



Interim report January–June 2023

This is Vitec

Vitec is a leading provider of Vertical Software and has its origin and headquarters in Umeå, Sweden. We develop and deliver standardized software for various functions in society. They can be found at the heart of a variety of businesses and activities, including pharmacies, banks, car repair shops, property management, health care and education. Our products enable us to help our customers achieve greater efficiency and to generate societal benefit. The expertise of our employees, combined with our shared corporate culture and business model, enable continuous improvement and innovation. Vitec is listed on the Nasdaq Stockholm Large Cap list.

GROWTH – DEVELOP AND ACQUIRE

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

RECURRING REVENUES

Our business model is based on a high percentage of recurring revenues. This provides us with stable and predictable cash flows that create the prerequisites for a long-term approach. It also makes the Group less sensitive to temporary declines within individual business units.

VALUE-DRIVEN ORGANIZATION

Within the framework of our decentralized organization, the corporate culture plays a significant role in corporate

governance and is important for our long-term success. Our values, brand promise and Code of Conduct are the three cornerstones of our corporate culture. Through an array of forums, we create conditions for employees and leaders to become part of our corporate culture.

OUR VISION

Shaping a wiser and more sustainable future.

OUR VALUES

Our products – our foundation
Vertical Market Software

Keep it simple

Simple solutions succeed

Trust and transparency

Collaboration and responsibility create success

VITEC'S BRAND PROMISE

To rely on – today and tomorrow

VITEC'S BUSINESS CONCEPT

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

SUSTAINABILITY

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

Brief facts

24,600

customers

1,400

employees

84%

proforma recurring revenues, ARR

2,664

MSEK proforma net sales

11

countries

38

Business units

Vitec Software Group has its origin and headquarters in Umeå, Sweden. Meeting forums for networking and knowledge sharing within the Group are provided here.

SUMMARY OF INTERIM PERIOD, APRIL–JUNE 2023

- Net sales SEK 724 million (449), an increase of 61%
- Recurring revenues SEK 612 million (384), an increase of 59%
- EBITA SEK 226 million (120), an increase of 89%
- EBITA margin 31% (27)
- Operating profit SEK 164 million (74), an increase of 121%
- Operating margin 23% (17)
- Earnings per share before dilution SEK 2.59 (1.52)
- Cash flow from operating activities SEK 79 million (-43)
- Acquisition of DL Systems AB and Entry Event Sweden AB

SUMMARY OF INTERIM PERIOD, JANUARY–JUNE 2023

- Net sales SEK 1,336 million (895), an increase of 49%
- Recurring revenues SEK 1,121 million (763), an increase of 47%
- EBITA SEK 412 million (250), an increase of 65%
- EBITA margin 31% (28)
- Operating profit SEK 286 million (158), an increase of 81%
- Operating margin 21% (18)
- Earnings per share before dilution SEK 4.66 (3.28)
- Cash flow from operating activities SEK 569 million (402)



Message from the CEO

Vitec delivers a record quarter in terms of both volume and earnings

Vitec delivers a record quarter in terms of both volume and earnings. Total revenue increased by an impressive 61% to SEK 724 million compared with the same period last year. The corresponding figures for the first half of the year are 49% and SEK 1,336 million. Our subscription-based recurring revenues increased organically by 13%.

Growth can be attributed in part to some major acquisitions, but also to stable organic growth in volume and margins. We can now also see the effect of increased transaction-based revenue from our value added services, including from the acquisition of Enova. EBITA for the quarter totaled SEK 226 million, an increase of 89%, and the EBITA margin was 31%, up from 27%. Despite the negative impact of higher interest rates and increased tax costs, our net profit increased by 82%.

Cash flow for the year follows the expected pattern, as a large part of our subscription revenues are received in the first quarter, which contributes to our stable earnings and financial strength.

As usual, acquisitions for the period have been financed by a mix of internally generated cash flow, utilized credits and additional supplementary purchase considerations. We have made two bolt-on acquisitions that are good complements for us in the hospitality industry in Sweden, where we have become even stronger. Another exciting acquisition in the health sector was agreed in June and is awaiting regulatory approval for completion. In total, we have signed agreements for four acquisitions to date this year.


Our financial position is strong and we see good opportunities for further acquisitions, although competition remains fierce for the excellent vertical software companies that meet our acquisition criteria. These criteria, combined with a disciplined and sustainable approach to company valuations, comprise the strategy that has brought us to where we are today and will continue to serve us well in the future. The companies and employees that have joined our Group are developing well and each new addition brings knowledge and commitment that makes us a little better every day.

Our view of the world and our customers' behavior remains unchanged since the previous quarter's assessment: the picture is still mixed, with both strong development for some and a little slower in terms of new sales for others, but overall a stability in customer volume across all business units.

I would like to take this opportunity to thank our customers, employees and partners for a good first half of 2023 and wish you all a wonderful summer.



Olle Backman, CEO,
Vitec Software Group

Olle Backman at the Vitec Software Group's Annual General Meeting in Umeå. 



“Our acquisition criteria, combined with a disciplined and sustainable approach to company valuations, comprise the strategy that has brought us to where we are today and will continue to serve us well in the future.”

Group financial information

NET SALES AND EARNINGS

April–June 2023

Net sales

Net sales for the period totaled SEK 723.7 million (448.6) and included recurring revenues of SEK 612.4 million (384.5), license revenues of SEK 14.3 million (5.3), service revenues of SEK 84.8 million (50.1) and other revenues of SEK 12.2 million (8.8). Recurring revenues consist of subscription-based revenue of SEK 460.4 million (339.9) and transaction-based revenue of SEK 152.0 million (44.6).

Comments on sales

Net sales for the period rose a total of 61% and recurring revenues rose 59%. Organic growth in subscription-based recurring revenues on a rolling 12-month basis is 13%. We estimate that approximately four percentage points of this growth is attributable to currency effects.

Other revenues totaled SEK 12.2 million, which is an increase of 39% compared with the corresponding period last year. Licensing increased by 171%, mainly attributable to our newly acquired companies. Service revenues gained 69%, compared with the corresponding period in 2022. Recurring revenues accounted for 85% of net sales, compared with 86% for the corresponding period

in 2022. During the year acquired companies contributed SEK 112.7 million in net sales.

Earnings

EBITA was SEK 226.2 million (119.6), with an EBITA margin of 31.3% (26.7). Operating profit was SEK 163.9 million (74.3), with an operating margin of 22.6% (16.6). Profit after tax for the period amounted to SEK 96.9 million (53.3). Earnings per share before dilution totaled SEK 2.59 (1.52).

Comments on earnings

EBITA gained 89%, compared with the corresponding period in 2022. IFRS 16 related to leases had an impact of to SEK 17 million (12) on operating profit, and SEK -14 million (-12) on depreciation. The net of capitalized development costs and amortization and impairment losses on intangible fixed assets had a negative effect on operating profit of SEK 10.0 million, compared with negative SEK 7.0 million the corresponding period last year. Acquisition-related costs are included in operating profit and amount to SEK -1.4 million (-3.6).

