBITA margin	(%)	29	28	26	21	21	20	20
Growth EBITA	(%)	32	28	39	17	24	29	1
Operating profit (EBIT)	(SEK million)	356	283	222	144	128	107	88
Operating margin	(%)	18	18	17	12	13	12	13
Profit after financial items	(SEK million)	312	262	208	130	117	98	82
Profit after tax	(SEK million)	245	207	161	102	97	79	67
Profit margin	(%)	12	13	12	9	10	9	10
Balance-sheet total	(SEK million)	6,321	3,752	2,207	1,890	1,676	1,262	1,097
Equity/assets ratio	(%)	51	53	38	40	40	32	30
Equity/assets ratio after full conversion	(%)	54	55	41	43	42	35	32
Interest-bearing net liability	(SEK million)	916	638	423	454	274	348	303
Debt/equity ratio	(multiple)	0.94	1.10	1.56	1.50	1.75	2.22	2.25
Return on capital employed	(%)	10	14	17	12	13	14	14
Return on equity	(%)	9	15	20	14	18	22	22
Sales per employee	SEK 000s	1,692	1,603	1,593	1,669	1,658	1,584	1,445
Added value per employee	SEK 000s	1,504	1,439	1,413	1,339	1,316	1,258	1,198
Personnel expenses per employee	SEK 000s	864	845	843	879	858	828	813
Average no. of employees	(persons)	1,169	980	824	693	613	540	467
Adjusted equity per share (AES)	(SEK)	85.99	56.76	25.73	23.31	20.71	13.34	11.37
Earnings per share	(SEK)	6.92	6.14	4.93	3.16	3.23	2.70	2.27
Earnings per share after dilution	(SEK)	6.84	6.05	4.91	3.18	3.22	2.70	2.25
Resolved dividend per share	(SEK)	2.00	1.64	1.35	1.20	1.10	1.00	0.90
Cash flow per share	(SEK)	16.86	14.72	13.18	9.90	8.01	6.78	5.20
Basis of computation:								
Earnings from calculation of earnings per share	(SEK million)	245	207	161	102	97	79	67
Cash flow from calculation of cash flow per share	(SEK million)	597	497	429	321	240	200	153
Weighted average number of shares (weighted average)	(thousands)	35,393	33,724	32,574	32,372	30,017	29,425	29,397
Number of shares after dilution	(thousands)	36,251	34,315	32,994	32,717	30,437	29,539	29,839
Number of shares issued at balance-sheet date	(thousands)	37,329	35,046	32,773	32,573	32,339	29,839	29,397
Share price at close of the respective period	(SEK)	418.20	557.00	341.00	185.00	77.60	87.00	75.50

For definitions, refer to page 169, Definitions of performance indicators.

Proposed appropriation of profits

THE FOLLOWING FUNDS ARE AT THE DISPOSAL OF THE AGM:	
Earnings brought forward	561,567,531
Share premium reserve	2,170,541,996
Profit for the year	278,717,669
	3,010,827,196

THE BOARD OF DIRECTORS PROPOSES THAT THESE FUNDS BE DISTRIBUTED AS FOLLOWS:	
Dividends of SEK 2.28 per share to shareholders	91,450,023
To be carried forward to the share premium reserve	2,170,541,996
To be carried forward	840,285,200
	3,010,827,196

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 25, 2023.

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 2.28 per share for the 2022 financial year, to be paid in quarterly installments of SEK 0.57. The proposed ordinary dividend may not exceed a total amount of SEK 91,450,023. [1]

The proposed dividend represents approximately 3% of reported unrestricted equity, which amounts to SEK 3,010,827,196. 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	2022	2021
Recurring revenues		1,631,256	1,324,214
License revenues		54,483	27,295
Service revenues		253,629	194,368
Other		38,823	25,432
Net sales	(3)	**1,978,191**	**1,571,309**
Other operating revenues		3,402	1,095
TOTAL REVENUES		**1,981,593**	**1,572,404**
Capitalized development expenditure		265,351	209,115
Goods for resale		-40,002	-24,911
Subcontractors and subscriptions		-196,381	-175,544
Other external expenses	(5A)	-289,181	-183,278
Personnel expenses	(4A-B)	-1,010,353	-828,528
Depreciation/amortization and impairment of	(7A)		
Property, plant and equipment		-67,854	-62,323
Intangible fixed assets		-287,610	-223,275
Other operating expenses		278	-610
OPERATING PROFIT		**355,841**	**283,050**
Financial income		2,596	290
Financial expenses		-46,272	-21,235
PROFIT AFTER FINANCIAL ITEMS	(5B)	**312,165**	**262,105**
Tax	(6)	-67,298	-55,164
PROFIT FOR THE YEAR		**244,866**	**206,941**
Profit for the year attributable to:			
Parent Company shareholders		244,866	206,941
Share information	(14A)		
Earnings per share before dilution		6.92	6.14
Earnings per share after dilution		6.84	6.05
Average number of shares		35,393,213	33,723,971
Number of shares after dilution		36,250,868	34,314,745

Consolidated statement of comprehensive income

	NOTE	2022	2021
PROFIT FOR THE YEAR		244,866	206,941
OTHER COMPREHENSIVE INCOME			
Items that may be restated in profit or loss			
Restatement of net investments in foreign operations		229,850	63,933
Net investment hedges for foreign operations		-44,316	-16,605
Deferred tax on net investment hedges for foreign operations		9,369	3,421
		194,903	50,749
Items restricted from restatement in profit or loss			
Remeasurement of net pension obligations		4,105	-1,127
Deferred tax on net pension obligations		-903	248
		3,202	-879
TOTAL OTHER COMPREHENSIVE INCOME/LOSS		198,105	49,871
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		442,971	256,812
Total comprehensive income attributable to:			
Parent Company shareholders		442,971	256,812

Consolidated statement of financial position

	NOTE	Dec 31, 2022	Dec 31, 2021
ASSETS			
Fixed assets	(7A, 7B)		
Goodwill		2,900,642	1,689,392
Other intangible fixed assets		2,163,031	1,429,168
Tangible property, plant and equipment		55,115	47,932
Right-to-use assets		100,872	115,814
Financial fixed assets	(5B MB)	38,811	25,481
Deferred tax assets	(6)	13,483	8,061
Total non-current assets		5,271,954	3,315,848
Current assets			
Inventories		2,825	2,788
Accounts receivable	(8A)	331,749	246,691
Current tax assets		27,571	15,415
Other receivables		8,720	6,127
Prepaid expenses and accrued income	(7C)	62,218	45,051
Cash and cash equivalents	(8B)	615,787	119,857
Total current assets		1,048,870	435,929
TOTAL ASSETS		6,320,824	3,751,777

	NOTE	Dec 31, 2022	Dec 31, 2021
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	(11)	3,732	3,504
Other capital contributions		2,110,921	1,261,537
Reserves		197,724	2,822
Retained earnings including profit of the year		897,381	720,242
Equity attributable to Parent Company shareholders		3,209,758	1,989,104
Non-current liabilities			
Convertible debentures	(8, 8D, 7MB)	159,079	45,030
Liabilities to credit institutions	(8,7MB)	1,334,696	691,297
Post-employment remuneration of employees	(4B)	72	4,791
Lease liabilities, non-current portion	(9)	56,513	78,389
Other non-current liabilities	(8.10)	192,571	32,876
Deferred tax liabilities	(6)	407,697	289,291
Total non-current liabilities		2,150,629	1,141,674
Current liabilities			
Convertible debentures	(8, 8D, 7MB)	34,995	18,306
Liabilities to credit institutions	(8, 7MB)	2,790	2,767
Accounts payable		56,696	46,784
Tax liabilities		61,702	36,591
Lease liabilities, current portion	(9)	37,206	37,969
Other liabilities	(8.10)	362,374	160,359
Accrued expenses and prepaid income	(7D)	404,675	318,223
Total current liabilities		960,437	620,999
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		6,320,824	3,751,777

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, 2021	3,277	316,637	-55,071	7,143	571,362	843,348
Profit for the year	-	-	-	-	206,941	206,941
Other comprehensive income	-	-	63,933	-13,183	-879	49,871
Total comprehensive income/loss	**0**	**0**	**63,933**	**-13,183**	**206,062**	**256,812**
Option element convertible debentures	-	1,624	-	-	-	1,624
Conversion of convertible debentures	27	33,992	-	-	-	34,019
New share issue	200	919,800	-	-	-	920,000
Issuing costs	-	-15,622	-	-	-	-15,622
Paid option premiums warrants	-	5,104	-	-	-	5,104
Share-based remuneration	-	-	-	-	682	682
Dividends paid	-	-	-	-	-56,866	-56,866
Transactions with shareholders	**227**	**944,898**	**0**	**0**	**-56,184**	**888,941**
CLOSING EQUITY, DECEMBER 31, 2021	3,504	1,261,537	8,862	-6,041	721,242	1,989,104

	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

Consolidated statement of cash flows

	NOTE	2022	2021
OPERATING ACTIVITIES			
Operating profit		355,841	283,050
Adjustments for non-cash items			
Other operating revenues		-3,402	-1,095
Depreciation/amortization and impairment		355,464	285,598
Unrealized foreign exchange differences		-278	610
Share-based remuneration		685	682
		708,310	568,845
Interest received		2,596	291
Interest paid		-42,128	-18,081
Income tax paid		-72,012	-54,703
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		596,766	496,352
Changes in working capital			
Increase/decrease in inventories		-26	186
Increase/decrease in accounts receivable		-2,064	-16,331
Increase/decrease in other operating receivables		-22,068	15,898
Increase/decrease in accounts payable		-2,611	9,368
Increase/decrease in other operating liabilities		-6,629	-17,454
CASH FLOW FROM OPERATING ACTIVITIES		563,369	488,019
INVESTING ACTIVITIES			
Acquisition of shares and participations in associates		-10,000	-21,705
Acquisition of subsidiaries (net impact on liquidity)	(12)	-1,143,823	-1,260,159
Purchase of intangible fixed assets and capitalized development expenditure		-267,390	-209,614
Purchase of property, plant and equipment		-17,957	-18,572
CASH FLOW FROM INVESTING ACTIVITIES		-1,439,169	-1,510,050
FINANCING ACTIVITIES			
Dividends to Parent Company shareholders		-68,137	-53,178
Borrowings	(12)	1,326,598	508,650
Repayment of loans	(12)	-687,752	-302,752
Repayment of lease liabilities		-51,062	-44,367
New share issue		833,800	920,000
Issuing costs		-14,394	-15,622
Paid option premiums		5,483	5,104
CASH FLOW FROM FINANCING ACTIVITIES		1,344,535	1,017,835
CASH FLOW FOR THE YEAR		468,735	-4,196
CASH AND CASH EQUIVALENTS ON JANUARY 1		119,857	134,695
Exchange-rate differences in cash and cash equivalents		27,196	-10,642
CASH AND CASH EQUIVALENTS AT YEAR-END		615,787	119,857

Notes

NOTE 1 ACCOUNTING AND MEASUREMENT POLICIES

General

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.

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 25, 2023.

