

Interim report

January - September 2016

Negative currency effect but stronger cash flow

SUMMARY FOR JANUARY - SEPTEMBER 2016

- Net sales SEK 483 M (448)
- Profit before tax SEK 57,6 M (67,8)
- Operating margin 13,0 % (16,1)
- Earnings per share before dilution SEK 1,56 (1,80)
- Cash flow from operations SEK 123,8 M (105,8)

SUMMARY FOR JULY - SEPTEMBER 2016

- Net sales SEK 164 M (152)
- Profit before tax SEK 17,1 M (24,0)
- Operating margin 11,8 % (16,8)
- Earnings per share before dilution SEK 0,48 (0,65)
- Cash flow from operations SEK 17,9 M (7,2)
- Sales of Media and acquisitions of Tietomitta OY and Futursoft OY

CEO's comments

Adjusted for unrealized currency effects, increased amortization and the above one-time charge, the underlying profit is slightly stronger than last year, which also indicates by the improved cash flow. In addition, the earlier communicated sales and earnings decrease in business area Estate Agents in Sweden has now fully materialized in the quarter.

In the Norwegian part of our business area Estate Agents an efficiency program was executed in the third quarter. This has a negative one-time effect on the result of approximately 3 MSEK. The program is expected to generate about 4 MSEK in annual savings.

The third quarter began with the sale of the Media business, a unique event for Vitec. Media has developed towards custom application development, resulting in a significantly

higher proportion of sales of services than in other parts of the Group. The sale was made to a consulting company where we believe Media's customers and employees will have good opportunities to continue to develop.

Shortly after the sale of Media we acquired Tietomitta OY forming a new business area – Environment. At the

end of the quarter, we made our latest acquisition Futursoft OY that expands the business area Auto. Together, these acquisitions bring more than 80 million in sales with good profitability.

Vitec risk diversification is good, the proportion of recurring revenue high, 81% in the quarter, providing a good ability to absorb adverse events. This is proven by the Groups ability to develop as a whole despite the drop in business area Estate Agents.

The number of active dialogues for potential acquisitions remains high and we devoted significant resources to maintaining and further developing these dialogues. Vitec's financial position and readiness for future acquisitions is high, and we see good opportunities for further acquisition-based growth.

A clear shift from traditional license sales to subscription of cloud-based systems reduces reliance on individual license sales, which increases the long-term ability to control the business. This, together with the employees' proven capacity to innovate and integrate acquisitions, provides a solid foundation for long-term development of our business. With the acquisition of well-established companies and a high proportion of recurring revenues, Vitec continues on this path, to act in several independent and specialized niches to achieve sustainable profitable growth.

Lars Stenlund, CEO



January - September 2016

Vitec Group continues to grow compared to last year. In 2016 Vitec have acquired two new software companies and the Group's offer has extended. Through the recent acquisition Tietomitta OY we also add a new business area, which will be referred to as Environment. This has also led to an improved balance between the size of the business areas and with an increased risk diversification.

Business Area AUTO

On September 7, Vitec acquired 100% of the shares in Futursoft OY in Finland. With the acquisition, Vitec now have operations in Norway, Denmark and Finland. Business area Auto offers business systems

for the automotive and machinery industry. Compared with the previous year have Auto almost doubled its turnover with results that have increased even more.

Business Area ENERGY

Energy develops stable and continues to target the international market for your forecast system. Successful sales efforts have led to a situation where our customers demand exceeds our capacity to deliver.

In the following months will we increase our delivery capacity.

Business Area REAL ESTATE

The business grows and maintains its focus on delivering upgrades of our most modern offering. Deployment, implementation and training of the new systems continues at a high rate. Real estate has continued success in winning new business with our cloud-

based service, which has a positive effect on recurring revenues. We leave the current quarter with the highest backlog in the business' history.



Business Area **FINANCE & INSURANCE**

In Denmark, the rollout of the latest version of the portfolio management systems Portman is completed. The latest version provides our customers with increased business benefit and future proof product.

In Norway, three major implementation projects of the product Nice4Net. In the Swedish operations are several interesting new business opportunities. Both sales and earnings are clearly better than 2015.

Business Area **HEALTH**

The business area continues to have full focus on final delivery to a few major customers. Projects will continue to be intense with incremental deliveries throughout 2016.

In the short term affect project profitability negatively, but in the long term strengthen the business area increased recurring revenues-best. In 2016, the recurring revenues to date has increased by 11%.

Business Area **MEDIA**

In July, the Group divested its Media business to XLENT Consulting Holding AB.

Business Area **ENVIRONMENT**

On July 5, Vitec acquired all shares in the Finnish software company Tietomitta OY. Thus, Vitec supplemented with another business that offers software for Waste Management in Finland. Our system of

fers a complete solution, which includes planning for drivers, weighing of waste, self-service interface to the end user and a comprehensive billing process.

Business Area **ESTATE AGENT**

The success of Vitec Express continues and more brokerage chains and individual brokers now use Vitec's cloud-based solution. In Norway, we continue to modernize our brokerage offer to a completely cloud-based service. We plan to roll out the first pilot customers by the end of October. The restraint that we saw at the beginning of the year, the Norwegian

housing market has turned, which led us to where has registered a marked increase in transactions through our systems. Sales and profits are lower compared to the previous year due to the conversion the business area have done when a few large customers have chosen to develop tailor made systems.



Financial information

SALES AND RESULTS

July-September 2016

REVENUES

Net sales for the period amounted to SEK 164,4 million (152,2), which represents an increase of 8 %. Recurring revenue for the period increased by 8 % from the previous year and amounted to SEK 133,6 million (123,4), corresponding to 81,3 % (81,1) of net sales. License revenue declined marginally from the previous year and amounted to SEK 6,4 million (4,8). Service revenues increased by 4 % from the previous year and amounted to SEK 23,0 M (22,1). The acquired company Tietomitta OY, which was consolidated from 5 July contributed during the period with net sales of SEK 8,7 million. Futursoft OY, which was consolidated from September 7th contributed with SEK 5,6 million.