Net financial items amounts to SEK -35.2 million (-4.8). The items consist of net interest income of SEK -21.0 million

(-4.8) and remeasurement to fair value of supplementary purchase considerations of SEK -14.2 million (0). Net interest increased as a result of higher interest rates and increased borrowing in conjunction with acquisitions.

Vitec Software Group develops and provides software for customers such as real estate companies in Sweden, Norway, Denmark and the Netherlands.



January–June 2023

Net sales

Net sales for the period totaled SEK 1,336.3 million (895.2) and included recurring revenues of SEK 1,121.5 million (762.7), license revenues of SEK 24.8 million (12.7), service revenues of SEK 171.5 million (102.1) and other revenues of SEK 18.5 million (17.7). Recurring revenues consist of subscription-based revenue of SEK 901.5 million (672.1) and transaction-based revenue of SEK 220.0 million (90.6).

Comments on sales

Net sales for the period rose a total of 49% and recurring revenues rose 47%. Organic growth in subscription-based recurring revenues on a rolling 12-month basis is 13%. We estimate that approximately four percentage points of this growth is attributable to currency effects.

Other revenues totaled SEK 18.5 million, which is an increase of 4.5% compared with the corresponding period last year. Licensing increased by 95%, mainly attributable to our newly acquired companies. Service revenues gained 68%, compared with the corresponding period in 2022. Recurring revenues accounted for 84% of net sales, compared with 85% for the corresponding period in 2022. During the year acquired companies contributed SEK 131.3 million in net sales.

Earnings

EBITA was SEK 411.6 million (250.0), with an EBITA margin of 30.8% (28.0). Operating profit was SEK 286.5 million (157.7), with an operating margin of 21.4% (17.6). Profit after tax for the period amounted to SEK 174.0 million (115.1). Earnings per share before dilution totaled SEK 4.66 (3.28).

Comments on earnings

EBITA gained 65%, compared with the corresponding period in 2022. IFRS 16 related to leases had an impact of to SEK 30.2 million (23.9) on operating profit, and SEK -26.6 million (-22.9) on depreciation. The net of capitalized development costs and amortization and impairment losses on intangible fixed assets had a negative effect on operating profit of SEK 4.6 million, compared with negative SEK 6.2 million the corresponding period last year. Acquisition-related costs are included in operating profit and amount to SEK -11.4 million (-9.1).

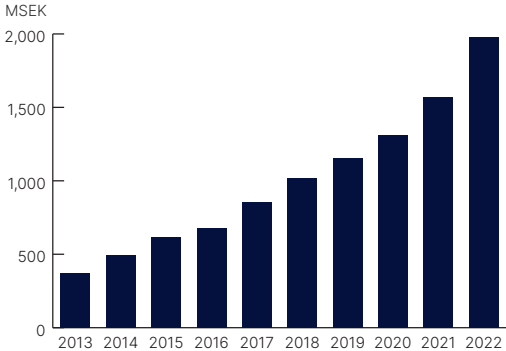
Net financial items totaled SEK -56.5 million (-9.7). The items consist of net interest income of SEK -37.2 million (-9.1) and remeasurement to fair value of supplementary purchase considerations of SEK -19.3 million (0). Net interest increased as a result of higher interest rates and increased borrowing in conjunction with acquisitions.

1,336
SEK million net sales
January–June

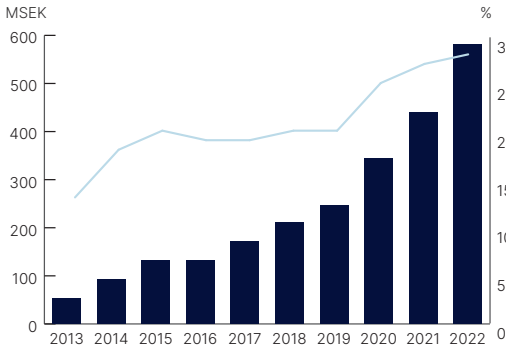
	2023 Apr–Jun	2022 Apr–Jun	Change	2023 Jan–Jun	2022 Jan–Jun	Change
Net sales, SEK million	724	449	61%	1,336	895	49%
Recurring share of net sales, %	85%	86%		84%	85%	
EBITA, SEK million	226	120	89%	412	250	65%
EBITA margin, %	31%	27%		31%	28%	
Operating profit/loss, SEK million	164	74	121%	286	158	82%
Operating margin, %	23%	17%		21%	18%	
Net profit/loss for the period, SEK million	97	53	82%	174	115	51%
Earnings per share, SEK	2.59	1.52		4.66	3.28	