Prerequisites for preparing the financial reports

Functional currency and reporting currency

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.

Valuation bases

Assets and liabilities are measured at their historical cost. No financial assets or liabilities are recognized at a value that substantially deviates from their fair value at December 31, 2022.

Classification of current and long-term items

In all significant respects, long-term receivables and liabilities are recognized in the amounts that are expected to fall due for payment after one year, counted from the close of the reporting period. Current receivables and liabilities fall due for payment within one year of the close of the reporting period.

Receivables and liabilities in foreign currency

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.

Estimates and assumptions

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 13.
- 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. Purchase 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 8.
- 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 7A.
- 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 7, Non-financial assets and liabilities. Read more in Note 8A.

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.

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.

Transfer pricing

When invoicing between Group companies, prices are set corresponding to market terms. We follow OECD guidelines for cross-border transactions between related companies, which means that pricing is done according to the so-called arm's length principle.

New or amended accounting policies as of 2022

No new accounting policies have entered into force for 2022 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

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.

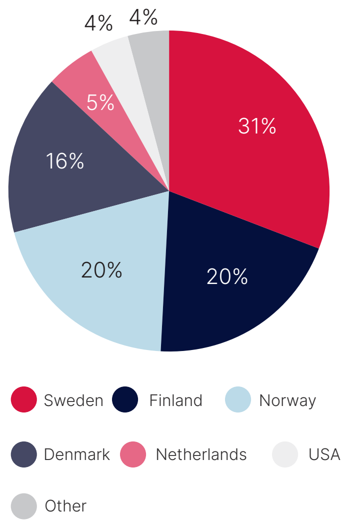
For more information on the cash-generating units, please refer to pages 34–43 in this annual report.

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 1.4% 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.

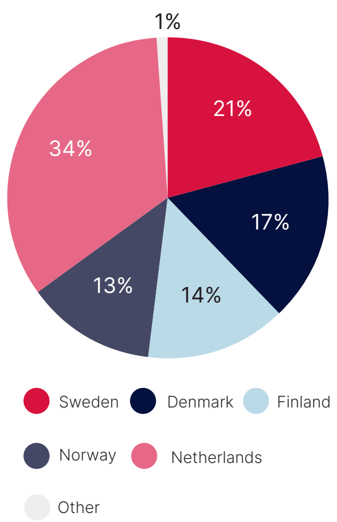
Consolidated net sales are based on the customers' domiciles

	Net sales	
SEK million	2022	2021
Sweden	619.8	574.8
Denmark	308.1	251.7
Finland	385.3	320.1
Norway	396.5	359.3
Netherlands	104.0	22.2
USA	76.8	0.6
Other	87.8	42.6
	1,978.2	1,571.3



Fixed assets by country

SEK million	2022	2021
Sweden	1,117.4	1,125.2
Denmark	875.5	460.6
Finland	731.6	380.7
Norway	676.6	648.4
Netherlands	1,772.8	667.5
Other	45.7	
	5,219.7	3,282.3



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.

CRITICAL ESTIMATES AND JUDGEMENTS

Revenue recognition

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 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. Of the recurring revenues, SEK 807.8 million (596.6) pertain to support, maintenance and upgrades, SEK 596.1 million (524.5) to fixed-period right-of-use and operations, SEK 201.1 million (195.0) to information services and SEK 26.1 million (24.6) to third-party maintenance. License revenues comprised SEK 46.9 million (19.0) in perpetual right-of-use assets and SEK 7.9 million (8.5) in third-party right-of-use assets.

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. Our information services are recognized at the date of delivery, while other agreements are recognized using a flat distribution 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 upon fulfilment of the performance obligation. Recognition then pertains to the entire license fee at the given date. Agreements on support and maintenance that are signed together with sales of licenses are invoiced separately and recognized as recurring revenues.

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, profit 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, the project is to be gradually recognized 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.

The Group receives revenue from the transfer of services over time or at a given date as follows:

REVENUES FROM CONTRACTS WITH CUSTOMERS

	2022	2021
(SEK million)		
Recurring revenues	1,631.3	1,324.2
Licenses	54.5	27.3
Service revenues	253.6	194.4
Other	38.8	25.4
Net sales	1,978.2	1,571.3
Date of revenue recognition		
Services transferred to customers over time, flat distribution	1,461.1	1,158.8
Services transferred to customers over time, in pace with use	423.8	359.8
Services transferred to customers at a given time	93.3	52.7
Net sales	1,978.2	1,571.3

There are no revenues from performance obligations fulfilled during previous periods.

Contractual assets and contractual liabilities

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

CONTRACTUAL ASSETS

SEK million	2022	2021
Accounts receivable	331.7	246.7
Accrued income from contracts with customers	10.0	7.8
Total contractual assets	341.7	254.5

CONTRACTUAL LIABILITIES

SEK million	2022	2021
Prepaid revenues from contracts with customers	237.9	203.1
Total contractual liabilities	237.9	203.1

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.

Accounts receivable include an impairment provision for expected bad-debt losses of SEK 2.8 million (0.7).

The change in contractual assets and contractual liabilities is attributable to acquisitions, which contributed SEK 42.8 million (6.1) in increased contractual assets and SEK 16.0 million (18.8) 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.

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.

KEY ESTIMATES AND ASSUMPTIONS

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.

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.

Share-based remuneration

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

Three warrant incentive programs are underway, in the form of warrants, aimed at around 45 people.

The warrant incentive program is recognized as share-based remuneration pursuant to IFRS 2. The shares were issued on market terms.

Fair value of options granted

The fair value of options granted during the year has been calculated to SEK 37 per option. The fair value at grant date is calculated using a modified version of the Black-Scholes valuation model.

According to the AGM resolution, participants in the incentive program were subsidized equivalent to net 50% of the option premiums.

In Norway and Finland, the options were transferred by the participants paying 50% of the option premium. The excess has been recognized as share-based payment. In Sweden and Denmark, the options have been acquired by the holders paying 100% of the option premiums. At the same time, participants were subsidized equivalent to net 50% of the option premiums with a one-off payment.

The total fair value recognized in equity for this year's warrants is SEK 6.2 million.

Costs charged to profit or loss for the year for share-based payments in the form of warrants amount to SEK 7.1 million.

Senior executives
Senior executives of the Parent Company comprise its Board of Directors and the general management of the Group, Group Management (GM). Senior executives in subsidiaries comprise the CEOs of the subsidiaries, who constitute separate reporting units, as well as three people employed by subsidiaries who are included in the Group's General Management.

NOTE 4A EMPLOYEES, PERSONNEL EXPENSES AND REMUNERATION OF SENIOR EXECUTIVES

AVERAGE NO. OF EMPLOYEES

	Women		Men		Total	
	2022	2021	2022	2021	2022	2021
Sweden	157	146	270	270	427	416
Denmark	61	57	159	140	220	197
Finland	92	51	126	125	218	176
France	0	0	4	0	4	0
Japan	0	0	1	0	1	0
Netherlands	41	3	21	8	62	11
Norway	49	48	138	132	187	180
Romania	24	0	23	0	47	0
Germany	0	0	1	0	1	0
USA	1	0	3	0	3	0
Group total	**425**	**305**	**744**	**675**	**1,169**	**980**

At year-end, the number of employees was 1,352 (1,033).

GENDER DISTRIBUTION AMONG SENIOR EXECUTIVES

The Parent Company's Board of Directors comprises six directors, two of whom are women. The Group's General Management team consists of 13 people, including 5 women. The CEOs of the subsidiaries comprise four women and 31 men.

SALARIES AND OTHER REMUNERATION

	2022	2021
Salaries and other remuneration	742,654	602,302
Social Security expenses	200,169	177,769
Of which pension premiums for senior executives	10,623	9,135
Of which pension premiums for other employees	72,797	60,041
Total	**1,026,243**	**849,247**

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

	2022	2021
Senior executives (of which bonus payments and similar)	84,868 (0)	69,290 (0)
Other employees	657,786	533,012
Total	**742,654**	**602,302**

There are 54 (49) senior executives.

WARRANTS

	Average exercise price per stock option		Number of options	
	2022	2021	2022	2021
At January 1	400	333	514,000	251,000
Granted during the year	579	463	182,300	263,000
At December 31	**447**	**400**	**696,300**	**514,000**

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

Date of award	Maturity date	Exercise price	Stock options
Sept 16, 2020	Sept 1, 2023-Sept 15, 2023	333	251,000
June 15, 2021	June 3, 2024-June 14, 2024	463	263,000
May 23, 2022	June 3, 2024-June 14, 2024	579	129,800
July 20, 2022	June 3, 2025-June 14, 2025	579	52,500
Total			**696,300**

The options are freely transferable from the grant date and have no vesting conditions.

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 2022 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 1,905,000 (2,500,000). The collective consolidation level for Alecta was 172% (172) in 2022.

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 82,181,000 (67,926,000).

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 1,086,000. The forecast for fees in 2023 is SEK 1,027,000.

COMMITMENTS TO EMPLOYEE BENEFITS, DEFINED-BENEFIT PLANS

	Dec 31, 2022	Dec 31, 2021
Other pension obligations, Norway	72	4,791
Total defined-benefit plans	**72**	**4,791**

DEFINED-BENEFIT OBLIGATIONS AND VALUE OF PLAN ASSETS

	Dec 31, 2022	Dec 31, 2021
Present value of funded defined-benefit obligations, Norway	20,167	21,346
Fair value of plan assets, Norway	-20,105	-17,226
Net	**62**	**4,120**
Estimated employer contributions	10	671
Net debt for funded obligations, Norway	**72**	**4,791**

RECONCILIATION OF NET AMOUNT FOR PENSIONS IN THE BALANCE SHEET

	Dec 31, 2022	Dec 31, 2021
Opening balance	4,791	3,760
Net pension costs for the year	476	968
Investments in pension funds, incl. employer contributions	-1,239	-1,343
Actuarial changes recognized in other comprehensive income	-4,105	1,127
Translation differences	148	280
Total defined-benefit plans	**72**	**4,791**

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

	Dec 31, 2022	Dec 31, 2021
Opening balance	22,017	18,673
Actuarial changes	-2,692	1,424
Interest and fees	522	1,031
Pension payments for the year	-256	-451
Payment employer contributions	-94	-46
Translation differences	-1,957	1,386
	17,540	**22,017**

CHANGE IN PLAN ASSETS

	Dec 31, 2022	Dec 31, 2021
Opening balance	17,226	14,912
Actuarial changes	1,413	297
Interest and fees	-32	-63
Investments in pension funds	1,086	1,177
Pension payments for the year	-256	-451
Change in value	136	245
Translation differences	533	1,108
	20,105	**17,226**

ACTUARIAL ASSUMPTIONS

%	Dec 31, 2022	Dec 31, 2021
Discount rate	2.70	1.50
Expected return on pension fund assets	2.70	1.50
Future pay increases	2.75	2.50
Future increase of pensions	2.50	2.25
Future increases in base amounts	2.50	2.25
Employee turnover	0	0
Payroll tax	14.10	14.10

NOTE 5 OTHER SIGNIFICANT PROFIT/LOSS ITEMS

NOTE 5A FEES AND REIMBURSEMENT OF COSTS TO AUDITORS

	2022	2021
PwC, audit assignment	4,527	3,479
PwC, auditing activities beyond auditing assignment	488	249
PWC, tax advisory services	359	541
PWC, other assignments	4,212	1,471
Other auditors, audit assignment	360	387
Other auditors, auditing activities beyond auditing assignment	-	110
Other auditors, tax consultancy services and other assignments	17	16
Other auditors, other assignments	-	-
Total auditing fees	**9,963**	**6,253**

Of the audit assignments, SEK 1,926,000 pertained to PwC Sweden; of auditing activities in addition to the auditing assignment, SEK 211,000 pertained to PwC Sweden; of the fees for tax advisory services, SEK 359,000 pertained to PwC Sweden; and of other assignments, SEK 44,000 pertained to PwC Sweden.