RESULTS

Operating profit amounted to SEK 19,3 million (25,6) with an operating margin of 11,8 % (16,8). Profit after tax amounted to SEK 14,1 million (19,1). Earnings per share before dilution were SEK 0,48 (0,65).

January-September 2016

REVENUES

Net sales for the period amounted to SEK 482,8 million (448,3), which represents an increase of 8 %. Recurring revenue for the period increased by 6 % from the previous year and amounted to SEK 378,2 million (355,2), corresponding to 78,3 % (79,2) of net sales. License revenue increased by 3 % from the previous year and amounted to SEK 15,7 million (15,2). Service revenues increased by 14 % from the previous year and amounted to SEK 83,9 M (73,8). The acquired company Tietomitta OY, which was consolidated from 5 July contributed during the period with net sales of SEK 8,7 million. Futursoft OY, which was consolidated from September 7th contributed with SEK 5,6 million.

RESULTS

Operating profit amounted to SEK 62,7 million (72,2) with an operating margin of 13,0 % (16,1). The decline in operating profit is attributable to higher depreciation on intangible assets and unrealized exchange losses. Profit after tax amounted to SEK 45,8 million (53,0). Earnings per share before dilution were SEK 1,56 (1,80).

LIQUIDITY AND FINANCIAL STATUS

The Group's cash and cash equivalents, including short-term investments, at end of period amounted to SEK 86,5 million (55,4). In addition to these cash and cash equivalents, was a bank overdraft facility of SEK 20 million, and SEK 52,1 million in an unused credit facility of SEK 250 million. During the period, SEK 115,5 million was used to finance acquisitions. Cash flow from operating activities was SEK 123,8 million (105,8). Investments totaled SEK 59,9 million in capitalized work, SEK 1,2 million in other intangible assets and SEK 2,8 million in tangible assets.

Total interest-bearing liabilities amounted on September 30, 2016 to SEK 344,4 million (234,5) distributed on long term debt SEK 314,2 million (195,4) and short-term interest-bearing liabilities SEK 30,3 million (39,2).

Equity attributable to Vitec's shareholders amounted to SEK 316,7 million (256,7). The equity ratio was 32 % (32). Paid dividend amounts to SEK 0,90 per share, totaling SEK 26,5 million.

Operations

Vitec Group operations are controlled and organized in seven segments (business areas). For more information on each business area, refer to www.vitecsoftware.com. The business areas are; Auto, Energy, Real Estate, Finance & Insurance, Health, Media, Environment and Estate Agent.

BUSINESS AREAS	Auto		Energy		Real Estate		Finance & Insurance		Health		Media		Environment		Estate Agent	
	2016 Jan- Sep	2015 Jan- Sep	2016 Jan- Sep	2015 Jan- Sep	2016 Jan- Sep	2015 Jan- Sep	2016 Jan- Sep	2015 Jan- Sep	2016 Jan- Sep	2015 Jan- Sep	2016 Jan- Sep	2015 Jan- Sep	2016 Jan- Sep	2015 Jan- Sep	2016 Jan- Sep	2015 Jan- Sep
Recurring revenues	65,0	38,9	13,7	12,9	64,8	60,6	72,6	57,1	39,8	36,0	2,4	3,5	7,1	-	112,5	146,0
License revenue	1,3	0,2	0,0	0,0	7,1	6,8	4,4	5,5	0,0	0,3	0,0	0,6	1,1	-	1,8	1,8
Services revenue	9,2	3,7	5,5	4,4	39,1	34,2	14,6	11,2	6,7	9,2	1,9	4,1	0,5	-	6,3	7,0
Other income	3,5	2,1	0,1	0,0	0,1	0,0	0,3	0,6	0,3	0,6	0,0	0,0	0,1	-	0,4	0,6
Net sales	79,1	45,0	19,2	17,3	111,1	101,6	91,9	74,4	46,7	46,1	4,4	8,2	8,7	-	121,0	155,5
Recurring revenue as a percentage of net sales	82%	87%	71%	75%	58%	60%	79%	77%	85%	78%	56%	43%	81%	-	93%	94%
Operating profit	12,7	7,1	6,0	5,9	20,2	18,1	13,7	10,8	0,8	5,9	0,8	2,3	1,1	-	11,2	24,6
Operating margin	16%	16%	31%	34%	18%	18%	15%	14%	2%	13%	18%	27%	13%	-	9%	16%

Business Area AUTO

The segment consists of Vitec AutoData AS, Vitec Datamann A/S, Vitec Infoeasy AS and Futursoft OY. The business area offers software specialized for

the unique needs of the automotive and the machinery industries. Datamann A/S and Infoeasy AS were consolidated as of July 1 and 2, 2015 and Futursoft OY was consolidated as of September 7 2016.

Business Area ENERGY

The segment consists of Vitec Energy AB. The business area offers business systems for forecasting wind power, electricity and heating needs, as well as

for the technical management and maintenance of distribution networks.

Business Area REAL ESTATE

The segment consists of Vitec Fastighetssystem AB, Vitec Förvaltningssystem AB, Vitec Capifast AB and Vitec Software AB. The business area offers

business systems for construction and real estate companies.

Business Area FINANCE & INSURANCE

The segment consists of Vitec Capitex AB, the Group Aloc A / S and Vitec Nice AS. The business area offers business systems for the finance and

insurance industry, as well as standardized software for tax calculations, pension calculations and housing calculations.

Business Area HEALTH

The segment consists of the Group Acuvitec Oy. The business area offers business systems for elec-

tronic handling of medical records for healthcare.

Business Area MEDIA

During the period, the Group Vitec Veribas was sold. Remaining in the segment is 3L Media AB. Net sales and profit for the period includes Vitec Veriba before

date of sale. The business area offers business systems for newspaper publishers and companies supplying special solutions within distribution.