Diagrams on Group trends

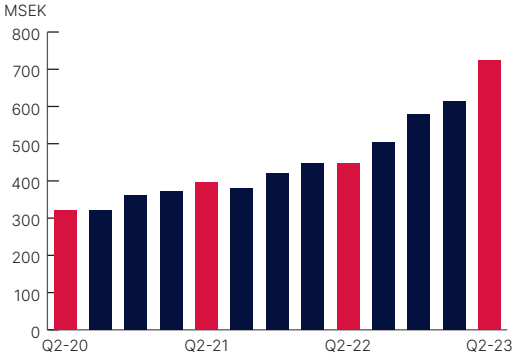
Sales



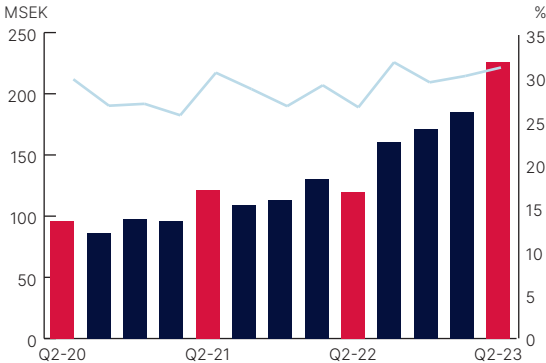
EBITA and EBITA margin



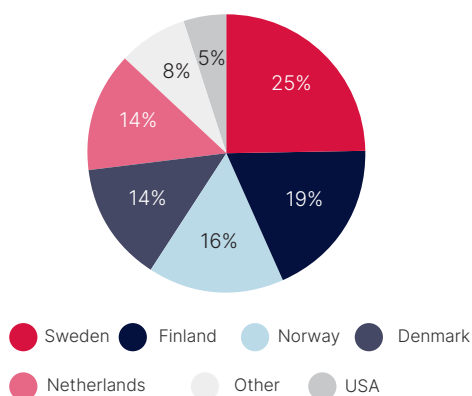
Sales by quarter



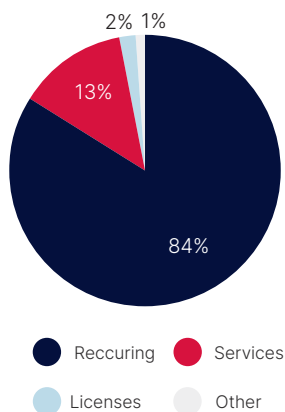
EBITA and EBITA margin by quarter



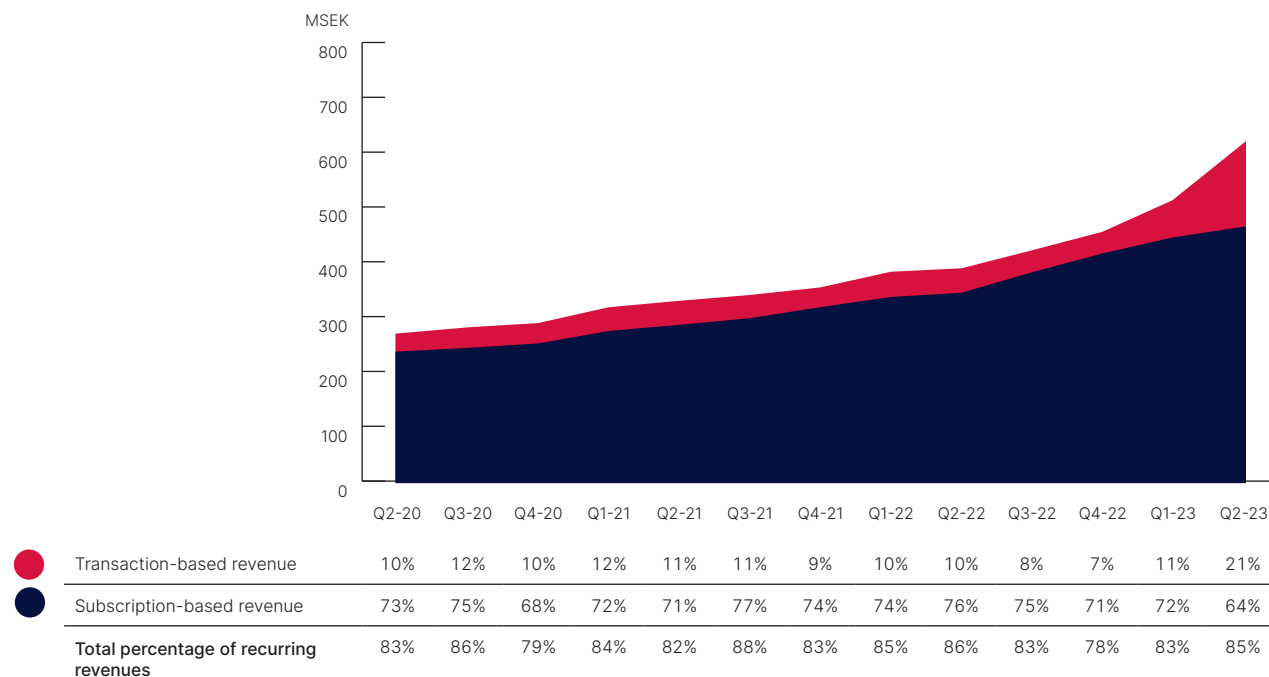
Sales by market, January–June 2023



Breakdown of revenue, January–June 2023



Breakdown of recurring revenues



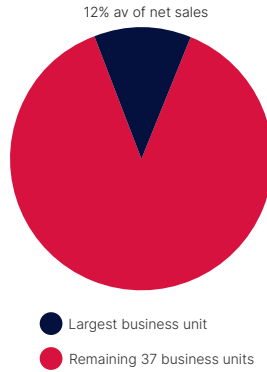
Sales broken down by business unit and customer

Because we operate in a number of niche markets and countries, we have good distribution of revenue in terms of both geography and area of operation. Although we operate in several niche markets, we still engage in essentially the same business: we develop and deliver standardized software. Some are complete enterprise systems, while others provide support for specific aspects of our customers' operations.

No individual customer accounts for more than 1.7% 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.

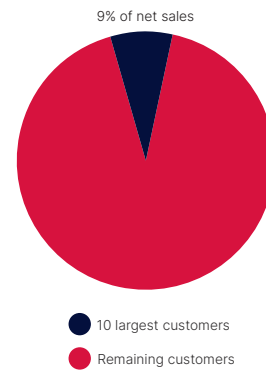
BREAKDOWN OF SALES

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



CUSTOMERS

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



▼ Vitec operates in 11 countries











































Our business units

We conduct our operations through our 38 independent business units. Vitec develops and delivers software aimed at various functions in society. They can be found at the heart of a variety of businesses and activities, including

pharmacies, banks, car repair shops, property management, health care and education. Our products enable us to help our customers achieve greater efficiency and to generate societal benefit.

BUSINESS UNITS

Business unit	Software for:	Registered office	Acquisition year	Sales 2022, SEKm	Recurring, 2022
ABS Laundry Business Solutions	 The global laundry and textile rental industry.	NL	2022	257	41%
Enova	 Energy management and grid balancing services in the Netherlands.	NL	2023	309	100%
Vabi	 Sustainable energy management for the real estate and property management industry in the Netherlands.	NL	2021	82	99%
Vitec Actor Smartbook	 Municipal culture and recreation administration offices, as well as other visitor facilities in Norway and Sweden.	SE	2018	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 countries and western Europe.	DK	2014	126	84%
Vitec Appva	 Healthcare and social services sector in Sweden.	SE	2020	46	94%
Vitec Autosystemer	 Automotive, transportation and machinery industry in Norway.	NO	2015	52	93%
Vitec Avoine	 Local associations, national organizations and golf courses in Finland.	FI	2019	48	88%
Vitec Bygg & Fastighet	 Construction and property management industry in Sweden	SE	1985	216	76%
Vitec CapiteX Finans-system	 Banking and finance industry, primarily in Sweden and with some establishment in Norway and Finland.	SE	2010	29	90%
Vitec Cito	 Pharmacy market in Denmark.	DK	2018	45	71%
Vitec Datamann	 Car dealers and auto repair shops in Denmark.	DK	2015	56	83%
Vitec DL System	 Enterprise management systems for facilities within the tourism industry.	SE	2023	8	87%
Vitec DocuBizz	 Automotive industry in northern Europe and the US.	DK	2022	32	94%
Vitec Energy AB	 Electricity traders and owners of electricity and district heating grids in about 25 different countries.	SE	1998	39	89%
Vitec Entry Event	 Enterprise management systems for facilities within the tourism industry.	SE	2023	14	75%

Business unit	Software for:	Registered office	Acquisition year	Sales 2022, SEKm	Recurring, 2022
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%
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 Nice	 Liability insurance companies in Norway and Sweden.	NO	2015	16	58%
Vitec Nordman	 Food and grocery retail industry in Sweden	SE	2021	21	90%
Vitec Plania	 Building and facility management in Norway.	NO	2016	40	73%
Vitec Raisoft	 Healthcare and social services company in Finland and Switzerland.	FI	2022	66	73%
Vitec Samfundssystem	 Administrative services for churches and preschools in Sweden.	SE	2018	46	77%
Vitec Scanrate	 Bond market in Denmark.	DK	2022	57	86%
Vitec Tietomitta	 Private and municipal waste-and-resource processing in Finland.	FI	2016	61	93%
Vitec Travelize	 Travel agencies, primarily in Scandinavia.	SE	2021	22	84%
Vitec Unikum	 Retail trade and manufacturing industry in Sweden.	SE	2021	109	81%
Vitec Visiolink	 Media companies in Europe.	DK	2020	69	74%
Vitec WIMS	 Insurance companies in Norway.	NO	2019	33	71%

Balance sheets and cash flow

LIQUIDITY AND FINANCIAL POSITION

The Group's cash and cash equivalents at the end of the period totaled SEK 396.6 million (184.3). In addition to cash and cash equivalents, Vitec has an overdraft facility of SEK 125.0 million and SEK 934 million in unutilized portions of the credit facility, which amount to a total of SEK 2,500 million. The terms and conditions of the company's credit agreement contain restrictions, known as covenants. The Group has fulfilled the terms and conditions in their entirety during the period.