NOTE 5B FINANCIAL ITEMS

ACCOUNTING POLICIES

Financial income and expenses

Financial income exclusively comprises interest income from financial investments. Financial expenses mainly comprise interest expenses on borrowings and accounts payable, as well as impairment of participations in subsidiaries in connection with divestment. 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

	2022	2021
Interest income	2,596	290
Total financial expenses	2,596	290
Other financial expenses	-2,471	-36
Interest expenses	-43,801	-21,199
Total financial expenses	-46,272	-21,235
Total financial items	-43,676	-20,945

NOTE 6 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

	2022	2021
Current tax		
Current tax on profit/loss for the year	-64,408	-55,620
Adjustment of current tax from previous years	-143	2,459
	-64,551	-53,161
Deferred tax		
Deferred tax pertaining to temporary differences	-2,748	-2,004
Total recognized tax expense	-67,299	-55,164

RECONCILIATION BETWEEN APPLICABLE AND EFFECTIVE TAX RATES

	2022	2021
Recognized profit before tax	312,165	262,105
Tax according to applicable tax rates	-72,179	-59,075
Tax effect of:		
- non-deductible expenses	-3,109	-399
- non-taxable revenues	107	1,202
- change in tax loss carryforward/temporary differences	8,086	-400
- tax attributable to previous years	-204	3,508
Recognized effective tax	**-67,299**	**-55,164**

RECOGNIZED DEFERRED TAX ASSETS

	2022	2021
Deferred tax on tax loss carryforwards	3,407	3,237
Differences between carrying amount and taxable value of fixed assets	10,076	4,823
Closing balance	**13,483**	**8,061**

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

RECOGNIZED DEFERRED TAX LIABILITIES

	2022	2021
Product rights, customer agreements and brands	237,776	158,556
Capitalized development expenditure	160,103	123,235
Pension liabilities	806	204
Untaxed reserves	9,012	7,296
Deferred tax liabilities	**407,697**	**289,291**

CHANGE IN DEFERRED TAX ON TEMPORARY DIFFERENCES

	Opening balance Jan 1, 2022	Business combinations	Recognized in profit/loss for the year	Recognized in other comprehensive income	Recognized in shareholders' equity	Closing balance, Dec 31, 2022
Product rights, customer agreements and brands	158,556	106,095	-36,397	9,522		237,776
Pension liabilities	204	-	-301	-	903	806
Hedge accounting	-	-		-9,369	9,369	0
Accumulated depreciation/amortization	7,296	-	1,716	-		9,012
Capitalized development expenditure	123,235	-	36,869	-		160,104
	289,291	**106,095**	**1,887**	**153**	**10,272**	**407,697**

CHANGE IN DEFERRED TAX ON TEMPORARY DIFFERENCES

	Opening balance Jan 1, 2022	Business combinations	Recognized in profit/loss for the year	Recognized in other comprehensive income	Recognized in shareholders' equity	Closing balance, Dec 31, 2022
Accumulated depreciation/amortization	8,061		5,422	-		13,483
	8,061	**0**	**5,422**	**-**	**0**	**13,483**

NOTE 7AINTANGIBLE FIXED ASSETS, GROUP

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 niche 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 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. Depreciation for acquisitions follows a declining balance depreciation model. 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.

Testing of capitalized development costs is ongoing, but at least once a year. The annual review is conducted on a project-by-project basis. This year's review did not identify any impairment. However, in some cases we have seen that the remaining economic life of some projects is less than 10 years. In these cases, we shortened the depreciation period to match the expected economic life.

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 2022. Goodwill is allocated to cash-generating units, which for Vitec are equivalent to the 36 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.

Cash flows were discounted to a weighted average capital cost (WACC) corresponding to 10.00–10.04% (8.02–8.80) before tax and 8.21% (7.27) 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 2023 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, 22 of the 36 cash-generating units pass this test.

For the remaining 14 units, more detailed assessments were carried out. The starting point has been the 2023 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. The assumed growth rate over the next 5 years varies between 2-7% for the 14 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 14 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 two of the cash-generating units passed the test for higher discount rates. Potential undervalue is SEK 25.1 million. All but five of the cash-generating units passed 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 102.4 million.

Impairment testing has indicated no existing impairment requirements.

Other impairment losses

In connection with the final settlement of the supplementary purchase consideration for ALMA Consulting Oy, an impairment charge of SEK 3,402 thousand was taken against goodwill.

INTANGIBLE FIXED ASSETS (SEK MILLION)

	Goodwill		Capitalized development expenditure		Software		Brands		Product rights		Customer agreements		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Opening cost	1,725.7	806.3	961.2	729.1	24.3	23.0	135.2	86.6	837.0	669.8	567.8	258.6	4,251.2	2,573.3
Purchasing	-	-	265.4	209.1	1.4	0.5	-	-	0.6	-	-	-	267.4	209.6
Corporate acquisitions, Note 13	1,108.4	910.9	-	-	-	0.7	58.8	45.5	308.5	134.3	279.7	292.0	1,755.4	1,383.4
Divestments/ asset retirement	-2.4	-1.1	-	-0.1	-12.5	-	-	-	-12.5	-1.3	-	-	-27.4	-2.5
Reclassifications, Note 13	-10.7	-17.3	-	-	-	-	2.1	-	1.2	14.3	6.9	7.2	-0.4	4.2
Foreign exchange differences	119.4	26.9	45.8	23.1	0.2	0.0	10.4	3.1	55.4	20.0	39.0	10.1	270.3	83.1
Closing accumulated amortized 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
Opening amortization	**-36.2**	**-36.2**	**-387.7**	**-307.7**	**-22.9**	**-21.6**	**-0.1**	**-0.1**	**-496.1**	**-391.2**	**-189.6**	**-129.2**	**-1,132.5**	**-885.9**
Corporate acquisitions	-	-	-	-	-	-0.5	-	-	-	-	-	-	-	-0.5
Divestments/ asset retirement	-	-	-	0.1	12.4	-	-	-	12.4	1.4	-	-	24.8	1.4
Reclassifications	-	-	-		-	-	-	-	2.4	-	-	-	2.4	-
Exchange-rate differences	0.0	0.0	-17.1	-8.9	-0.1	-0.0	-	-	-29.8	-12.4	-12.6	-5.0	-59.7	-26.3
Amortization and impairment for the year	-	-	-89.8	-71.2	-0.7	-0.7	-	-	-116.3	-93.9	-77.4	-55.4	-284.2	-221.3
Impairment	-3.4	-	-	-	-	-	-	-	-	-	-	-	-3.4	-
Closing accumulated amortization	-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
Carrying amount	**2,900.6**	**1,689.4**	**777.8**	**573.5**	**2.0**	**1.4**	**206.5**	**135.1**	**562.9**	**340.9**	**613.9**	**378.2**	**5,063.8**	**3,118.6**

The following table shows the residual values of brands and goodwill by cash-generating unit for significant amounts.

Cash-generating unit	Brand Residual value (SEK million)	Goodwill Residual value (SEK million)
ABS Holding B.V.	42	690
Vitec Fixit	2	108
Vitec Raisoft	4	170
Vitec Scanrate	11	212
Vitec Unikum	20	356
Vabi	26	498
Other (30 units)	100	866
	206	**2,901**

NOTE 7B PROPERTY, PLANT AND EQUIPMENT, GROUP

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. The Parent Company owns an owner-occupied apartment that is depreciated at 2% annually.

Right-to-use assets

When reporting a finance lease with substantive substitution rights, assets are recognized as fixed assets in the Group's statement of financial position, 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.

TANGIBLE FIXED ASSETS (SEK MILLION)

	Buildings		Investments in leased premises		Right-to-use assets		Equipment, fixtures and fittings		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Opening cost	10.0	9.9	20.4	15.3	195.7	118.8	114.4	92.6	340.6	236.6
Reclassifications		0.1	-1.8		2.8	4.0	2.5	2.5	3.4	6.6
Purchasing			0.8	3.4	31.5	103.2	16.4	15.2	48.7	121.7
Sales/disposals				-1.4	-6.5	-30.2	-14.6	-7.3	-21.1	-39.0
Corporate acquisitions	1.0		2.2	2.7			7.3	8.1	10.5	10.9
Foreign exchange differences	0.1	0.0	1.0	0.3	0.0	0.0	3.6	3.4	4.7	3.7
Closing accumulated cost	**11.1**	**10.0**	**22.5**	**20.4**	**223.6**	**195.7**	**129.6**	**114.4**	**386.8**	**340.6**
Opening depreciation	-1.6	-1.3	-14.8	-12.1	-79.9	-55.8	-80.2	-62.8	-176.8	-132.3
Reclassifications		-0.1			0.0	-1.3	-1.3	-2.5	-1.3	-3.9
Purchasing				0.0			0.8		0.8	0.0
Sales/disposals	0.0		1.6	1.4	6.3	24.0	13.5	6.4	21.3	31.8
Corporate acquisitions			-1.0	-2.3			-2.8	-5.3	-3.7	-7.6
Foreign exchange differences	0.0	0.0	-0.7	-0.2	0.0	0.0	-2.6	-2.4	-3.3	-2.6
Depreciation for the year	-0.2	-0.2	-1.7	-1.6	-49.0	-46.8	-16.5	-13.6	-67.5	-62.2
Impairment							-0.3		-0.3	0.0
Closing accumulated depreciation	**-1.9**	**-1.6**	**-16.5**	**-14.8**	**-122.6**	**-79.9**	**-89.4**	**-80.2**	**-230.8**	**-176.8**
Carrying amount	**9.2**	**8.3**	**6.0**	**5.5**	**100.9**	**115.8**	**40.2**	**34.1**	**156.0**	**163.8**

NOTE 7C PREPAID EXPENSES AND ACCRUED INCOME

	Dec 31, 2022	Dec 31, 2021
Accrued income	19,894	8,414
Prepaid rent	1,413	7,726
Other prepaid expenses	40,911	28,911
Total	**62,218**	**45,051**

NOTE 7D ACCRUED EXPENSES AND PREPAID INCOME

	Dec 31, 2022	Dec 31, 2021
Accrued salaries	86,276	66,424
Accrued special payroll tax	10,530	8,104
Prepaid income	239,935	203,353
Social Security expenses	17,353	15,844
Other accrued expenses	50,581	24,498
Total	**404,675**	**318,223**

NOTE 8 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, liabilities under leases, 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. Accounts receivable are recognized in the statement of financial position when an invoice has 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. Accounts payable are recognized when an invoice has 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. Subsequent measurement is at fair value based on the latest known market value.