Business Area ENVIRONMENT

The segment consists of Tietomitta OY which was acquired July 5, 2016. The business area offers a product which is an ERP system for waste management companies. It manages the entire chain of waste

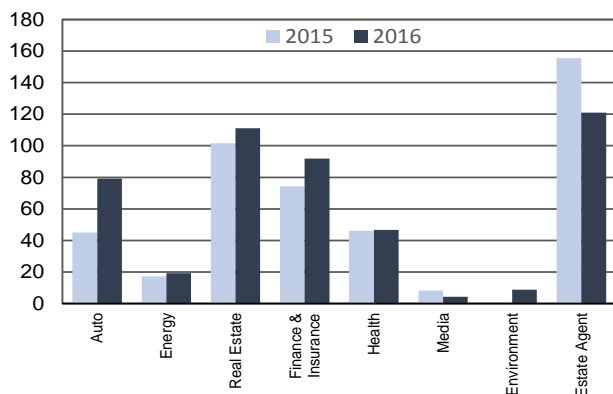
management, from pick-up to billing, accounting and reporting.

Business Area ESTATE AGENTS

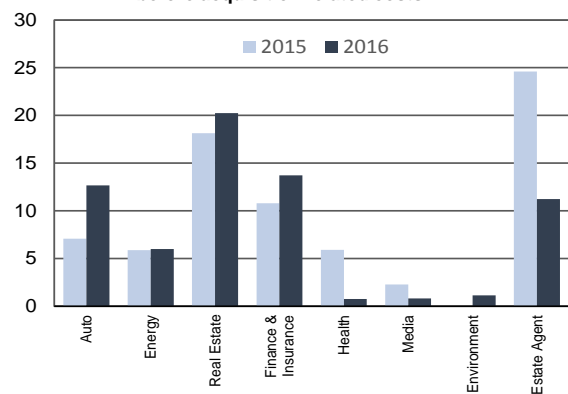
The segment consists of Vitec Mäklarsystem AB, Capitex AB, Vitec IT-Makeriet AS, the Group Vitec Megler AS, Vitec Fox AS and ADservice Scandinavia

AB. The business area offers business systems for real estate agents.

Net sales Jan-Sep (MSEK)



Operating profit Jan-Sep (MSEK) before acquisition related costs



RESULT OVERVIEW FOR SEGMENTS, MILLION SEK

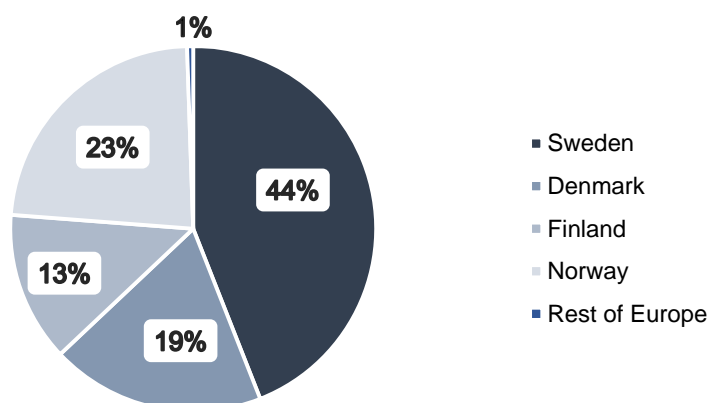
BUSINESS AREA	NET SALES (MSEK)					PROFIT BEFORE ACQUISITION RELATED COSTS (MSEK)				
	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
Auto	29,6	24,3	79,1	45,0	71,1	4,8	3,1	12,7	7,1	14,9
Energy	6,3	5,4	19,2	17,3	24,1	2,3	1,7	6,0	5,9	8,8
Real Estate	34,6	30,9	111,1	101,6	142,6	8,5	6,3	20,2	18,1	24,9
Finance & Insurance	31,6	25,4	91,9	74,4	101,2	5,5	5,1	13,7	10,8	13,9
Health	15,3	15,9	46,7	46,1	61,5	0,1	3,7	0,8	5,9	5,7
Media	0,2	2,2	4,4	8,2	10,5	0,1	0,7	0,8	2,3	2,4
Environment	8,7	0,0	8,7	0,0	0,0	1,1	0,0	1,1	0,0	0,0
Estate Agent	37,7	48,0	121,0	155,5	207,0	0,6	7,2	11,2	24,6	33,2
Shared	0,4	0,1	0,7	0,4	0,4	-	-	-	-	-
Vitec Group	164,4	152,2	482,8	448,3	618,4	23,1	27,9	66,5	74,6	103,9

SALES BY GEOGRAPHY

Vitec is a Nordic software company and our customers are mainly in Sweden, Denmark, Finland and Norway, we also have a number of customers in other parts of the world. The following table and pie chart shows the Group's revenue based on where the customer is established.

MARKET	NET SALES (MSEK)					
	2016 Jan-Sep	%	2015 Jan-Sep	%	2015 Jan-Dec	%
Sweden	212,5	44,0%	222,2	49,6%	308,1	49,8%
Denmark	91,4	18,9%	69,3	15,5%	99,8	16,1%
Finland	64,0	13,3%	48,4	10,8%	64,1	10,4%
Norway	112,2	23,2%	105,9	23,6%	142,1	23,0%
Rest of Europe	2,6	0,5%	2,4	0,5%	4,1	0,7%
Rest of world	0,1	0,0%	0,1	0,0%	0,1	0,0%
SUM	482,8	100,0%	448,3	100,0%	618,4	100,0%

MARKET



Significant events during the second quarter

JULY 1: Vitec sells Media business to XLENT

Vitec did on July 1 agree with XLENT Consulting Holding AB on the sale of the shares of Vitec Veriba AB which constitutes most of Vitec Media business. The business, with sales of approximately SEK 9 million per year, mainly includes custom application development, and has a significantly higher share of

services sales than other parts of Vitec. The business has a good fit with XLENT, which has its focus on service sales, which will be beneficial for both employees and customers. Sale is made to the consolidated book values.