At June 30, 2023, interest-bearing liabilities totaled SEK 1,785.8 million (760.4) and comprised SEK 1,751.0 million (746.9) in non-current interest-bearing liabilities and SEK 34.8 million (13.5) in current interest-bearing liabilities. Non-current interest-bearing liabilities comprised bank loans of SEK 1,597.0 million, as well as convertible debentures totaling SEK 151.4 million. Current interest-bearing liabilities comprised bank loans of SEK 2.8 million as well as convertible debentures totaling SEK 32.0 million. Interest-bearing net debt amounts to SEK 1,389.2 million (567.2).

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

During the period, convertible loans 2101 and 2102 were partially converted, thereby reducing financial liabilities by SEK 13.5 million.

Liabilities relating to right-to-use assets in the form of leases for premises are included in other non-current liabilities of SEK 47.3 million and in other current liabilities of SEK 40.1 million.

Total supplementary purchase considerations as at June 30 amounted to SEK 825.9 million, with the non-current portion totaling SEK 715.1 million and the current portion totaling SEK 110.8 million.

CASH FLOW AND INVESTMENTS

During the period, financing was provided by using SEK 552.1 million from the credit facility. Repayment of the facility totaled SEK 334.3 million, amortization of bank loans amounted to SEK 1.4 million, and amortization related to right-to-use assets was SEK 30.2 million. Cash flow from operating activities was SEK 568.5 million (402.2). Investments totaled SEK 170.7 million in capitalized work, SEK 0.8 million in other intangible assets and SEK 10.4 million in property, plant and equipment. Investments in right-of-use assets not affecting cash flow totaled SEK 21.4 million. Through the acquisitions, SEK 1 185.3 million was invested in product rights, brands, customer agreements and goodwill.

The fourth and final payment of the dividend for financial year 2021 was made on March 30, 2023, when SEK 18.7 million was paid. The first payment of the dividend for financial year 2022 was made on June 30, 2021, when SEK 21.3 million was paid.

SHAREHOLDERS' EQUITY

Equity attributable to Vitec's shareholders totaled SEK 3,489.6 million (2 110.9). The equity/assets ratio is 47% (54). On April 25, the Annual General Meeting resolved to pay a dividend of SEK 2.28 per share, totaling SEK 91.5 million. The dividend will be divided up and paid on four payment dates: June 30, September 30, December 30 and March 30, 2024.

During the period, convertible loans 2101 and 2102 were converted. As a result of the conversions, the number of class B shares in Vitec increased by 36,478 and share capital increased by SEK 3,647.8. The number of shares in Vitec after the conversions is 37,365,017 shares, including 2,650,000 class A shares.

TAXES

Current tax for the period amounted to SEK 33.8 million (31.7). Deferred tax totaled SEK 22.2 million (1.2). Tax expense for the year corresponds to an average tax rate of 24% (22%).

Outstanding warrant program:

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

Convertible debentures:

Convertible debentures	Carrying amount, SEK million	Duration	Conversion period	Conversion price, SEK	Max increase share capital, SEK million	Dilution capital	Dilution votes
Loan 2101	5.5	Jan 4, 2021– Dec 30, 2023	Jan 1, 2023– Dec 30, 2023	373	0.004	0.0%	0.0%
Loan 2102	3.4	Feb 3, 2021– Dec 30, 2023	Jan 1, 2023– Dec 30, 2023	362	0.002	0.0%	0.0%
Loan 2104	2.4	Apr 26, 2021– Jun 30, 2024	Jan 1, 2024– Jun 30, 2024	468	0.001	0.0%	0.0%
Loan 2201	4.9	Jan 21, 2022– Jan 31, 2025	Aug 1, 2024– Jan 31, 2025	565	0.001	0.0%	0.0%
Loan 22/ 25: 4	103.6	Jul 6, 2022– Jun 30, 2025	Jul 1, 2024– Jun 30, 2025	549	0.019	0.5%	0.3%
Loan 22/ 25: 4	18.0	Sep 7, 2022– Jun 30, 2025	Jul 1, 2024– Jun 30, 2025	481	0.004	0.1%	0.1%
Loan22/ 25: 5	15.5	Oc 5, 2022– Sep 30, 2025	Oct 1, 2024– Sep 30, 2025	399	0.005	0.1%	0.1%
Loan 23/ 26: 1	2.9	Jun 12, 2023– Dec 30, 2022	July 1, 2025– Dec 30, 2022	652	0.000	0.0%	0.0%
Loan 2009 Convertible Employee Program	12.6	Sep 1, 2020– Sep 30, 2023	Sep 1, 2023– Sep 30, 2023	333	0.004	0.1%	0.1%
Loan 2021:1 Convertible Employee Program	8.2	Jun 1, 2021– Jun 30, 2024	Jun 1, 2024– Jun 30, 2024	463	0.002	0.1%	0.0%
Loan 2022:1 Convertible Employee Program	6.5	Jun 1, 2022– Jun 30, 2025	Jun 1, 2025– Jun 30, 2025	579	0.001	0.0%	0.0%
Total liability	183.5				0.038	1.0%	0.6%

Growth – develop and acquire

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

ACQUISITIONS DURING THE PERIOD

Three acquisitions were completed during the period: Enova Holding B.V., DL Systems AB and Entry Event Sweden AB. From the acquisition date up to and including June 30, revenues in the acquired companies totaled SEK 131.1 million in sales and SEK 41.8 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 52.8 million in sales and SEK 17.4 million in profit before tax. The acquisition-related expenses are recognized in operating profit and total SEK 10.7

million. The operating profit also includes SEK 0.7 million in acquisition-related costs related to acquisitions from previous years.

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

The acquisitions added SEK 26.6 million in product rights, SEK 25.0 million in brands, SEK 469.0 million in customer agreements and SEK 664.7 million in goodwill. Contingent consideration liabilities amount to a discounted value of SEK 513.8 million and are dependent on improvements in gross margin and EBIT in the coming years. Contingent considerations are measured at maximum outcome.

Acquisition Enova Holding B.V.

On February 23, Vitec acquired all shares in the Dutch software company Enova Holding B.V. Enova specializes in developing, delivering and maintaining energy management software for large

companies in the Netherlands, as well as providing grid balancing services.

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

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

Acquisition DL System AB

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

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

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



During the period companies were acquired within the hospitality industry.

Acquisition Entry Event Sweden AB

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

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

Payment was made in cash less a withheld amount payable on June 30, 2024 and June 30, 2025. Payment was also made with a convertible, with deviation from shareholders' preferential rights in accordance with the authorization from the Annual General Meeting on April 25, 2023. The convertible matures in 36

months and at full conversion will have a dilutive effect on capital below 0.1%.

Acquisition Neagen Oy

On June 13, an agreement was signed to acquire all shares in the Finnish software company Neagen Oy. Neagen develops and delivers medical imaging archiving and viewing solutions and has a market-leading position in Finland.