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.

CRITICAL ESTIMATES AND JUDGEMENTS

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 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.

FINANCIAL ASSETS AND LIABILITIES

	Note	Financial assets measured at amortized cost		Financial liabilities measured at fair value through profit or loss		Financial liabilities measured at fair value through profit or loss		Other financial liabilities are measured at amortized cost	
		2022	2021	2022	2021	2022	2021	2022	2021
Financial assets, Group									
Accounts receivable	8A	331,749	246,691	-	-	-	-	-	-
Other receivables		8,720	6,130	-		-	-	-	-
Cash and cash equivalents	8B	615,787	119,854	-	-	-	-	-	-
Securities held as fixed assets	8C	-	-	31,705	21,705	-	-	-	-
Other non-current receivables		7,107	3,776	-	-	-	-	-	-
Convertible debentures (non-current)	8D	-	-	-	-	-	-	159,079	45,030
Convertible debentures (current liabilities)	8D	-	-	-	-	-	-	34,995	18,306
Liabilities to credit institutions, non-current		-	-	-	-	-	-	1,334,696	691,297
Liabilities to credit institutions, current		-	-	-	-	-	-	2,790	2,767
Supplementary purchase consideration (non-current)		-	-	-	-	189,509	33,000	-	-
Supplementary purchase consideration (current)		-	-	-	-	241,720	52,141	-	-
Accounts payable		-	-	-	-	-	-	56,696	46,784
Total		963,363	376,451	31,705	21,705	431,229	85,141	1,588,256	804,184

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 purchase consideration DocuBizz ApS			19,154	19,154
Supplementary purchase consideration Scanrate Financial Systems A/S			94,361	94,361
Supplementary purchase consideration ABS Laundry Business Solutions			222,566	222,566
Supplementary purchase consideration Raisoft Oy			95,148	95,148
Total liabilities	-	-	**431,229**	**431,229**

RECURRING MEASUREMENTS AT FAIR VALUE, AS OF DECEMBER 31, 2021

SEK 000s	Level 1	Level 2	Level 3	Carrying amount
Securities held as fixed assets			21,705	21,705
Total assets	-	-	**21,705**	**21,705**
Supplementary purchase consideration ALMA Consulting Oy			7,141	7,141
Supplementary purchase consideration Appva AB			45,000	45,000
Supplementary purchase consideration Travelize International AB			32,487	33,000
Total liabilities	-	-	**84,628**	**85,141**

OPENING BALANCE – CLOSING BALANCE, ANALYSIS CARRYING AMOUNTS

SEK 000s	Opening balance, Carrying amount	New acquisitions	Payments	Remeasure-ment	Exchange-rate differences	Closing balance
Securities held as fixed assets	21,705	10,000				31,705
Total	**21,705**	**10,000**	**-**	**-**	**-**	**31,705**
Supplementary purchase consideration ALMA Consulting Oy	7,141		-4,031	-3,402	292	0
Supplementary purchase consideration Appva AB	45,000		-45,000		0	0
Supplementary purchase consideration Travelize International AB	33,000		-33,000			0
Supplementary purchase consideration DocuBizz ApS		17,900			1,254	19,154
Supplementary purchase consideration Scanrate Financial Systems A/S		90,704			3,657	94,361
Supplementary purchase consideration ABS Laundry Business Solutions		215,280			7,286	222,566
Supplementary purchase consideration Raisoft Oy		92,656			2,492	95,148
Total	**85,141**	**416,540**	**-82,031**	**-3,402**	**14,981**	**431,229**

NOTE 8A 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.

As bad-debt losses have historically involved small amounts, there is no provision for accounts receivable not yet due in the Group.

MATURITY ANALYSIS OF THE PROVISION FOR EXPECTED CREDIT LOSSES

	2022	2021
Overdue less than 3 months	178	218
Overdue 3 to 6 months	179	369
Overdue more than 6 months	2,436	159
	2,793	**746**

MATURITY ANALYSIS PERTAINING TO PAST-DUE ACCOUNTS RECEIVABLE WITH NO PROVISIONS

	2022	2021
Overdue less than 3 months	19,853	13,615
Overdue 3 to 6 months	380	1,844
Overdue more than 6 months	1,701	-86
	21,934	**15,373**

THE CHANGE IN EXPECTED BAD-DEBT LOSSES DURING THE FINANCIAL YEAR IS DETAILED BELOW:

	2022	2021
Opening balance expected bad-debt losses	**746**	**1,268**
Increase in anticipated bad-debt losses	2,536	-368
Bad-debt losses written off during the year	-489	-154
Closing balance expected bad-debt losses	**2,793**	**746**

The Group's accounts receivable at December 31, 2022 totaled SEK 331,749,000. Provision for doubtful accounts receivable totaled SEK 2,793,000 (746,000). The Group's realized bad-debt losses in 2022 totaled SEK 1,230,000 (553,000).

NOTE 8B CASH AND CASH EQUIVALENTS

ACCOUNTING POLICIES

The Parent Company's and the Group's cash and cash equivalents include the Group's holdings of Group accounts and other bank accounts, including currency accounts and funds en route. 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.

The Group's cash and cash equivalents totaled SEK 615,787,000, comprising bank balances. The Group has a Group currency account.

NOTE 8C SECURITIES HELD AS FIXED ASSETS

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:

SEK 000S	2022	2021
Opening cost	21,705	0
Investments for the year	10,000	21,705
Disposals for the year	0	0
Closing accumulated cost	**31,705**	**21,705**
Carrying amount	**31,705**	**21,705**

COMPANY	Corp. ID no.	Ownership stake 2022, %	Carrying amount Dec 31, 2022, SEK 000s
Nordkap AB	556580-0835	4.8	10,000
Voxo AB	559008-0544	7.5	3,006
Tempus Information System AB	556835-3949	12.1	3,275
Predge AB	556948-8017	7	5,424
Pintpointest AB	556846-4977	9.1	5,000
Precisely AB	556963-5286	4.2	5,000
Total carrying amount			**31,705**

NOTE 8D 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 2101 Acquisition Unikum datasystem AB	15.5	Jan 4, 2021–Dec 30, 2023	Jan 1, 2023–Dec 30, 2023	373	0.004	0.11%	0.07%
Loan 2102 Acquisition Travelize international AB	6.9	Feb 3, 2021–Dec 30, 2023	Jan 1, 2023–Dec 30, 2023	362	0.002	0.05%	0.03%
Loan 2104 Acquisition Nordman & Co AB	2.4	Apr 26, 2021–Jun 30, 2024	Jan 1, 2024–Jun 30, 2024	468	0.001	0.01%	0.01%
Loan 2201 Acquisition DocuBizz Aps	4.9	Jan 21, 2022–Jan 31, 2025	Aug 1, 2024–Jan 31, 2025	565	0.001	0.02%	0.01%
Loan 22/25:4 Acquisition ABS	103.5	Jul 6, 2022–Jun 30, 2025	Jul 1, 2024–Jun 30, 2025	549	0.019	0.52%	0.32%
Loan 22/25:4 Acquisition Scanrate	18.0	Sep 7, 2022–Jun 30, 2025	Jul 1, 2024–Jun 30, 2025	481	0.004	0.10%	0.06%
Loan 22/ 25: 5 Acquisition Raisoft	15.5	Oct 5, 2022–Sep 30, 2025	Oct 1, 2024–Sep 30, 2025	399	0.005	0.11%	0.07%
Loan 2009 Convertible Employee Program	12.6	Sep 1, 2020–Sep 30, 2023	Sep 1, 2023–Sep 30, 2023	333	0.004	0.11%	0.07%
Loan 2021:1 Convertible Employee Program	8.2	Jun 1, 2021–Jun 30, 2024	Jun 1, 2024–Jun 30, 2024	463	0.002	0.05%	0.03%
Loan 2022:1 Convertible Employee Program	6.5	Jun 1, 2022–Jun 30, 2025	Jun 1, 2025–Jun 30, 2025	579	0.001	0.03%	0.02%
Total	**194.1**				**0.038**	**1.13%**	**0.69%**

Convertible debentures are recognized in the balance sheet as follows:

2022	
Nominal value of convertible debentures	200,734
Equity ratio	-9,011
Total	**191,723**
Interest expenses*	2,376
Liability portion	**194,099**

*Interest expense is calculated by multiplying the estimated market interest rate with the liability portion.

NOTE 9 LEASING

ACCOUNTING POLICIES

Lease activities and how these are accounted for

Leases relate to buildings and vehicles. Assets and liabilities arising from lease agreements are initially recognized at their present value. Lease liabilities include the present value of fixed payments. 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

	2022	2021
Right-to-use assets		
Properties	100,870	115,749
Vehicles	1	65
	100,871	**115,814**
Lease liabilities		
Current liabilities	37,206	37,969
Non-current liabilities	56,513	78,389
	93,719	**116,358**

Additions to the right-of-use assets relating to leases in 2022 amounted to SEK 27,876,000 (157,825,000). The increase of SEK 21,706,000 (28,121,000) is attributable to the acquisitions during the year; in addition, existing contracts were extended, which entailed additional right-of-use assets totaling SEK 12,632,000 (129,704,000). Retiring right-of-use assets related to premises contracts amount to SEK -6,462,000 (-30,232,000).

	2022	2021
Depreciation of right-of-use assets		
Properties	-49,043	-46,730
Vehicles	-	-49
	-49,043	**-46,779**
Interest expenses (included in financial expenses)	-2,167	-2,449
Expenses attributable to short-term leases and leases of lesser value (included in other external expenses)	-7,514	-5,475

Total cash flow for lease agreements in 2022 was SEK 53,228,000 (46,814,000).

Maturity analysis long- and short-term lease liabilities	2022	2021
Less than 1 year after balance-sheet date	38,670	39,780
More than 1 but less than 3 years after balance-sheet date	49,927	59,023
More than 3 but less than 5 years after balance-sheet date	6,384	21,282
More than 5 years after balance-sheet date	1,352	
Total	**96,333**	**120,085**

NOTE 10 FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

ACCOUNTING POLICIES

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.

CRITICAL ESTIMATES AND JUDGEMENTS

Liquidity and financial risks

Cash and cash equivalents at December 31, 2022 amounted to SEK 615.8 million. In addition to cash and cash equivalents, Vitec had overdraft facilities of SEK 125 million and SEK 1,170.2 million in an acquisition loan credit. 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, 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.

Credit risk in accounts receivable and accrued income

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 341.7 million as of the balance-sheet date, after provisions for estimated losses. For further information about accounts receivable, refer to Note 8. The Parent Company did not have any external credit risks at the close of the year.

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 Norwegian crowns (NOK), Danish crowns (DKK) and Euros (EUR). The Group did not utilize any currency hedging in 2022.