JULY 5: Vitec acquires Tietomitta OY in Finland

Vitec Software Group AB (publ) did on July 5 agree to acquire 100 % of the shares in the Finnish software company Tietomitta OY, whose product is an industry-specific software for supporting waste-management in Finland. The company reported sales

for the fiscal year 2015 of EUR 3.5 million, with approximately 65 % recurring revenue, and EBITDA of EUR 0.8 million. Payment is in cash at closing. Acquisition is expected to directly result in an increase in earnings per share for Vitec. Consolidation is done from the date of acquisition.

SEPTEMBER 7: Vitec acquires Futursoft OY in Finland

Vitec Software Group AB (publ) has on September 7 agreed to acquire 100 % of the shares in the Finnish software company Futursoft OY specialized in software for the automotive and machinery industries. The company's customers are in the spare parts trade, maintenance and repair, and sales of heavy machinery and equipment. Overall, it has about 1,700 customers and 5,000 users in Finland, Sweden and Estonia. The company reported sales for the fiscal

year that ended 2015-09-30, of EUR 4.0 million, with approximately 69 % recurring revenue and EBITDA of EUR 1.1 million.

Payment is in cash at closing. Acquisition is expected to directly result in an increase in earnings per share for Vitec. Consolidation is from the acquisition date. The acquired company will be included in the Vitec business segment "Auto".

Risks and uncertainties

Vitec's significant risks and uncertainties are described in the Directors' Report in the Annual Report for 2015 under the heading "Risks and Uncertainties" on pages 32-33, in note 1 under "Assumptions and estimates" on page 50 and in note 20, "Financial risks and their management" on pages 63-65. No significant changes have occurred since then.

The Parent Company

Net sales amounted to SEK 63,5 million (68,2) and consisted primarily of sales to subsidiaries for services rendered. Profit after tax amounted to SEK -11,3 million (7,6). The value of shares in subsidiaries was during the period adjusted down by SEK 1,5 million and SEK 21,2 million relating to downward adjustments of contingent considerations for Fox Publish AS and Acuvitec OY. Short-term non-interest-bearing liabilities decreased correspondingly. The Parent Company is exposed to the same risks and uncertainties as the group in general, see above under section Risks and uncertainties.

Transactions with related parties

No significant related party transactions have occurred in the Group and Parent Company during the period.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK (thousands)	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
OPERATING REVENUE					
Recurring revenues	133 616	123 396	378 193	355 157	480 552
License revenues	6 422	4 810	15 710	15 208	23 098
Service revenues	23 039	22 111	83 856	73 799	106 191
Other revenues	1 304	1 882	5 071	4 154	8 544
NET SALES	164 381	152 199	482 830	448 318	618 385
Capitalized development costs	17 802	13 689	56 327	47 036	62 108
Reversal of additional purchase price	-	11 213	22 695	11 213	11 213
SUM	182 183	177 101	561 852	506 567	691 706
OPERATING EXPENSES					
Goods for resale	-2 495	-2 164	-8 555	-4 747	-6 835
Subcontractors and subscriptions	-20 250	-19 668	-55 431	-61 901	-82 890
Other external expenses	-20 926	-19 606	-61 573	-57 011	-81 542
Staff costs	-90 901	-78 919	-274 450	-247 294	-336 133
Depreciation of tangible assets	-2 798	-2 651	-7 689	-8 324	-11 233
Depreciation of intangible assets	-21 905	-16 232	-59 084	-42 970	-63 392
Impairment of goodwill	-32	-11 213	-22 727	-11 213	-11 213
Unrealized exchange gains and losses	189	1 187	-5 838	1 530	5 383
TOTAL COSTS	-159 118	-149 266	-495 347	-431 930	-587 855
OPERATING PROFIT BEFORE ACQUISITION-RELATED COSTS	23 065	27 835	66 505	74 637	103 851
Acquisition-related costs	-3 750	-2 259	-3 759	-2 403	-3 244
OPERATING PROFIT AFTER ACQUISITION-RELATED COSTS	19 315	25 576	62 746	72 234	100 607
Financial income	198	80	324	291	826
Financial expense	-2 402	-1 676	-5 446	-4 748	-6 747
TOTAL FINANCIAL ITEMS	-2 204	-1 596	-5 122	-4 457	-5 921
PROFIT BEFORE TAX	17 111	23 980	57 624	67 777	94 686
Tax	-3 057	-4 870	-11 826	-14 767	-16 495
NET PROFIT	14 054	19 110	45 798	53 011	78 191
OTHER COMPREHENSIVE INCOME, ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS					
Currency translation differences	11 440	-5 857	25 866	-9 587	-19 942
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD	11 440	-5 857	25 866	-9 587	-19 942
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	25 494	13 253	71 664	43 424	58 249
PROFIT FOR THE PERIOD ATTRIBUTABLE TO					
-Shareholders of the Parent Company	14 054	19 110	45 798	53 011	78 191
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO					
-Shareholders of the Parent Company	25 494	13 253	71 664	43 424	58 249
EARNINGS PER SHARE					
-Before dilution (SEK)	0,48	0,65	1,56	1,80	2,66
-After dilution (SEK)	0,47	0,64	1,53	1,79	2,64
Average number of shares	29 396 690	29 396 690	29 396 690	29 396 690	29 396 690
Number of shares after dilution	29 838 900	29 838 900	29 838 900	29 770 870	29 788 016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK (thousands)	2016-09-30	2015-09-30	2015-12-31
ASSETS			
FIXED ASSETS			
<i>Intangibles assets</i>			
Capitalized development costs	139 381	103 722	109 171
Product rights	288 522	228 223	229 079
Customer agreements	83 924	61 791	62 321
Brands	10 875	9 032	8 793
Goodwill	233 344	201 702	202 103
Software	4 024	3 440	3 860
<i>Tangible fixed assets</i>			
Buildings	8 856	9 096	9 034
Equipment	20 018	21 867	20 343
<i>Finacial assets</i>			
Other long-term receivables	957	858	835
Deferred tax	6 311	6 237	5 952
TOTAL FIXED ASSETS	796 212	645 968	651 491
CURRENT ASSETS			
<i>Inventories</i>	1 078	358	399
<i>Receivables</i>	117 549	105 061	159 861
<i>Short-term investments</i>	-	20 000	-
<i>Cash and equivalents</i>	86 467	35 416	60 268
TOTAL CURRENT ASSETS	205 094	160 835	220 528
TOTAL ASSETS	1 001 306	806 803	872 019
EQUITY AND LIABILITIES			
<i>Equity</i>	316 745	256 713	271 538
<i>Long-term liabilities, interest bearing</i>	314 151	195 366	207 222
<i>Long-term liabilities, non-interest bearing</i>	150 564	105 114	102 559
<i>Short-term liabilities, interest bearing</i>	30 260	39 153	33 845
<i>Short-term liabilities, non-interest bearing</i>	189 586	210 457	256 855
TOTAL EQUITY AND LIABILITIES	1 001 306	806 803	872 019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK (thousands)	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY					
At beginning of period	291 251	243 459	271 538	260 130	260 130
Conversion bonds	-	-	-	-27 145	-27 145
Dividend	-	-	-26 457	-19 696	-19 696
Total comprehensive income for the period	25 494	13 253	71 664	43 424	58 249
AT END OF PERIOD	316 745	256 713	316 745	256 713	271 538