The company reported sales of approximately EUR 5 million for the 2022 financial year. The acquisition is expected to yield an immediate increase in earnings per share for Vitec.

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

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

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

Acquired revenue



ORGANIC GROWTH

SEK million	R12 Jun 2023	R12 Jun 2022	Growth
Reported subscription-based recurring revenues	1,690	1,279	
Effect of acquired units	49	256	
Proforma subscription-based recurring revenues	1,740	1,535	13%
Reported transaction-based recurring revenues	300	169	
Effect of acquired units	186	275	
Proforma transaction-based recurring revenues	485	444	9%
Reported recurring revenues	1,990	1,448	
Effect of acquired units	235	531	
Proforma recurring revenues	2,225	1,980	12%
Reported net sales	2,419	1,697	43%
Effect of acquired units	245	712	
Proforma net sales	2,664	2,409	11%

INVESTMENTS: PARTNERSHIPS

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

Investment in Precisely AB

On March 3, Malmkroppen invested in the Swedish software company Precisely AB. Precisely provides software that enables businesses and organizations to manage contracts more efficiently. Vitec holds a 5.7% stake in the company after the investment.

Investment in Predge AB

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

Investment in Indico Technologies AB

On March 31, Malmkroppen invested in the Swedish software company Indico Technologies AB. Indico delivers forecasting tools that can interpret large amounts of data for businesses where forecast accuracy has a direct impact on margins and profits. Vitec holds a 3.5% stake in the company after the investment.

Investment in Voxo AB

On April 5, Malmkroppen expanded its ownership stake in the Swedish software company Voxo AB. Voxo is a Swedish voice technology company specializing in conversation-based AI solutions. Vitec holds a 11.2% stake in the company after the investment.

Investment in Tempus Information Systems AB

On April 14, Malmkroppen expanded its ownership stake in the Swedish software company Tempus Information

Systems AB. Tempus develops resource planning and scheduling software for preschools in Sweden. Vitec holds a 32.8% stake in the company after the investment.

Investment in Pinpointest AB

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

The Annual General Meeting in Umeå.



Other significant events during the period

APRIL 25: ANNOUNCEMENT FROM THE ANNUAL GENERAL MEETING

The Annual General Meeting of Vitec Software Group was held on April 25, 2023, at the Clarion Hotel 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.

The meeting resolved to reelect the Board members Lars Stenlund, Anna Valtonen, Birgitta Johansson-Hedberg, Jan Friedman and Kaj Sandart, as well as to elect Malin Ruijsenaars to serve as a new Board member. Lars Stenlund was reelected to serve as Chairman of the Board.

The Meeting also resolved to introduce a long-term share saving scheme for current and future employees of the Group.



▲ Chairman of the Board Lars Stenlund engaged in conversation at the Annual General Meeting.

Risks and uncertainties

Material risks and uncertainties are described in the administration report of the of the 2022 Annual Report under “Risks and uncertainties” on pages 82-86, in Note 1, under the section,

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

Parent Company

Net sales totaled SEK 43.4 million (64.8) and essentially comprised invoicing to subsidiaries for services rendered. Profit after tax was SEK -83.0 million (23.7).

Parent Company earnings were charged with unrealized foreign-exchange losses totaling SEK -88.3 million (-9.4). The Parent Company is generally exposed to

the same risks and uncertainties as the Group; refer to the above section, Risks and uncertainties.

Related-party transactions

No significant transactions with related parties occurred in the Group or Parent Company during the period.

Accounting and measurement policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, and the Swedish Annual Accounts Act. The Parent Company's accounts were prepared in accordance with the Annual Accounts Act and recommendation RFR 2 Accounting for Legal Entities No new or amended standards entered into force as of 2023 that are expected to affect the Group's accounts.

OPERATING SEGMENTS

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

and earnings of the operation based on the total consolidated operations. The assessment is thus that the Group's operations consist of one segment.

INCENTIVE PROGRAM

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

Three warrant incentive programs are also underway, in the form of warrants, aimed at around 45 people. The shares were issued on market terms. The fair value of options granted is calculated using a modified version of the Black-Scholes valuation model. The value of the option premiums is recognized as share-based remuneration pursuant to IFRS 2.

FINANCIAL INSTRUMENTS

Classification and measurement

Financial instruments are recognized initially at cost corresponding to the

instrument's fair value plus transaction costs. A financial instrument is classified at initial recognition based on, among other factors, the purpose for which the instrument was acquired. Vitec has financial instruments under the categories loans and accounts receivable, financial assets at fair value, financial liabilities at fair value and financial liabilities at amortized cost.

Financial liabilities measured at fair value

In accordance with IFRS 7, the fair value of each financial asset and financial liability must be disclosed, regardless of whether they are recognized in the balance sheet. Vitec deems the fair value of the financial assets/liabilities to be close to the recognized carrying amount.

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

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

	Level 1	Level 2	Level 3	Book value
Securities held as fixed assets			47,607	47,607
Total assets			47,607	47,607
Supplementary purchase consideration, due within 1 year			110,838	110,838
Supplementary purchase considerations, due in more than 1 year, but within 3 years			111,366	111,366
Supplementary purchase considerations, due in more than 3 years, but within 5 years			545,946	545,946
Total liabilities			768,150	768,150

Signatures

AFFIRMATION OF THE BOARD OF DIRECTORS

The Board of Directors and the CEO hereby certify that this report provides a fair view of the Group's and the Parent Company's operations, position and performance and describes the material risks and uncertainties facing the Parent Company and the companies included in the Group.