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 2022 would impact profit/loss for the year and shareholders' equity by approximately SEK 11.2 million, (6.4) distributed as: NOK 1.1 million (1.5), DKK 2.1 million (0.8) and EUR 8.0 million (4.1).

Hedge accounting – net investments in foreign operations

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 1,035.4 million. The exchange rate difference on translation into Swedish crowns totaled SEK 44.3 million 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% in the existing loan portfolio would impact profit/loss for the year and shareholders' equity by approximately SEK 19.9 million (12.0).

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 balance sheet) less cash and cash equivalents. Total equity is calculated as "equity" as shown in the consolidated balance sheet 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.

ANALYSIS OF MATURITIES

	Convertible debentures		Liabilities to credit institutions		Lease liabilities		Supplementary purchase considerations		Other liabilities		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Less than 1 year after balance-sheet date	34,995	18,306	45,671	13,680	37,206	37,969	241,720	55,959	120,694	104,276	480,285	230,190
More than 1 but less than 3 years after balance-sheet date	159,079	45,030	88,465	699,456	48,918	74,615	189,508	33,000	161		486,132	852,101
More than 3 but less than 5 years after balance-sheet date			1,394,052		6,259	3,774					1,400,311	3,774
More than 5 years after balance-sheet date					1,335				5,075		6,410	0
Closing accumulated amortized cost	**194,073**	**63,336**	**1,528,188**	**713,136**	**93,719**	**116,358**	**431,228**	**88,959**	**125,930**	**104,276**	**2,373,138**	**1,086,065**

The debt/equity ratio as of December 31, 2022 and 2021 was as follows:

DEBT/EQUITY RATIO, SEK MILLION

	Dec 31, 2022	Dec 31, 2021
Total borrowings	1,532	757
Less cash and cash equivalents	-616	-120
Net debt	916	638
Total equity	3,210	1,989
Total capital	4,126	2,627
Debt/Equity ratio, %*	22	24

*Debt/equity ratio in the multi-year summary of the administration report is calculated differently; refer to Definitions of performance indicators, 167.

NOTE 11 SHAREHOLDERS' EQUITY

Registered share capital on December 31, 2022, totaled SEK 3,732,854 and comprised 2,650,000 class A shares (26,500,000 votes) and 34,678,539 class B shares (34,678,539 votes). The Annual General Meeting in April resolved to approve a dividend of SEK 2.0 per share. The dividend was divided up and paid on four payment dates: June 30, 2022, September 30, 2022, December 30, 2022 and March 30, 2023. The amount paid during the financial year was SEK 68,137,214, of which SEK 14,368,927 relates to the dividend for the 2020 financial year, which was paid on March 30, 2022. The expensed amount totals SEK 18,844,850.

The proposed but as-yet-unresolved dividend amounts to SEK 2.28 per share, totaling SEK 91,450,023. Dividends are recognized as a liability once the AGM approves the dividend.

SHARE TYPES

	Dec 31, 2022	Dec 31, 2021
Shares at Jan 1		
Vitec-A	2,950,000	3,050,000
Vitec-B	32,096,163	29,723,422
Total shares at Jan 1	**35,046,163**	**32,773,422**
Reclassification of class A shares to class B shares	-300,000	-100,000
Reclassification of class A shares to class B shares	300,000	100,000
Conversion of Vitec-B share debentures	82,376	272,741
New share issue Vitec-B	2,200,000	2,000,000
Shares at year-end	**37,328,539**	**35,046,163**
Shares at year-end		
Vitec-A	2,650,000	2,950,000
Vitec-B	34,678,539	32,096,163
Total shares at year-end	**37,328,539**	**35,046,163**

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 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.

Hedging net investment in foreign operations
Foreign exchange differences related to net investments in operations in Denmark, Finland and Norway.

Translation of foreign operations
Other reserves consist of translation differences arising from the translation of foreign subsidiaries.

NOTE 12 CASH FLOW

CHANGE IN LIABILITIES FOR FINANCING ACTIVITIES, GROUP

	Non-current liabilities to credit institutions		Short-term liabilities to credit institutions		Convertible debentures		Lease liabilities	
	2022	2021	2022	2021	2022	2021	2022	2021
OPENING BALANCE	691,298	490,549	2,767	2,763	63,336	64,778	116,358	58,618
Cash flow	632,046	197,248	-	-	6,800	8,650	-51,062	-44,367
Change in non-cash items								
Exchange-rate fluctuations	10,002	-	-	-	-	-	-	-
Acquisition financing	-	-	-	-	140,671	23,376	-	-
Conversion	-	-	-	-	-18,446	-34,145	-	-
New leases	-	-	-	-	-	-	26,256	99,660
Other	-751	3,500	23	4	1,712	677	2,167	2,447
CLOSING BALANCE	1,332,595	691,298	2,790	2,767	194,073	63,336	93,719	116,358

Acquisition of subsidiaries

Payment for the acquisition of subsidiaries during 2021 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.

Payment for the acquisition of subsidiaries during 2021 consisted of cash for Unikum datasystem AB, Travelize International AB, Nordman & Co AB, Ecclesia Systemer AS and Vabi Holding B.V. Net cash flow was SEK 1,190.3 million. The acquisitions pertained to all shares outstanding in their entirety and entailed the gain of controlling influence. During the period supplementary purchase considerations were paid for the acquisitions of WIMS AS, M&V Software Oy, ALMA Consulting Oy, Appva AB, NexGolf Oy and Nordman AB, totaling SEK 69.9 million. The payments did not entail any changes to controlling influence or the total number of shares held.

NOTE 13 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.

Conditional purchase considerations/supplementary purchase considerations are recognized at fair value at the acquisition date. If the contingent consideration is classified as an equity instrument, no remeasurement takes place and settlement is directly recognized in equity. Other contingent considerations are remeasured for each financial statement and the difference is recognized in net profit. 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. Goodwill is not amortized, but is instead subject to impairment testing on an annual basis. The financial statements of subsidiaries are consolidated from the date of acquisition until the date when the controlling influence ceases.

NOTE 13A ACQUISITIONS

Final acquisition plans, previous year's acquisitions
The 2021 financial statements included acquisition plans for Unikum datasystem AB, Travelize International AB Nordman & Co AB, Ecclesia Systemer AS and Vabi Holding B.V. During the year, these were remeasured and are now definitive. During remeasurement, an adjustment was made to the acquisition plan for Nordman & Co AB, where brands, product rights and customer agreements were measured higher than at initial measurement. Goodwill was reduced correspondingly. The acquisition plan for Travelize International AB was also adjusted, where brands, product rights and customer agreements were measured higher than at initial measurement. Goodwill was reduced correspondingly.

REMEASUREMENT ACQUISITION PLANS TRAVELIZE INTERNATIONAL AB AND NORDMAN & CO AB

	Initial valuation	Remeasurement	Final valuation
Brands	1,124	2,068	3,192
Product rights	17,733	4,443	22,176
Customer agreements	23,664	6,928	30,593
Goodwill	63,738	-10,671	53,067
Deferred tax liabilities	-8,759	-2,769	-11,528
Other net assets	11,100	0	11,100
Total	**108,600**	**0**	**108,600**

Acquisition plan ABS Laundry Business Solutions
On July 6, all shares in the software group ABS Laundry Business Solutions were acquired. The company has its headquarters in Boxtel, the Netherlands, as well as subsidiaries in several countries and provides an ERP application for the global laundry and textile rental industry. The company reported sales of SEK 203 million, with an EBIT of SEK 82 million for the 2021 financial year. Vitec welcomes 140 new employees as part of the acquisition.

Payment was in cash and with a convertible, with deviation from shareholders' preferential rights in accordance with the authorization from the Annual General Meeting on April 26, 2022. The convertible matures in 36 months and at full conversion will have a dilutive effect on capital of 0.5%. The acquisition is expected to yield an immediate increase in earnings per share for Vitec. Consolidation will commence as of the acquisition date. The expensed convertible totals SEK 103.5 million. The expensed portion of the contingent consideration amounts to SEK 222.6 million and is subject to EBITDA improvements at December 31, 2022 and December 31, 2023. The supplementary purchase consideration is valued at maximum outcome.

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

Some items in the acquisition plan may be remeasured, due to our brief ownership of the company. This applies to all assets and liabilities in the acquisition balance, but mainly brands, product rights, customer agreements and goodwill. For this reason, the acquisition plan remains preliminary, until 12 months after the acquisition date. During the fourth quarter, the acquisition balance sheet was updated. Current receivables decreased by SEK 4,736,000 and other current liabilities increased by SEK 6,294,000, which were offset against goodwill.

From the acquisition up to and including December 31, revenues in the company totaled SEK 123.8 million in sales and SEK 51.1 million in profit before tax.

If consolidation had occurred at the beginning of the year, the company would have provided the Group with an additional approximately SEK 133.4 million in sales and SEK 55.7 million in profit before tax. The acquisition-related expenses are recognized in operating profit and total SEK 16.5 million.

ACQUISITION PLAN

	Book value	Fair value adjustment	Fair value recognized in the Group
Brands		40,872	40,872
Product rights		93,001	93,001
Customer agreements		138,903	138,903
Intangible fixed assets	128,636		128,636
Tangible property, plant and equipment	3,248		3,248
Financial fixed assets	24		24
Current receivables	69,836		69,836
Cash and cash equivalents	255,143		255,143
Deferred tax liabilities		-54,555	-54,555
Accounts payable	-9,517		-9,517
Other current liabilities	-74,325		-74,325
Net identifiable assets and liabilities			**591,266**
Consolidated goodwill			667,786
Total			**1,259,052**
Group's purchase costs			**1,259,052**

Calculation of net cash outflow	**Fair value**
Group's purchase costs	-1,259,052
Expensed portion of contingent consideration	215,280
Convertible debenture	106,821
Acquired cash and cash equivalents	255,143
Net cash outflow	**-681,809**

Other acquisition calculations

During the period four more acquisitions were completed; DocuBizz Aps, Hotellinx Systems Oy, Scanrate Financial Systems A/S and Oy Raisoft Ltd.

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. During the fourth quarter, there was a reclassification in the acquisition plan for Scanrate, where SEK 7,759,000 was reclassified from financial assets to cash and cash equivalents.

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, revenues in the acquired companies totaled SEK 79.7 million in sales and SEK 20.5 million in profit before tax. If consolidation had occurred at the beginning of the year, the companies would have provided the Group with roughly an additional SEK 96.2 million in sales and SEK 26.8 million in profit before tax. The acquisition-related expenses are recognized in operating profit and total SEK 21.2 million.

ACQUISITION PLAN

	Book value	Fair value adjustment	Fair value recognized in the Group
Brands		17,955	17,955
Product rights		86,831	86,831
Customer agreements		140,795	140,795
Tangible property, plant and equipment	3,630		3,630
Financial fixed assets	97		97
Current receivables	24,123		24,123
Cash and cash equivalents	52,513		52,513
Deferred tax liabilities		-51,540	-51,540
Accounts payable	-5,609		-5,609
Other current liabilities	-39,455		-39,455
Net identifiable assets and liabilities			**229,340**
Consolidated goodwill			440,570
Total			**669,910**
Group's purchase costs			**669,910**

Calculation of net cash outflow	**Fair value**
Group's purchase costs	-669,910
Expensed portion of contingent consideration	201,260
Convertible debenture	39,953
Acquired cash and cash equivalents	52,513
Net cash outflow	**-376,184**

NOTE 14 MISCELLANEOUS INFORMATION

NOTE 14A EARNINGS PER SHARE

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 149.