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK (thousands)	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
OPERATING ACTIVITIES					
Operating profit	19 315	25 576	62 746	72 234	100 607
<i>Adjustments for items not included in cash flow</i>					
Other operating income	-	-	-22 695	-	-11 213
Depreciation/amortisation and impairment	24 735	18 883	89 500	51 294	85 838
Unrealized exchange gains/losses*	1 263	-1 394	5 838	-1 551	-5 383
	45 313	43 065	135 389	121 977	169 849
Interest received	-457	80	-331	291	826
Interest paid	-1 610	-1 676	-4 587	-4 748	-6 747
Tax paid	872	1 806	-14 721	-5 029	-14 177
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	44 118	43 275	115 750	112 491	149 751
<i>Changes in working capital</i>					
Change in inventories	-9	70	48	92	51
Change in accounts receivables*	-2 355	1 524	59 403	60 647	-6 115
Change in operating receivables	-4 861	-109	-10 571	-11 633	1 333
Change in accounts payable*	2 530	-541	1 807	-4 039	-2 641
Change in operating liabilities	-21 507	-37 038	-42 705	-51 710	-2 587
CASH FLOW FROM CURRENT OPERATIONS	17 916	7 181	123 732	105 848	139 792
INVESTMENT ACTIVITIES					
Acquisition of subsidiaries, net**	-87 476	-53 005	-102 353	-67 397	-85 580
Sale of subsidiaries	4 217	-	4 217	-	-
Acquisition of intangible assets and capitalized development costs	-19 377	-13 492	-61 086	-48 494	-70 174
Acquisition of tangible assets	-352	-2 810	-2 766	-8 205	-11 821
CASH FLOW FROM INVESTMENT ACTIVITIES	-102 988	-69 306	-161 988	-124 096	-167 575
FINANCING ACTIVITIES					
Dividend	-	-	-26 457	-19 696	-19 696
Redemption convertible loan	-	-	-	-36 781	-36 781
New loans	115 577	56 139	132 577	81 139	102 901
Amortisation of loans	-7 406	-1 321	-39 458	-25 348	-34 478
CASH FLOW FROM FINANCIAL ACTIVITIES	108 171	54 818	66 662	-686	11 946
CASH FLOW FOR THE PERIOD	23 099	-7 307	28 406	-18 934	-15 837
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD					
	60 122	60 158	60 268	71 114	71 114
Exchange-rate differences in cash and cash equivalents	3 246	2 565	-2 207	3 236	4 991
CASH AND CASH EQUIVALENTS AT END OF PERIOD	86 467	55 416	86 467	55 416	60 268

*Change in accounts receivable and change in accounts payable are from 2016 reported separately. The adjustments for items not included in cash flow includes unrealized foreign exchange differences. Comparative figures have been restated for this, see table on next page.

** Payment for acquisition of subsidiaries in 2016 consisted of proceeds for Tietomitta OY and Futursoft OY. Net cash outflow amounted to SEK 87,5 million. All acquisitions related to the entire outstanding share capital and meant that control was obtained in all companies. Additional payments for the acquisition of Fox Publish AS SEK 2,9 million and Acuvitec OY SEK 11,9 million were also made. The payments did not result in any changes in share capital or control.

Payment for acquisition of subsidiaries in 2015 consisted of proceeds for Fox Publish AS, ADservice Scandinavia AB, Datamann A/S, Infoeasy AS and Nice AS. Net cash outflow amounted to SEK 80,6 million. All acquisitions related to the entire outstanding share capital and meant that control was obtained in all companies. During the period an additional payment was made for the acquisition of Alloc A/S SEK 4,9 million. The payment did not result in any changes in share capital or control.