Umeå, July 14, 2023

Lars Stenlund
Chairman of the Board

Anna Valtonen
Board member

Birgitta Johansson-Hedberg
Board member

Jan Friedman
Board member

Kaj Sandart
Board member

Malin Ruijsenaars
Board member

Olle Backman
Chief Executive Officer

Condensed consolidated statement of comprehensive income

SEK THOUSANDS	2023 Apr–Jun	2022 Apr–Jun	2023 Jan–Jun	2022 Jan–Jun	2022 Jan–Dec
OPERATING REVENUES					
Recurring revenues	612,416	384,472	1,121,474	762,729	1,631,256
License revenues	14,306	5,282	24,812	12,660	54,483
Service revenues	84,772	50,102	171,454	102,119	253,629
Other revenues	12,157	8,760	18,531	17,741	38,823
NET SALES	723,652	448,616	1,336,271	895,249	1,978,191
Reversal of supplementary purchase consideration	-	0	0	3,402	3,402
TOTAL REVENUES	723,652	448,616	1,336,271	898,651	1,981,593
Capitalized development costs	82,767	58,143	170,681	122,870	265,351
OPERATING EXPENSES					
Goods for resale	-11,587	-7,319	-21,287	-15,320	-40,002
Subcontractors and subscriptions	-118,989	-51,036	-183,858	-99,915	-196,381
Other external expenses	-73,588	-61,188	-150,742	-111,500	-248,896
Personnel expenses	-323,640	-229,127	-639,189	-464,376	-1,010,353
Depreciation of property, plant and equipment	-19,049	-15,678	-36,469	-31,436	-67,854
Amortization of intangible fixed assets	-31,878	-23,472	-61,497	-45,750	-98,765
Impairment of intangible assets	-	-	-	-3,402	-3,402
Unrealized exchange-rate gains/losses (net)	-1,530	653	-2,293	179	278
TOTAL EXPENSES	-580,261	-387,167	-1,095,334	-771,520	-1,665,375
EBITA	226,158	119,593	411,617	250,001	581,569
Acquisition-related costs	-1,395	-3,594	-11,372	-9,071	-40,285
Acquisition-related amortization	-60,890	-41,708	-113,763	-83,278	-185,443
OPERATING PROFIT/LOSS	163,873	74,291	286,482	157,653	355,841
Financial income	924	30	4,095	49	2,596
Financial expenses	-21,880	-4,856	-41,275	-9,788	-46,272
Remeasurement of supplementary contingent consideration	-14,208	-	-19,280	-	-
TOTAL FINANCIAL ITEMS	-35,164	-4,826	-56,460	-9,739	-43,676
PROFIT AFTER FINANCIAL ITEMS	128,709	69,465	230,022	147,914	312,165
Tax	-31,839	-16,164	-56,009	-32,797	-67,298
NET PROFIT FOR THE PERIOD	96,870	53,301	174,013	115,117	244,866
OTHER COMPREHENSIVE INCOME, ITEMS THAT MAY BE RECLASSIFIED AS PROFIT/LOSS FOR THE YEAR					
Restatement of net investments in foreign operations and hedge accounting of the same	175,038	26,757	183,398	68,983	198,105
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	175,038	26,757	183,398	68,983	198,105
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	271,908	80,058	357,411	184,100	442,971
PROFIT FOR THE PERIOD ATTRIBUTABLE TO					
– Parent Company shareholders	96,870	53,300	174,013	115,117	244,866
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO					
– Parent Company shareholders	271,908	80,057	357,411	184,100	442,971

Condensed consolidated statement of financial position

SEK THOUSANDS	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
ASSETS			
FIXED ASSETS			
Goodwill	3,688,591	1,785,311	2,900,642
Other intangible fixed assets	2,815,005	1,520,363	2,163,031
Tangible property, plant and equipment	154,152	147,249	155,987
Financial fixed assets	55,943	30,880	38,811
Deferred tax assets	16,444	8,313	13,483
TOTAL FIXED ASSETS	6,730,135	3,492,116	5,271,954
CURRENT ASSETS			
Inventories	3,227	3,600	2,825
Current receivables	366,928	243,744	430,258
Cash and cash equivalents	396,584	184,299	615,787
TOTAL CURRENT ASSETS	766,738	431,643	1,048,870
TOTAL ASSETS	7,496,874	3,923,759	6,320,824
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to Parent Company shareholders	3,489,560	2,110,877	3,209,758
Non-current interest-bearing liabilities	1,751,014	757,697	1,493,776
Deferred tax liabilities	528,268	307,323	407,697
Other non-current liabilities	813,119	83,169	249,156
TOTAL NON-CURRENT LIABILITIES	3,092,401	1,148,189	2,150,629
Accounts payable	36,767	48,494	56,696
Current portion of interest-bearing liabilities	34,793	2,779	37,784
Other current liabilities	244,598	201,212	461,282
Accrued expenses	267,049	136,999	165,700
Prepaid recurring revenues	331,706	275,209	238,975
TOTAL CURRENT LIABILITIES	914,913	664,693	960,437
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	7,496,874	3,923,759	6,320,824

Condensed consolidated statement of changes in equity

SEK THOUSANDS	2023 Apr–Jun	2022 Apr–Jun	2023 Jan–Jun	2022 Jan–Jun	2022 Jan–Dec
EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS					
Opening balance	3,295,492	2,093,376	3,209,758	1,989,104	1,989,104
Correction of error attributable to previous year	-	-	50	-	-
Convertible debenture with stock options	133	264	133	494	6,369
Debenture conversion	13,476	7,665	13,476	7,665	18,354
New share issue	-	-	-	-	833,800
Issuing costs	-	-	-	-	-14,394
Paid option premiums	-	4,118	-	4,118	5,483
Option premiums measured at fair value	-	685	-	685	685
Reserved dividend	-70,152	-60,919	-51,307	-57,748	-4,477
Paid dividend	-21,298	-14,369	-39,962	-17,540	-68,137
Total comprehensive income	271,908	80,058	357,411	184,100	442,971
CLOSING BALANCE	3,489,560	2,110,877	3,489,560	2,110,877	3,209,758

Condensed consolidated statement of cash flow

SEK THOUSANDS	2023 Apr–Jun	2022 Apr–Jun	2023 Jan–Jun	2022 Jan–Jun	2022 Jan–Dec
OPERATING ACTIVITIES					
Operating profit	163,873	74,290	286,482	157,653	355,841
Adjustments for non-cash items	-	-	-	-	-
Other operating revenues	-	-	-	-3,402	-3,402
Depreciation, amortization and impairment	111,816	80,859	211,729	163,866	355,464
Unrealized foreign exchange gains/losses	1,530	-653	2,293	-179	-278
Share-based remuneration	-	685	-	685	685
	277,219	155,181	500,504	318,623	708,310
Interest received	924	31	4,095	49	2,596
Interest paid	-21,537	-4,141	-40,180	-8,328	-42,128
Income tax paid	-9,272	-19,265	-42,495	-40,277	-72,012
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	247,334	131,806	421,924	270,066	596,766
Changes in working capital					
Increase/decrease in inventories	226	600	471	-812	-26
Increase/decrease in accounts receivable	3,043	-13,369	141,267	118,748	-2,064
Increase/decrease in other operating receivables	8,248	-24,643	-66,328	-44,141	-22,068
Increase/decrease in accounts payable	-3,937	10,720	-21,376	805	-2,611
Increase/decrease in other operating liabilities	-175,277	-148,123	92,582	57,526	-6,629
CASH FLOW FROM OPERATING ACTIVITIES	79,637	-43,009	568,539	402,192	563,369
INVESTING ACTIVITIES					
Acquisition of shares and participations	-7,274	-5,000	-15,902	-5,000	-10,000
Acquisition of subsidiaries (net impact on liquidity)	-15,367	-40,049	-529,805	-84,302	-1,143,823
Supplementary purchase considerations paid	-227,508	-52,831	-247,027	-85,831	-85,831
Purchase of intangible fixed assets and capitalized development costs	-83,176	-58,787	-171,456	-124,026	-267,390
Purchase of property, plant and equipment	-6,442	-732	-10,375	-5,847	-17,957
CASH FLOW FROM INVESTING ACTIVITIES	-339,767	-157,399	-974,565	-305,006	-1,439,169
FINANCING ACTIVITIES					
Dividends to Parent Company shareholders	-21,298	-17,540	-39,962	-31,909	-68,137
Borrowings	-	6,750	552,110	6,750	1,326,598
Repayment of loans	-152,972	-688	-335,652	-1,376	-687,752
Repayment of lease liabilities	-16,640	-11,950	-30,229	-23,900	-51,062
New share issue	-	-	-	-	833,800
Issuing costs	-	-	-	-	-14,394
Paid option premiums	-	4,118	-	4,118	5,483
CASH FLOW FROM FINANCING ACTIVITIES	-190,910	-19,309	146,266	-46,317	1,344,535
CASH FLOW FOR THE PERIOD	-451,040	-219,719	-259,760	50,867	468,735
OPENING CASH AND CASH EQUIVALENTS, INCLUDING CURRENT INVESTMENTS	822,784	400,582	615,787	119,858	119,858
Exchange-rate differences in cash and cash equivalents	24,842	3,440	40,557	13,575	27,196
CASH AND CASH EQUIVALENTS INCLUDING CURRENT INVESTMENTS AT THE END OF THE PERIOD	396,584	184,299	396,584	184,299	615,787