	Dec 31, 2022	Dec 31, 2021
Earnings per share before dilution	6.92	6.14
Earnings from calculation of earnings per share	244,866	206,941
Weighted average number of shares (weighted average)	35,393,213	33,723,971
Earnings per share after dilution	6.84	6.05
Earnings from calculation of earnings per share after dilution	248,098	207,648
Number of shares after dilution	36,250,868	34,314,851

NOTE 14B PLEDGED ASSETS, GROUP AND PARENT COMPANY

Contingent liabilities
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.

There is general collateral in the form of our credit facility agreement with covenant commitments.

Vitec has no contingent liabilities.

PLEDGED ASSETS FOR OWN LIABILITIES AND PROVISIONS

	Dec 31, 2022	Dec 31, 2021
Chattel mortgages	39,000	39,000
Total	**39,000**	**39,000**

NOTE 14C 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.

NOTE 15 EVENTS AFTER THE REPORTING PERIOD

Acquisition Enova Holding B.V.
On Thursday, February 23, 2023, Vitec acquired all shares in the Dutch software company Enova Holding B.V. and subsidiaries.

Enova was founded in 2005 and is based in Capelle aan den Ijssel. The company specializes in developing, delivering and maintaining energy management software for large companies in the Netherlands, as well as providing grid balancing services.

Enova currently has over 250 customers in the Netherlands, the UK and France. The GMS business has grown rapidly due to the increasing need to balance the power supply, while the Energy Management Software (EMS) business has also seen steady growth. Enova's sales averaged EUR 28 million in the 2021 and 2022 financial years.

Payment was in cash. The acquisition is expected to yield an immediate increase in earnings per share for Vitec. Consolidation will commence as of the acquisition date.

At the time of 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.

Financial statements and notes, Parent Company

Income statement, Parent Company

	NOTE	2022	2021
Net sales	(9)	153,350	126,238
Other operating revenues		295,783	100,015
Other external expenses	(3A, 9A)	-85,707	-57,332
Personnel expenses	(2)	-60,319	-56,578
Other operating expenses		-336,086	-112,828
Depreciation/amortization	(6A)	-1,891	-1,666
OPERATING PROFIT		-34,872	-2,151
PROFIT FROM FINANCIAL ITEMS:	(3B)		
Income from participation in Group companies	(10)	295,284	152,551
Interest income and similar profit items		2,467	471
Interest expenses and similar loss items		-42,656	-18,625
NET FINANCIAL ITEMS		255,095	134,397
PROFIT AFTER FINANCIAL ITEMS		220,223	132,246
Appropriations	(11)	58,886	56,899
PROFIT BEFORE TAX		279,109	189,145
Tax	(4)	-392	-5,198
PROFIT FOR THE YEAR		278,717	183,947

Profit for the year is in line with the total comprehensive income.

Balance sheet, Parent Company

	Note	Dec 31, 2022	Dec 31, 2021
ASSETS			
Fixed assets			
Intangible fixed assets	(6A)		
Software		1,860	973
		1,860	**973**
Tangible property, plant and equipment	(6A)		
Buildings		7,677	7,863
Investments in leased premises		1,501	2,195
Equipment, fixtures and fittings		1,980	2,255
		11,158	**12,313**
Financial fixed assets			
Participations in subsidiaries	(5, 6A)	5,147,352	3,200,490
Deferred tax assets	(4)	557	453
		5,147,909	**3,200,943**
Total non-current assets		5,160,927	3,214,229
Current assets			
Current receivables			
Receivables from Group companies		372,535	250,653
Current tax assets		2,257	0
Other receivables		326	6
Prepaid expenses and accrued income	(6B)	14,362	6,621
		389,480	**257,280**
Cash and bank balances		226,879	82,236
Total current assets		616,359	339,516
TOTAL ASSETS		5,777,286	3,553,745

	Note	Dec 31, 2022	Dec 31, 2021
SHAREHOLDERS' EQUITY AND LIABILITIES			
Restricted equity			
Share capital	(8)	3,733	3,505
Statutory reserve		14,917	14,917
Total restricted equity		**18,650**	**18,422**
Unrestricted equity			
Share premium reserve		2,170,542	1,320,474
Earnings brought forward		561,567	450,233
Profit for the year		278,718	183,948
Total unrestricted equity		**3,010,827**	**1,954,655**
Total shareholders' equity		**3,029,477**	**1,973,077**
Untaxed reserves	(12.13)	**1,686**	**1,772**
Non-current liabilities			
Convertible debentures	(8D KC, 7)	159,078	45,030
Liabilities to credit institutions	(7)	1,332,595	691,297
Other non-current liabilities	(7)	189,508	30,500
Total non-current liabilities		**1,681,181**	**766,827**
Current liabilities			
Convertible debentures	(8D KC, 7)	34,995	18,306
Liabilities to credit institutions	(7)	2,752	2,752
Accounts payable		6,986	8,870
Liabilities to Group companies		743,163	685,408
Current tax liabilities		0	10,777
Other current liabilities		261,968	72,789
Accrued expenses and prepaid income	(6C)	15,078	13,167
Total current liabilities		**1,064,942**	**812,069**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**5,777,286**	**3,553,745**

Changes in shareholders' equity, Parent Company

	Share capital	Statutory reserve	Share premium reserve	Retained earnings and net income for the year	Total share-holders' equity
OPENING EQUITY, JAN 1, 2021	3,277	14,917	374,894	507,099	900,187
Profit for the year				183,948	183,948
Option element convertible debentures			1,624		1,624
Conversion of convertible debentures	27		33,992		34,019
New share issue	200		919,800		920,000
Issuing costs			-15,622		-15,622
Paid option premiums warrants			5,104		5,104
Share-based remuneration			682		682
Dividends paid				-56,866	-56,866
CLOSING EQUITY, DECEMBER 31, 2021	3,505	14,917	1,320,474	634,181	1,973,077
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

Cash flow statement, Parent Company

	NOTE	2022	2021
OPERATING ACTIVITIES			
Operating profit		-34,872	-2,150
Adjustments for non-cash items			
Depreciation/amortization		1,359	1,666
Foreign exchange differences		-278	
Option premiums		685	682
		-33,106	**198**
Dividends and Group contributions received		152,551	177,692
Interest received		2,467	471
Interest paid		-41,036	-17,917
Income tax paid/refunded		-13,532	-3,996
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**67,344**	**156,447**
Changes in working capital			
Increase/decrease in operating receivables		-71,640	8,152
Increase/decrease in operating liabilities		230,288	85,497
CASH FLOW FROM OPERATING ACTIVITIES		**225,992**	**250,096**
INVESTING ACTIVITIES			
Acquisition of subsidiaries		-1,475,325	-1,350,630
Change in deferred tax		-1	0
Purchase of intangible fixed assets		-1,419	-486
Purchase of property, plant and equipment		-203	-2,689
CASH FLOW FROM INVESTING ACTIVITIES		**-1,476,947**	**-1,353,805**
FINANCING ACTIVITIES			
Dividends paid		-68,137	-53,178
Borrowings	(7)	1,326,598	508,650
Repayment of debt	(7)	-687,752	-302,752
New share issue		833,800	904,378
Issuing costs		-14,394	
Paid option premiums		5,483	5,104
CASH FLOW FROM FINANCING ACTIVITIES		**1,395,598**	**1,062,202**
CASH FLOW FOR THE YEAR		**144,643**	**-41,507**
Cash and cash equivalents on January 1		**82,236**	**123,743**
CASH AND CASH EQUIVALENTS AT YEAR-END		**226,879**	**82,236**

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 are recognized in the Parent Company in accordance with the cost method and contingent considerations are recognized at fair value and measured based on the probability that they will be paid.
- 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

CRITICAL ESTIMATES AND JUDGEMENTS

Senior executives
Senior executives of the Parent Company comprise its Board of Directors and the general management of the Group, Group Management (GM).

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 600,000 annually. The other four Board members who are not employees of the Group are paid fees totaling SEK 210,000 annually. In both cases, the remuneration level applies as of the date of the AGM.

Remuneration to the CEO totaled SEK 3,916,000. 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	
	2022	2021	2022	2021	2022	2021
Sweden	24	23	8	7	32	30

At year-end, the number of employees was 32 (30).

GENDER DISTRIBUTION AMONG SENIOR EXECUTIVES

The Parent Company's Board of Directors comprises six directors, two of whom are women. The Group's General Management team consists of 13 people, including 5 women.

SALARIES AND OTHER REMUNERATION

	2022	2021
Salaries and other remuneration	38,832	38,748
Social Security expenses	16,584	14,277
Of which pension premiums for senior executives	3,407	3,360
Of which pension premiums for other employees	1,112	1,050
Total	55,416	53,025

The Parent Company's salary and remuneration costs include SEK 4,491,000 (5,322,000) in costs for incentive programs for senior executives in subsidiaries and other employees of the Parent Company in management roles, but not belonging to General Management.

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

	2022	2021
Senior executives (of which bonus payments and similar)	27,867 (0)	22,764 (0)
Other employees	11,039	15,984
Total	38,906	38,748

There are 16 (16) senior executives in the Parent Company.

	Base salary/ Board fees		Warrants		Other benefits		Pension contributions		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
The Chairman of the Board Lars Stenlund	600	400	-	-	-	-	-	-	600	400
Board member Crister Stjernfelt	210	257	-	-	-	-	-	-	210	257
Board member Kaj Sandart	210	198	-	-	-	-	-	-	210	198
Board member Jan Friedman	210	198	-	-	-	-	-	-	210	198
Board member Birgitta Johansson-Hedberg	210	198	-	-	-	-	-	-	210	198
Board member Anna Valtonen	210	198	-	-	-	-	-	-	210	198
CEO Olle Backman	3,916	2,522	302	256	3	2	450	300	4,671	3,080
Other senior executives of the Parent Company*	19,862	15,641	2,137	2,047	48	28	2,957	2,941	25,004	20,657
Total	25,428	20,461	2,439	2,302	51	32	3,407	3,360	31,325	26,156

*Other senior executives of the Parent Company comprise 9 people (10) who are part of Group Management (GM).

NOTE 3 OTHER SIGNIFICANT PROFIT/LOSS ITEMS

NOTE 3AFEES AND REIMBURSEMENT OF COSTS TO AUDITORS

	2022	2021
PwC, audit assignment	1926	1419
PwC, auditing activities beyond auditing assignment	211	118
PWC, tax advisory services	359	541
PWC, other assignments	4,200	1,446
Total auditing fees	2,540	3,524

	2022	2021
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	6,696	3,524

Of the audit assignments, SEK 1,158,000 pertained to PwC Sweden; of auditing activities in addition to the auditing assignment, SEK 211,000 pertained to PwC Sweden; of the fees for tax advisory services, SEK 359,000 pertained to PwC Sweden; and of other assignments, SEK 44,000 pertained to PwC Sweden.