RESTATEMENT OF COMPARATIVE FIGURES JULY-SEPTEMBER 2015

SEK (thousands)	Previously Reported Value 2015 Jul-Sep	Adjustment Operating liabilities and cash flow	Adjustment Operating receivables and cash flow	Reported Value 2015 Jul-Sep
Unrealized exchange gains/losses	0	-1394		-1394
Tax Paid	-5 119	6 925		1 806
Cash flow from operating activities before changes in working capital	37 744	5 531		43 275
Change in accounts receivables	0		1 524	1 524
Change in operating receivables	1 212		-1 321	-109
Change in accounts payable	0	-541		-541
Change in operating liabilities	-32 048	-4 990		-37 038
Cash flow from current operations	6 978	0	203	7 181
Change in long-term receivables	203		-203	0
Cash flow from investment activities	-69 103		-203	-69 306

RESTATEMENT OF COMPARATIVE FIGURES JANUARY-SEPTEMBER 2015

SEK (thousands)	Previously Reported Value 2015 Jan-Sep	Adjustment Operating liabilities and cash flow	Adjustment Operating receivables and cash flow	Reported Value 2015 Jan-Sep
Unrealized exchange gains/losses	0	-1551		-1551
Tax Paid	-15 247	10 218		-5 029
Cash flow from operating activities before changes in working capital	103 824	8 667		112 491
Change in accounts receivables	0		60 647	60 647
Change in operating receivables	49 538		-61 171	-11 633
Change in accounts payable	0	-4 039		-4 039
Change in operating liabilities	-47 082	-4 628		-51 710
Cash flow from current operations	106 372	0	-524	105 848
Change in long-term receivables	-524		524	0
Cash flow from investment activities	-124 620		524	-124 096

RESTATEMENT OF COMPARATIVE FIGURES JANUARY-DECEMBER 2015

SEK (thousands)	Previously Reported Value 2015 Jan-Dec	Adjustment Operating liabilities and cash flow	Adjustment Operating receivables and cash flow	Reported Value 2015 Jan-Dec
Unrealized exchange gains/losses	0	-5383		-5383
Tax Paid	-14 177	0		-14 177
Cash flow from operating activities before changes in working capital	155 134	-5 383		149 751
Change in accounts receivables	0		-6 115	-6 115
Change in operating receivables	-4 281		5 614	1 333
Change in accounts payable	0	-2 641		-2 641
Change in operating liabilities	-10 611	8 024		-2 587
Cash flow from current operations	140 293	0	-501	139 792
Change in long-term receivables	-501		501	0
Cash flow from investment activities	-168 076		501	-167 575

INCOME STATEMENT, PARENT COMPANY

SEK (thousands)	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
NET SALES	22 802	24 662	63 450	68 177	100 426
Operating costs	-28 113	-21 797	-71 760	-54 648	-75 494
OPERATING RESULT	-5 311	2 865	-8 310	13 530	24 932
RESULT FROM FINANCIAL INVESTMENTS					
Income from shares in group companies	-	-	-	-	39 907
Financial income	1 567	535	1 647	677	516
Financial expense	-1 723	-1 610	-4 625	-4 517	-6 235
PROFIT AFTER FINANCIAL NET	-5 467	1 790	-11 288	9 690	59 120
Appropriations	-	-	-	-	-822
PROFIT BEFORE TAX	-5 467	1 790	-11 288	9 690	58 298
Tax	-	-394	-	-2 132	-3 869
NET PROFIT	-5 467	1 396	-11 288	7 558	54 429

The results of the period are consistent with the total comprehensive income.

BALANCE SHEET, PARENT COMPANY

SEK (thousands)	2016-09-30	2015-09-30	2015-12-31
ASSETS			
FIXED ASSETS			
Intangible assets	3 986	3 456	3 827
Tangible assets	12 289	13 485	13 179
Financial assets	810 438	659 838	694 898
TOTAL FIXED ASSETS	826 713	676 779	711 904
CURRENT ASSETS			
Receivables	23 194	20 805	43 394
Short-term investments	0	20 000	-
Cash and equivalents	86 467	35 416	45 306
TOTAL CURRENT ASSETS	109 661	76 221	88 700
TOTAL ASSETS	936 374	753 000	800 604
EQUITY AND LIABILITIES			
EQUITY	233 495	226 501	271 240
UNTAXED RESERVES	2 222	2 500	2 222
LONG-TERM LIABILITIES	342 622	199 333	212 001
SHORT-TERM LIABILITIES	358 035	324 666	315 141
TOTAL EQUITY AND LIABILITIES	936 374	753 000	800 604

Annotations

ACCOUNTING AND VALUATION PRINCIPLES AND OTHER COMMENTS

This report has been prepared in accordance with IAS 34 Interim Financial Reporting. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, IFRS, as adopted by the EU and the Swedish Annual Accounts Act. The parent company's financial statements have been prepared in accordance with the Annual Accounts Act and recommendation RFR 2 Accounting for Legal Entities. The new standards, amendments and interpretations to existing standards that have entered into force in 2016, has had no impact on the consolidated financial position or financial reports. The accounting policies and calculation methods are unchanged from the one described in the Annual Report for 2015.

The Group has taken out loans in foreign currencies (EUR, NOK and DKK) to hedge investments in foreign subsidiaries. The loans are valued at the exchange rate on the balance sheet date. The Group recognizes exchange rate differences directly to equity, after adjustment for tax element. Any ineffective element of the exchange rate difference is recognized directly in the income statement as a financial item.

As of July 1, 2016 the hedge accounting has been expanded to include the company's bank accounts in foreign currency. The accounts has a negative balance, and can be seen as an overdraft facility. The balance of the accounts are valued at the exchange rate on the balance sheet date, and the exchange rate difference is recognized directly to equity, after adjustment for tax element. Prior to July 1, 2016 that exchange rate difference was recognized in the operating profit. The effect of operating profit is 3.5 million. If the change in accounting principle had been introduced from the beginning of the year, the effect would have been 7.4 million.

The additional purchase prices for Fox Publish AS and Acuvitec OY has during the period been adjusted down by SEK 1,5 million and SEK 21,2 million. The corrections have been recognized as revenue in accordance with IFRS 3:58, and as impairment of goodwill. The corrections have no effect on reported profit.

TAXES

Tax for the year amounted to SEK 10,6 million (15,2). Deferred tax amounted to SEK 1,2 million (-0,5).

INVESTMENTS

Investments amounted to SEK 59,9 million in capitalized work, SEK 1,2 million in other intangible assets and SEK 2,8 million in tangible assets.