Parent company income statement, condensed

SEK THOUSANDS	2023 Apr–Jun	2022 Apr–Jun	2023 Jan–Jun	2022 Jan–Jun	2022 Jan–Dec
Operating revenues	43,356	33,258	83,578	64,832	141,647
Operating expenses	-39,009	-30,204	-74,817	-59,493	-132,711
Unrealized exchange-rate gains/losses (net)	-88,289	-1,278	-122,206	-9,385	-43,808
OPERATING PROFIT/LOSS	-83,942	1,776	-113,445	-4,046	-34,872
Income from participation in Group companies	-	33,539	-	33,539	295,284
Interest income	922	78	3,893	169	2,467
Interest expenses	-21,354	-4,078	-39,925	-8,378	-42,656
PROFIT AFTER FINANCIAL ITEMS	-104,374	31,315	-149,477	21,284	220,223
Appropriations	-	-	-	-	58,886
PROFIT/LOSS BEFORE TAX	-104,374	31,315	-149,477	21,284	279,109
Tax	21,379	428	31,093	2,460	-392
NET PROFIT FOR THE PERIOD	-82,995	31,743	-118,384	23,744	278,717

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

Condensed balance sheet, Parent Company

SEK THOUSANDS	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
ASSETS			
FIXED ASSETS			
Intangible fixed assets	2,112	1,396	1,860
Tangible property, plant and equipment	10,588	11,670	11,157
Financial fixed assets	6,344,182	3,320,297	5,147,910
TOTAL FIXED ASSETS	6,356,881	3,333,363	5,160,927
CURRENT ASSETS			
Current receivables	82,700	67,181	387,223
Cash and cash equivalents	0	109,741	226,879
TOTAL CURRENT ASSETS	82,700	176,922	614,102
TOTAL ASSETS	6,439,581	3,510,285	5,775,029
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	2,801,978	1,932,034	3,029,477
Untaxed reserves	1,686	1,772	1,686
Other provisions	517	-	-
Overdraft facility	4,457	-	-
Non-current liabilities	2,568,335	773,573	1,716,176
Current liabilities	1,062,608	802,906	1,027,689
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	6,439,581	3,510,285	5,775,029

Acquired assets and liabilities 2023

Three acquisitions were completed during the period: Enova Holding B.V., DL Systems AB and Entry Event Sweden AB.

Some items in the acquisition plans may be remeasured, due to our brief ownership of the companies. This applies to all assets and liabilities in the acquisition balances, but mainly brands,

product rights, customer agreements and goodwill. For this reason, the acquisition plans remain preliminary, until 12 months after the acquisition date.

Acquired assets and liabilities, acquisitions for the year, SEK thousands	Book value	Fair value adjustment	Fair value recognized in the Group
Goodwill	-	662,249	662,249
Intangible fixed assets	-	520,595	520,595
Tangible property, plant and equipment	2,706	-	2,706
Financial fixed assets	550	-	550
Inventories	872	-	872
Current receivables	13,270	-	13,270
Cash and cash equivalents	68,381	-	68,381
Deferred tax liabilities	-	-104,251	-104,251
Accounts payable	-1,457	-	-1,457
Other current liabilities	-47,927	-	-47,927
Total	36,395	1,078,593	1,114,988
Effect of acquisitions on cash flow, SEK thousands			
Group's purchase costs			-1,114,988
Expensed portion of purchase considerations			513,801
Convertible debentures			3,000
Acquired cash and cash equivalents			68,381
Net cash outflow			-529,805

Remeasurement of previously acquired assets and liabilities

Final acquisition plan ABS Laundry Business Solutions

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

Solutions were acquired. Final valuation of acquired assets and liabilities has occurred. The value of product rights has been valued higher and goodwill

has decreased accordingly. In addition, the final measurement of the acquisition plans for DocuBizz and Hotellinx had also occurred.

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

Remeasurement acquisition plan other acquisitions	Initial valuation	Remeasurement	Final valuation
Goodwill	48,865	-4,412	44,453
Intangible assets	26,827	5,656	32,483
Deferred tax liabilities	-5,902	-1,244	-7,146
Other net assets	790		790
Total	70,580	0	70,580

Allocation of revenues and date of revenue recognition

Allocation of revenues and date of revenue recognition, SEK million	2023 Apr–Jun	2022 Apr–Jun	2023 Jan–Jun	2022 Jan–Jun	2022 Jan–Dec
Subscription-based revenue	460.4	339.8	901.4	672.1	1,461.2
Transaction-based revenue	151.9	44.7	220.0	90.6	170.1
Other revenues	111.2	64.1	214.8	132.5	346.9
Net sales	723.7	448.6	1,336.3	895.2	1,978.2
Date of revenue recognition					
Services transferred to customers over time, flat distribution	460.4	339.9	901.4	672.1	1,461.1
Services transferred to customers over time, in pace with use	236.8	94.6	391.5	192.7	423.7
Services transferred to customers at a given time	26.4	14.0	43.3	30.4	93.3
	723.7	448.6	1,336.3	895.2	1,978.2

Shareholder information

PUBLICATION

This information is such information that Vitec Software Group AB (publ.) is required to disclose pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, through the agency of the contact person set out below, at 8:00 a.m. (CET) on July 14, 2023.

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

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

FINANCIAL INFORMATION

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

We can also be contacted through the following channels:

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

CORPORATE REGISTRATION NUMBER

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

FINANCIAL CALENDAR

Interim report January–June

Jul 14, 2023 8:00 a.m.

Interim report January–September

Oct 19, 2023 8:00 a.m.

Year-end report January–December

Feb 1, 2024 8:00 a.m.