NOTE 3B 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

	2022	2021
Dividends from subsidiaries	295,284	152,551
Interest income	2,467	471
Total financial expenses	297,751	153,022
Other financial expenses	-1,993	-
Interest expenses	-40,663	-18,625
Total financial expenses	-42,656	-18,625
Total financial items	255,095	134,397

NOTE 4 TAX

	2022	2021
Current tax		
Current tax on profit/loss for the year	-497	-7,316
Adjustment of current tax from previous years		2,443
	-497	**-4,873**
Deferred tax		
Deferred tax pertaining to temporary differences	105	-325
Total recognized tax expense	**-392**	**-5,198**

RECONCILIATION BETWEEN APPLICABLE AND EFFECTIVE TAX RATES

	2022	2021
Recognized profit before tax	279,109	189,146
Tax according to applicable tax rate	-57,497	-38,964
Tax effect of:		
- non-deductible expenses	-3,829	85
- non-taxable revenues	60,829	31,425
-tax reduction investments	105	-
-change in tax loss carryforward/temporary differences	-	-325
- tax attributable to previous years	-	2,581
Recognized effective tax	**-392**	**-5,198**

RECOGNIZED DEFERRED TAX ASSETS

	2022	2021
Differences between carrying amount and taxable value of fixed assets	557	453
Closing balance	**557**	**453**

NOTE 5 HOLDINGS

NOTE 5A PARTICIPATIONS IN SUBSIDIARIES

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.

On October 6, the Swedish company Vitec PP7 AB merged with Vitec Förvaltningssystem AB. Pursuant to the merger, Vitec Förvaltningssystem AB has taken over the accounting and tax position of the transferring company, along with their assets, rights and obligations. At the end of May, Vitec Agrando AS sold its subsidiary Vitec Samfundssystem AB to the Group's Parent Company. During the year, the Parent Company also divested the Swedish subsidiary 3L Media AB.

	2022	2021
Opening cost	3,200,490	1,851,576
Investments in subsidiaries for the year	1,952,805	1,350,009
Sales of subsidiaries	-2,542	0
Remeasurement of contingent consideration	-3,402	-1,095
Closing accumulated cost	**5,147,351**	**3,200,490**
Carrying amount	**5,147,351**	**3,200,490**

The following table shows Vitec Software Group AB's directly owned subsidiaries at the end of the financial year.

Subsidiaries	Corp. ID no.	Registered office	Number of participations	Capital/ share of votes, %	Carrying amount Dec 31, 2022	Carrying amount Dec 31, 2021
ABS Holding International B.V.	16063978	Boxtel, Netherlands	1843	100%	20,720	-
ABS Information Systems Group B.V.	866981842	Ravels, Belgium	620	100%	1,070,619	-
Tolama Investments S.A.	B54088	Luxembourg, Luxembourg	1000	100%	176,646	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	68,199
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%	56,132	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 Datamann A/S	59943510	Søborg, Denmark	3,000	100%	56,714	56,714
Vitec Docubizz ApS	10102626	Høje Taastrup, Denmark	510,000	100%	71,545	-
Vitec Ecclesia Systemer AS	933780945	Oslo, Norway	100	100%	44,520	44,511
Vitec Energy AB	556347-7073	Umeå, Sweden	1,000	100%	8,205	8,205
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	106,512
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	-
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%	44,139	44,139
Vitec LJ System AB	556254–2877	Lund, Sweden	1,000	100%	21,696	21,696
Vitec Megler AS	944507302	Oslo, Norway	3,256,596	100%	120,548	120,548
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 NexGolf Oy	2796412-5	Oulu, Finland	10,000	100%	30,275	30,275
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%	271,740	-
Vitec Samfundssystem AB	556672-5056	Umeå, Sweden	10,000	100%	6,060	-
Vitec Scanrate Financial Systems A/S	20224991	Aarhus, Denmark	500,000	100%	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 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					-	13,442
Total					3,879,366	3,200,490

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	-
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 Datamann A/S	Carlogistic ApS	Herlev, Denmark	41471387
Vitec Visiolink ApS	Vitec LIVEditon ApS	Aarhus, Denmark	34895236
Vitec Travelize	Åbergs Datasystem i Katrineholm AB	Gothenburg, Sweden	556263-7289
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
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, Frankce	813141884
	ABS Scandinavia ApS	Horsens, Denmark	26992389
	Laundry Services International Inc.	Plymoth, MN, USA	58-2517381
	ABS Japan	Tokyo, Japan	11703001444
Tolama Investments S.A.	Fuente Services S.A.	Luxemburg, Luxemburg	B149906
	Inter Data ABS SRL	Bucharest, Romania	J40/12582/1998

NOTE 6 NON-FINANCIAL ASSETS AND LIABILITIES, PARENT COMPANY

NOTE 6A PARENT COMPANY FIXED ASSETS

INTANGIBLE FIXED ASSETS (SEK MILLION)

	Software		Product rights		Total	
	2022	2021	2022	2021	2022	2021
Opening cost	11.3	10.8	0.6	0.6	11.9	11.4
Purchasing	1.4	0.5	-	-	1.4	0.5
Closing accumulated cost	**12.7**	**11.3**	**0.6**	**0.6**	**13.3**	**11.9**
Opening depreciation/amortization	-10.3	-9.8	-0.6	-0.6	-10.9	-10.4
Amortization for the year	-0.5	-0.6	-	-	-0.5	-0.6
Closing accumulated depreciation/amortization	**-10.8**	**-10.3**	**-0.6**	**-0.6**	**-11.4**	**-10.9**
Carrying amount	**1.9**	**1.0**	**0.0**	**0.0**	**1.9**	**1.0**

TANGIBLE FIXED ASSETS (SEK MILLION)

	Buildings		Investments in leased premises		Equipment, fixtures and fittings		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening cost	9.3	9.3	8.0	6.5	8.3	7.1	25.6	22.9
Purchasing	-	-	0.0	1.5	0.2	1.2	0.2	2.7
Closing accumulated cost	9.3	9.3	8.0	8.0	8.5	8.3	25.8	25.6
Opening depreciation	-1.5	-1.3	-5.8	-5.2	-6.0	-5.6	-13.3	-12.1
Depreciation for the year	-0.2	-0.2	-0.7	-0.5	-0.5	-0.4	-1.4	-1.1
Closing accumulated depreciation	-1.7	-1.5	-6.5	-5.8	-6.5	-6.0	-14.7	-13.2
Carrying amount	7.6	7.9	1.5	2.2	2.0	2.3	11.2	12.3

FINANCIAL FIXED ASSETS (SEK MILLION)

Participations in subsidiaries	2022	2021
Opening cost	3,200.5	1,851.6
Acquisitions for the year	1,952.8	1,349.8
Adjustments to purchase consideration	-3.4	-1.1
Capital contribution paid	-	0.2
Divested	-2.5	-
	5,147.4	3,200.5
Deferred tax assets	0.6	0.5
Carrying amount	5,148.0	3,201.0

NOTE 6B PREPAID EXPENSES AND ACCRUED INCOME

	Dec 31, 2022	Dec 31, 2021
Prepaid rent	3,683	3,241
Other prepaid expenses	10,679	3,380
Total	14,362	6,621

NOTE 6C ACCRUED EXPENSES AND PREPAID INCOME

	Dec 31, 2022	Dec 31, 2021
Accrued interest	4,409	-
Accrued salaries	5,029	4,529
Accrued special payroll tax	2,677	1,048
Social Security expenses	1,580	1,423
Other accrued expenses	1,383	6,167
Total	15,078	13,167

NOTE 7 FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

ANALYSIS OF MATURITIES

	Convertible debentures		Liabilities to credit institutions		Supplementary purchase considerations		Other liabilities		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Less than 1 year after balance-sheet date	34,995	18,306	45,671	13,665	241,720	55,959	20,248	14,328	342,633	102,258
More than 1 but less than 3 years after balance-sheet date	159,079	45,030	88,465	699,456	189,508	33,000			437,053	777,486
More than 3 but less than 5 years after balance-sheet date			1,394,052						1,394,052	0
More than 5 years after balance-sheet date									0	0
Total	**194,073**	**63,336**	**1,528,188**	**713,121**	**431,228**	**88,959**	**20,248**	**14,328**	**2,173,738**	**879,744**

CHANGE IN LIABILITIES FOR FINANCING ACTIVITIES, PARENT COMPANY

	Non-current liabilities to credit institutions		Short-term liabilities to credit institutions		Convertible debentures	
	2022	2021	2022	2021	2022	2021
OPENING BALANCE	**691,298**	**490,549**	**2,752**	**2,752**	**63,336**	**64,778**
Cash flow	632,046	197,248	0	0	6,800	8,650
Change in non-cash items						
Exchange-rate fluctuations	10,002					
Acquisition financing					140,671	23,376
Conversion					-18,446	-34,145
Other	-750	3,500			1,712	677
Reclassifications long-/short-term						
CLOSING BALANCE	**1,332,595**	**691,298**	**2,752**	**2,752**	**194,073**	**63,336**

Investments in subsidiaries

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. The purchase consideration 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 payment did not entail any changes to controlling influence or the total number of shares.

Payment for the acquisition of subsidiaries during 2021 consisted of cash for Unikum datasystem AB, Travelize International AB, Nordman & Co AB, Ecclesia Systemer AS and Vabi Holding B.V. The purchase consideration was SEK 1,291.8 million. The acquisitions pertained to all shares outstanding in their entirety and entailed the gain of controlling influence. In addition, final settlement of the supplementary purchase consideration was paid for WIMS AS, SEK 28.1 million, Katrina Oy, SEK 10.1 million and NexGolf Oy SEK 7.6 million, while partial settlement of supplementary purchase consideration was paid for Appva AB, SEK 10 million and ALMA Oy, 3.1 million. The payment did not entail any changes to controlling influence or the total number of shares.

NOTE 8 SHAREHOLDERS' EQUITY

For more information, see the Group's Note 11 – Shareholders' equity

DIVIDEND

	2022	2021
The dividend for the 2020 financial year was SEK 1.64 per share (1.35)	14,369	10,901
The dividend for the 2021 financial year was SEK 2 per share (1.64)	72,613	56,646
Total dividends expensed or paid	**86,982**	**67,547**
For the 2022 financial year, the Board of Directors has proposed a dividend of SEK 2.28 per share (2.00).		
The total amount of the proposed dividend was not recognized as a liability as of December 31, 2022, but is expected to be settled with retained earnings in April 2023.	91,450	75,288
	91,450	**75,288**

NOTE 9 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 6% (7).