LONG-TERM DEBT

Long-term interest-bearing debt consists of bank loans SEK 300,4 million and a convertible loan SEK 13,7 million. Long-term non-interest bearing liabilities consist of deferred taxes SEK 111,5 million, pension liability SEK 10,1 million, non-current portion of additional purchase price Fox Publish 2,8 million, non-current portion of additional purchase price for Futursoft SEK 24,1 million and a promissory note signed in connection with the acquisition of Nice AS SEK 2,1 million.

CONVERTIBLE DEBENTURE

Convertible debentures are included in long-term interest bearing liabilities:

- Loan 1501 (long-term debt interest bearing liabilities, staff). SEK 13,7 million. Duration of the loan is January 1, 2015 - December 31, 2017. The interest rate is Stibor 180. The conversion price is SEK 31,80. Conversion may be requested 1 November to 30 November 2017. The share capital may upon conversion increase by a maximum of 44 221 SEK. At full conversion the dilution of about 1.5% of the share capital and 0.7% of the votes. The convertible program was registered by the Swedish Companies Registration Office February 11, 2015.

EQUITY

Consolidated shareholders' equity as of September 30, 2016 was SEK 316,7 million.

FINANCIAL INSTRUMENTS

Classification and valuation

Financial instruments are initially recognized at their acquisition value corresponding to the instrument's fair value plus transaction costs. A financial instrument is classified when recognized for the first time, including on the basis of the purpose for which the instrument was acquired. Vitec has financial instrument in the categories loans receivable and accounts receivable, financial liabilities valued at fair value, and financial liabilities valued at their accrued acquisition value.

Financial liabilities valued at fair value

According to IFRS 7, information must be provided about the fair value of each financial asset and financial liability, irrespective of whether they are reported in the balance sheet or not. Vitec judges that the fair value of the financial assets/liabilities is close to the reported book value.

All of the company's financial instruments that are subject to valuation at fair value are classified at level 3. The change for the period in respect of financial instruments at level 3 refers primarily to additional purchase prices for acquisitions. Conditional purchase prices are valued at fair value base on available data, such as contractual terms, as well as relevant assessments in respect of anticipated fulfillment of conditions. When calculating fair value, an assumed interest rate of 0,9% has been used. As the difference between fair value and book value is marginal, no correction has taken place.

The following table shows the difference between fair value and booked value.

Recurring valuations at fair value, as at 30 September 2016

	Level 1	level 2	Level 3	Book value
Additional purchase price Fox Publish AS			2 769	2 769
Additional purchase price Futursoft AS			35 158	35 426

For all other financial assets and liabilities, booked value is consistent with fair value.

ACQUISITIONS AND SALES

Sale of business area Media

On July 1, all shares of Vitec Veriba AB were sold. The sale constitutes most of the Vitec Media business. Since the business area is only a small part of the group, the sale is not material enough to be reported as assets for sale in accordance with IFRS 5.

Booked values for assets and liabilities at date of sales	Veriba AB	Fair value adjustment	Fair value recognized in the Group
Intangible fixed assets	588	-	588
Current receivables	1 507	-	1 507
Cash and cash equivalents	3 076	-	3 076
Current liabilities	-1 752	-	-1 752
Net identifiable assets and liabilities	3 419	0	3 419
Goodwill on consolidation			4 529
Total			7 948
Booked value sold net assets			7 948
Calculation of net cash flow			Fair value
Consideration received			7 293
Cash disposed			-3 076
Net Cash flow			4 217
Information about the sale			Fair value
Consideration received			7 293
Booked value sold net assets			-7 948
Income/loss from sale			-655

The Group Vitec Veriba earnings until date of sales amounted to SEK 0,2 million and is included in operating profit for business area Media.

Acquisition of Tietomitta OY

On July 5, all shares in the Finnish software company Tietomitta OY were acquired. The company's product is an industry-specific software for the waste-management in Finland.

The company is consolidated as from the acquisition date. The goodwill is not tax-deductible and is deemed to be attributable to the expected profitability, complementary expertise as well as anticipated synergies in the form of the joint development of our products. The acquisition adds a new business area, we believe that the Group's new composition reduces the overall industry and market-related risks. The acquisition-related expenses amounted on September 30 to SEK 1,7 million, and are recognized as other external cost in the consolidated statement of comprehensive income. From the acquisition date up to and including the 30 September, the revenues of the acquired company amount to SEK 8,7 Million. If consolidation had occurred at the beginning of the year, the company would have brought the Group a further approx. SEK 16,4 million in revenue and approx. SEK 2,2 Million in net profit. The following purchase price allocation in preliminary until twelve months have passed since the acquisition date. The items that may be revalued are brands, product rights, customer agreements and goodwill.

Preliminary purchase price allocation (SEK thousands)	Tietomitta OY	Fair value adjustment	Fair value recognized in the Group
Brands	-	470	470
Product Rights	-	18 061	18 061
Customer Agreement	-	4 936	4 936
Intangible fixed assets	1 316	-	1 316
Tangible fixed assets	107	-	107
Inventories	312	-	312
Current receivables	5 672	-	5 672
Cash and cash equivalents	15 915	-	15 915
Deferred tax liabilities	-	-4 693	-4 693
Current liabilities	-5 331	-	-5 331
Net identifiable assets and liabilities	17 991	18 774	36 765
Goodwill on consolidation			8 380
Total			45 145
The Group's acquisition value			45 145
Calculation of net cash outflow			Fair value
Group's acquisition value			-45 145
Debt additional purchase price			0
Cash acquired			15 915
Net cash outflow			-29 230

Acquisition Futursoft OY

On September 7, all shares in the Finnish software company Futursoft OY were acquired. The company has specialized software for the automotive and machinery industries.