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Definitions of key indicators

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

agement and investors with significant information for analyzing trends in the company's business operations. Alternative performance measures are not always comparable with measurements used by other companies. They are

intended to complement, not replace, financial measurements presented in accordance with IFRS. The key indicators presented on the last page of this report are defined as follows:

NON-IFRS KEY INDICATORS	DEFINITION	USAGE
Recurring revenues	Recurring contractual revenues with no direct relationship between our work efforts and the contracted price. The contractual amount is usually billed in advance and the revenues are recognized during the contract's term.	A key indicator for the management of operational activities.
Subscription-based recurring revenues	Recurring, contractual recurring revenue for all types of subscriptions and cloud services. Revenue is evenly distributed over the contract period.	Used to track the company's recurring revenues.
Transaction-based recurring revenues	Recurring, contractual recurring transaction-based revenue. Revenue is strongly linked to volume and varies by volume.	Used to track the company's recurring revenues.
Percentage of recurring revenues	Recurring revenues in relation to net sales.	A key indicator for the management of operational activities.
Growth	The trend of the company's net sales in relation to corresponding year-earlier period.	Used to monitor the company's sales trend.
Growth in recurring revenues	Trend in recurring revenues in relation to the previous corresponding year.	Used to monitor the company's sales trend.
Organic growth in recurring revenues	Development of the company's recurring revenue over the last 12 months, including data for acquired companies, in relation to corresponding year-earlier period.	Used to monitor the company's sales trend.
Proforma net sales, rolling 12 months	Net sales the past four quarters with addition of sales from acquired units for the time prior to the acquisition date.	Used to monitor the company's sales trend.
ARR, Proforma recurring revenues, rolling 12	ARR, Annual Recurring Revenues. Recurring revenues the past four quarters with addition of recurring revenues from acquired units for the time prior to the acquisition date.	Used to monitor the company's sales trend.
Gross profit	The company's sales less the cost of goods purchased for resale and subcontractors and subscriptions.	Used to monitor the company's dependence on external direct costs
Gross margin	Gross profit in relation to net sales.	Used to monitor the company's dependence on external direct costs
EBITA	Net profit/loss for the period before acquisition-related costs, acquisition-related amortization, net financial items and tax.	Indicates the company's net profit/loss for the period before acquisition-related costs, acquisition-related amortization.
EBITDA	Earnings before interest, tax, depreciation and amortization for the period.	Indicates the company's operating profit/loss before depreciation and amortization.
Acquisition-related costs	Costs such as broker fees, legal fees and stamp tax (tax on single property purchases).	Used to disclose items affecting comparability.
Acquisition-related amortization	Amortization regarding product rights and customer agreements.	Used to disclose items affecting comparability.
EBITA margin	Operating profit before acquisition-related costs in relation to net sales.	Used to monitor the company's earnings trend.

Operating margin	Operating profit in relation to net sales.	Used to monitor the company's earnings trend.
Profit margin	Profit after tax for the period, in relation to net sales.	Used to monitor the company's earnings trend.
Equity/assets ratio	Shareholders' equity, including equity attributable to non-controlling interests as a percentage of total assets.	This measurement is an indicator of the company's financial stability.
Equity/assets ratio after full conversion	Shareholders' equity and convertible debentures as a percentage of total assets.	This measurement is an indicator of the company's financial stability.
Interest-bearing net debt	Non-current interest-bearing liabilities and the current portion of interest-bearing liabilities, less cash and cash equivalents.	This measurement is an indicator of the company's financial stability.
Debt/equity ratio	Average debt in relation to average shareholders' equity and non-controlling interests.	This measurement is an indicator of the company's financial stability.
Average shareholders' equity	The average between shareholders' equity for the period attributable to Parent Company shareholders and shareholders' equity for the preceding period attributable to Parent Company shareholders.	An underlying measurement on which the calculation of other key indicators is based.
Return on capital employed	Profit after net financial items plus interest expenses, as a percentage of average capital employed. Capital employed is defined as total assets less interest-free liabilities and deferred tax.	This measurement is an indicator of the company's profitability in relation to externally financed capital and shareholders' equity.
Return on equity	Reported profit/loss after tax in relation to average equity attributable to Parent Company shareholders.	This measurement is an indicator of the company's profitability and gauges the return on shareholders' equity.
Sales per employee	Net sales in relation to the average number of employees.	This metric is used to assess the company's efficiency.
Added value per employee	Operating profit/loss plus depreciation/amortization and personnel expenses in relation to average number of employees.	This metric is used to assess the company's efficiency.
Personnel expenses per employee	Personnel expenses in relation to average number of employees.	A key indicator used to measure operational efficiency.
Average no. of employees	The average number of employees in the Group during the period.	An underlying measurement on which the calculation of other key indicators is based.
AES (Adjusted equity per share)	Shareholders' equity attributable to Parent Company shareholders, in relation to the number of shares issued at the balance-sheet date.	This measurement indicates the equity per share at the balance-sheet date
Cash flow per share	Cash flow from operating activities before changes in working capital, in relation to the average number of shares.	Used to monitor the company's trend in cash flow per share.
Number of shares after dilution	Average number of shares during the period plus the number of shares added following full conversion of convertibles and warrants.	An underlying measurement on which the calculation of other key indicators is based.
IFRS KEY INDICATORS	DEFINITION	USAGE
Earnings per share	Profit after tax attributable to Parent Company shareholders, in relation to the average number of shares during the period.	IFRS key indicators
Earnings per share after dilution	Profit after tax attributable to Parent Company shareholders, plus interest expenses pertaining to convertible debentures, in relation to the average number of shares after dilution.	IFRS key indicators



▲ Vitec Software Group develops and provides software for customers such as churches and communities in Sweden, Norway and Finland.

Key indicators

		2023 Jan-Jun	2022 Jan-Jun	2022 Jan-Dec
Net sales	SEK 000s	1,336,271	895,249	1,978,191
Recurring revenues	SEK 000s	1,121,474	762,729	1,631,256
Recurring share of net sales	(%)	84%	85%	82%
Growth net sales	(%)	49%	16%	26%
EBITA	SEK 000s	411,617	250,001	581,569
EBITA margin	(%)	31%	28%	29%
Growth EBITA	(%)	65%	15%	32%
Operating profit/loss (EBIT)	SEK 000s	286,482	157,653	355,841
Operating margin	(%)	21%	18%	18%
Profit after financial items	SEK 000s	230,022	147,914	312,165
Profit after tax	SEK 000s	174,013	115,117	244,866
Profit margin	(%)	13%	13%	12%
Balance-sheet total	SEK 000s	7,496,874	3,923,759	6,320,824
Equity/assets ratio	(%)	47%	54%	51%
Equity/assets ratio after full conversion	(%)	49%	55%	54%
Interest-bearing net debt	SEK 000s	1,389,223	576,177	915,773
Debt/equity ratio	(multiple)	1.04	1.26	0.94
Return on capital employed	(%)	14%	16%	10%
Return on equity	(%)	13%	18%	9%
Sales per employee	SEK 000s	966	858	1,692
Added value per employee	SEK 000s	830	758	1,504
Personnel expenses per employee	SEK 000s	462	445	864
Average no. of employees	(persons)	1,383	1,044	1,169
Adjusted equity per share (AES)	(SEK)	93.39	60.17	85.99
Earnings per share	(SEK)	4.66	3.28	6.92
Earnings per share after dilution	(SEK)	4.60	3.23	6.90
Resolved dividend per share	(SEK)	2.28	2.00	2.00
Cash flow per share	(SEK)	11.30	7.71	16.86
Basis of computation:				
Earnings from calculation of earnings per share	SEK 000s	174,013	115,117	244,866
Cash flow from calculation of cash flow per share	SEK 000s	421,924	270,066	596,766
Weighted average number of shares (weighted average)	(thousands)	37,338	35,049	35,393
Number of shares after dilution	(thousands)	38,418	35,745	35,970
Number of shares issued at balance-sheet date	(thousands)	37,365	35,079	37,329
Share price at close of the respective period	(SEK)	542.00	443.40	418.20