NOTE 10 ANTICIPATED DIVIDENDS

The Parent Company has recognized a receivable pertaining to anticipated dividends from subsidiaries. This totaled SEK 253.0 million and was (152.6) distributed as follows:

	2022	2021
Vitec Acute Oy	8.8	8.1
Vitec Agrando AS	1.6	7.2
Vitec Aloc A/S	15.0	13.8
Vitec Appva AB	12.0	-
Vitec Avoine Oy	5.6	5.1
Vitec Capitex AB	4.0	3.0
Vitec Cito A/S	10.5	16.5
Vitec Ecclesia AS	1.1	-
Vitec Energy AB	3.0	3.0
Vitec Fixit Systemer AS	10.6	15.4
Vitec Futursoft Oy	15.6	18.4
Vitec Förvaltningssystem AB	12.0	10.0
Vitec IT Drift AS	5.3	4.1
Vitec Katrina Oy	5.6	5.1
Vitec LJ System AB	-	2.0
Vitec Megler AS	-	7.2
Vitec Mäklarsystem AB	5.0	4.0
Vitec Nice AS	2.1	-
Vitec Plania AS	5.3	9.2
Vitec Samfundssystem AB	19.0	-
Vitec Shared Services Oy	7.9	7.3
Vitec Smart Visitor System AB	2.0	3.0
Vitec Travelize AB	13.0	-
Vitec Unikum datasystem AB	83.0	-
Vitec WIMS AS	5.3	10.3
Total	**253.0**	**152.6**

NOTE 11 APPROPRIATIONS

	2022	2021
Differences between book depreciation and depreciation according to plan	86	-95
Group contributions received	58,800	57,000
Group contributions paid	-	-5
Total	**58,886**	**56,899**

NOTE 12 UNTAXED RESERVES

	Dec 31, 2022	Dec 31, 2021
Differences between book depreciation and depreciation according to plan	1,686	1,772
Total	1,686	1,772

NOTE 13 DEFERRED TAX

Deferred tax 20.6% (20.6) within the Parent Company’s untaxed reserves totaled SEK 347,000 (365,000).

NOTE 14 PLEDGED ASSETS AND CONTINGENT LIABILITIES

PLEDGED ASSETS FOR OWN LIABILITIES AND PROVISIONS

	Parent Company	
	Dec 31, 2022	Dec 31, 2021
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 14C – Related parties.

Signatures

THE FOLLOWING FUNDS ARE AT THE DISPOSAL OF AGM:	
Earnings brought forward	561,567,531
Share premium reserve	2,170,541,996
Profit for the year	278,717,669
	3,010,827,196

THE BOARD OF DIRECTORS PROPOSES THAT THESE FUNDS BE DISTRIBUTED AS FOLLOWS:	
Dividends of SEK 2.28 per share to shareholders	91,450,023
To be carried forward to the share premium reserve	2,170,541,996
To be carried forward	840,285,200
	3,010,827,196

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 25, 2023.

Umeå, March 28, 2023

Lars Stenlund
Chairman of the Board

Anna Valtonen
Board member

Birgitta Johansson-Hedberg
Board member

Jan Friedman
Board member

Kaj Sandart
Board member

Olle Backman
Chief Executive Officer

Our audit report was submitted on April 4, 2023.

PricewaterhouseCoopers AB

Aleksander Lyckow

Authorized Public Accountant

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 AB (publ) for the year 2022 except for the corporate governance statement on pages 88-103. The annual accounts and consolidated accounts of the company are included on pages 76-159 in this document.

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 31 December 2022 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 31 December 2022 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 statement on pages 88-103. 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 consolidated statement of profit/loss and the consolidated statement of financial position sheet för the group and the income statement and the balance sheet for the parent company.

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 audit committee 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

Audit scope

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, customer 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, 2022, the group comprised 47 subsidiaries with 36 independent business units. Of the subsidiaries, there are four companies reporting net 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 2022, recurring revenues accounted for 82 percent of the group's reported net sales. In addition to the larger subsidiaries, the group audit 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 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 error. 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 judgment, 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 matters	How our audit addressed the Key audit matter
Business combinations During the year, Vitec completed five acquisitions in Denmark, Finland and the Netherlands. For each business combination, management prepares a purchase price allocation 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 acquired companies comprise of 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 must make estimates and forecasts regarding the future development of the acquired companies. Customer relationships and product rights are amortized, 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 of these is dependent on the manner in which the acquisition agreement is formulated, and the reporting involves significant estimates from management. Due to this we have deemed business combinations as a key audit matter. As regards the above-stated accounting principles, refer to pages 138-140 and Note 1 in the 2022 annual report.	We have examined and evaluated the purchase price allocations with a special focus on the manner in which management identifies 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.

Impairment testing	How our audit addressed the Key audit matter
The group's balance sheet reports acquisition-related excess values and goodwill in a total amount of MSEK 4,285, including SEK 2,901 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 amortization 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 amortized over their calculated useful lifetimes. Testing, and thereby the reported values, are dependent on the Board of Directors' and management's assessments and assumptions regarding, amongst other things, growth and future profitability, and as regards the discount rate. Future 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. Management's calculation of the value-in-use 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 degree of estimates and judgments from management, which is the reason we have deemed this a key audit matter. As regards the above-stated accounting principles, refer to pages 125-127 and Note 1 in the 2022 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 them 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, 2022. • 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 4-75 and 166-173 respectively. The remuneration report available on the company's website is also other information. The Board of Directors and the Managing Director 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 Director's and the Managing Director
The Board of Directors and the Managing Director 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 Managing Director 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 error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director 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 Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

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 error, 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 ISAs 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 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 Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The auditor's audit of the administration of the company and the 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 Director's and the Managing Director of XX AB for the year 2021 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 Director's and the Managing Director 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 Director's and the Managing Director
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' 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 Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines

and instructions and 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 Managing Director 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 Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination 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 Managing Director) 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 the financial year 2022 .

Our examination and my (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

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Vitec Software Group AB (publ) 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director 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 Managing Director 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 me (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 ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and 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 Managing Director), 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 assumptions made by the Board of Directors and the Managing Director.

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, cash flow and disclosures in the Esef report has 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 that the corporate governance statement on pages 88-103 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.

PricewaterhouseCoopers AB, Torsgatan 21 113 97 STOCKHOLM, was appointed auditor of Vitec Software Group AB (publ) by the general meeting of the shareholders on the 26 April 2022 and has been the company's auditor since the 6 May 2014.

Stockholm April 4, 2023

PricewaterhouseCoopers AB

Aleksander Lyckow

Authorized Public Accountant

Definitions of key 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 104 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.
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 revenues, excluding acquired companies during the period, in relation to the corresponding year-earlier period.	Used to monitor the company’s sales trend.
Proforma net sales, rolling 12 months	Net sales the 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 sales.	Used to monitor the company’s dependence on external direct costs
EBITA	Net profit/loss for the period before acquisition-related costs, acquisition-related amortization, net financial items and tax.	Indicates the company’s net profit/loss for the period before acquisition-related costs and acquisition-related 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 amortization	Amortization regarding product rights and customer agreements.	Used to disclose items affecting comparability.
EBITA margin	Operating profit before acquisition-related costs in relation to net sales.	Used to monitor the company’s earnings trend.
Operating margin	Operating profit in relation to net sales.	Used to monitor the company’s earnings trend.
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.

Non-IFRS key indicators	Definition	Description of usage
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.
Return on capital employed	Profit after net financial items plus interest expenses, as a percentage of average capital employed. Capital employed is defined as total assets less interest-free liabilities and deferred tax.	This measurement is an indicator of the company's profitability in relation to externally financed capital and shareholders' equity.
Return on equity	Reported profit/loss after tax in relation to average equity attributable to Parent Company shareholders.	This measurement is an indicator of the company's profitability and gauges the return on shareholders' equity.
Sales per employee	Net sales in relation to the average number of employees.	This metric is used to assess the company's efficiency.
Added value per employee	Operating profit/loss plus depreciation/amortization and personnel expenses in relation to average number of employees.	This metric is used to assess the company's efficiency.
Personnel expenses per employee	Personnel expenses in relation to average number of employees.	A key performance 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	The average number of shares during the period plus the number of shares added following the full conversion of convertibles.	An underlying measurement on which the calculation of other 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.

ORGANIC GROWTH IN RECURRING REVENUES

SEK million	2022	2021	Growth, %
Reported net sales	1,978	1,571	26
of which recurring revenues	1,631	1,324	23
Annual effect of acquired units	230	418	
of which recurring revenues	128	261	
Organic growth in net sales	2,208	1,989	11
Organic growth in recurring revenues	1,759	1,585	11

Estimates

EFFECT OF ACQUIRED UNITS

SEK million	Sales, time before acquisition		Recurring revenues, time before acquisition	
	2022	2021	2022	2021
Companies acquired 2022	230	355	128	202
Companies acquired 2021	-	63	-	59
Total annual effects	**230**	**418**	**128**	**261**

Calculation of EBITA	2022	2021
Operating profit	355,841	283,050
Acquisition-related costs	40,285	14,574
Acquisition-related amortization	185,443	142,199
EBITA	**581,569**	**439,823**

Weighted average number of shares (weighted average)	No. of days	No. of shares	Weighted value
No. of shares on Jan 1	166	35,046,163	15,938,803
Jun 15, 2022 Conversion	84	35,079,496	8,073,089
Sep 7, 2022 Conversion	63	35,128,539	6,063,282
Nov 9, 2022 New share issue	52	37,328,539	5,318,038
Average number of shares	**365**		**35,393,213**

Average number of shares after dilution	No. of days	No. of shares	Weighted value
No. of shares on Jan 1	166	35,046,163	15,938,803
Jun 15, 2022 Conversion	84	35,079,496	8,073,089
Sep 7, 2022 Conversion	63	35,128,539	6,063,282
Nov 9, 2022 New share issue	52	37,328,539	5,318,038
Dilution, Personnel 2020 convertible	365	40,571	40,571
Dilution warrants 2020	365	251,000	251,000
Dilution, Unikum convertible 2021	365	41,823	41,823
Dilution, Travelize convertible 2021	365	19,337	19,337
Dilution, Nordman convertible 2021	365	5,128	5,128
Dilution, Personnel 2021 convertible	365	18,693	18,693
Dilution warrants 2021	365	263,000	263,000
Dilution, DocuBizz convertible January 21, 2022	344	8,850	8,341
Dilution employee convertibles June 30, 2022	184	11,658	5,877
Dilution warrants June 30, 2022	184	129,800	65,433
Dilution, ABS convertible July 06, 2022	178	194,573	94,888
Dilution employee convertibles August 03, 2022	150	86	35
Dilution warrants August 03, 2022	150	52,500	21,575
Dilution, Scanrate convertible September 07, 2022	115	38,699	12,193
Dilution, Raisoft convertible October 05, 2022	87	40,950	9,761
Average number of shares after dilution			**36,250,868**

Earnings from calculation of earnings per share after dilution	
Profit for the year	244,866
Interest expenses on convertible debentures	3,232
	248,098

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	Apr 25, 2023
Interim report Jan–Mar	Apr 21, 2023
Interim report Jan–Jun	Jul 14, 2023
Interim report Jan–Sep	Oct 19, 2023
Year-end report Jan–Dec	Feb 1, 2024

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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VITEC

vertical software