The company is consolidated as from the acquisition date. The goodwill is not tax-deductible and is deemed to be attributable to the expected profitability, complementary expertise as well as anticipated synergies in the form of the joint development of our products.. The acquisition-related expenses amounted on September 30 to SEK 2,5 million, and are recognized as other external cost in the consolidated statement of comprehensive income. From the acquisition date up to and including the 30 September, the revenues of the acquired company amount to SEK 5,6 Million. If consolidation had occurred at the beginning of the year, the company would have brought the Group a further approx. SEK 24,9 million in revenue and approx. SEK 4,2 Million in net profit. The following purchase price allocation in preliminary until twelve months have passed since the acquisition date. The items that may be revalued are brands, product rights, customer agreements and goodwill.

Preliminary purchase price allocation (SEK thousands)	Futursoft OY	Fair value adjustment	Fair value recognized in the Group
Brands	-	1 904	1 904
Product Rights	-	47 244	47 244
Customer Agreement	-	23 795	23 795
Tangible fixed assets	1 774	-	1 774
Inventories	414	-	414
Current receivables	2 428	-	2 428
Cash and cash equivalents	13 138	-	13 138
Deferred tax liabilities	-	-14 588	-14 588
Current liabilities	-5 273	-	-5 273
Net identifiable assets and liabilities	12 481	58 353	70 834
Goodwill on consolidation			35 556
Total			106 390
The Group's acquisition value			106 390
Calculation of net cash outflow			Fair value
Group's acquisition value			-106 390
Debt additional purchase price			35 006
Cash acquired			13 138
Net cash outflow			-58 246

Signatures

Umeå October 20, 2016

Lars Stenlund (CEO)



The board: Crister Stjernfelt, Kaj Sandart, Anna Valtonen, Birgitta Johansson-Hedberg and Jan Friedman.

Information

PUBLICATION

The information in this report is such that Vitec Software Group AB (publ.) is obliged to publish under the Securities Market Act and the Financial Instruments Trading Act. The information was released for publication on October 20, 2016 at 08:30 CET.

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Financial information is published on www.vitecsoftware.com immediately after publication.

FINANCIAL CALENDAR

2017-02-16 Year End Report 2016 (≈08:30 CET)

2017-04-25 Interim Report January-March 2017 (≈13:00 CET)

2017-04-25 Annual general meeting 2016 (≈17:30 CET)

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

The auditors have not audited this report.

CORPORATE REGISTRATION

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

Key figure definitions

In this interim report we refer to non-IFRS measures that Vitec and other parties use in evaluating the Company's results. These measures provide management and investors with meaningful information to analyze trends in the Company's business. These non-IFRS measure is intended to supplement, not replace, the financial measures presented in accordance with IFRS. Non-IFRS measures presented on the last page of this report are defined as follows.

RETURN ON CAPITAL EMPLOYED

Operating profit as a percentage of average capital employed attributable to parent company shareholders.

RETURN ON EQUITY

Profit/loss for the period, attributable to parent company shareholders, as a percentage of average shareholders' equity, attributable to parent company shareholders.

VALUE ADDED PER EMPLOYEE

Operating income plus depreciation and staff costs relative to the average number of employees.

ADJUSTED EQUITY PER SHARE

Equity attributable to shareholders in proportion to the number of shares issued at the closing-day.

CASH FLOW FROM OPERATING ACTIVITIES PER SHARE

Cash flow from operating activities divided by the average number of shares on the market during the period.

SALES PER EMPLOYEE

Net revenue, including other operating income in relation to average number of employees.

P/E RATIO

Share price at year-end divided by earnings per share.

P/ADJUSTED EQUITY PER SHARE

The share price at the balance sheet date multiplied by the number of shares issued on the closing date in relation to the equity attributable to the parent company's shareholders.

P/S

The share price at the balance sheet date multiplied by the average number of shares in relation to net sales.

EARNINGS PER SHARE

Profit/loss for the period, attributable to parent company shareholders, divided by the average number of shares on the market attributable to parent company shareholders.

OPERATING PROFIT

Operating profit as a percentage of net sales.

SOLIDITY

Shareholders' equity, including equity attributable to non-controlling interests in relation to total assets.

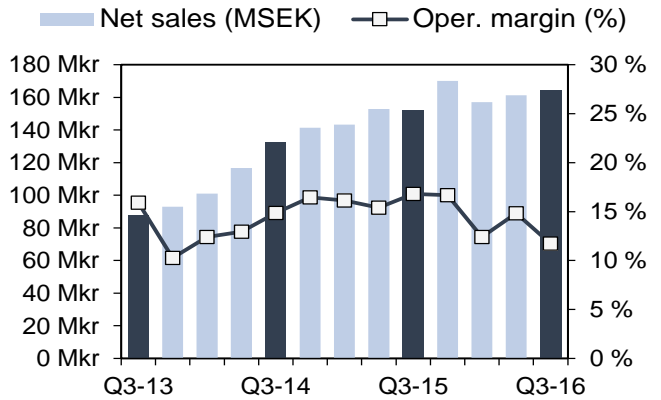
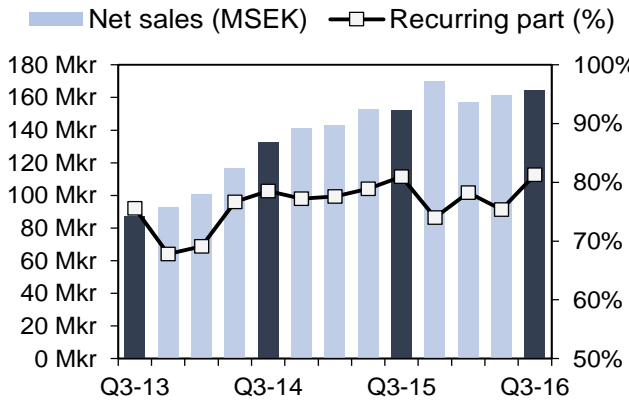
DEBT RATIO

Average liabilities in relation to average shareholders' equity and non-controlling interests.

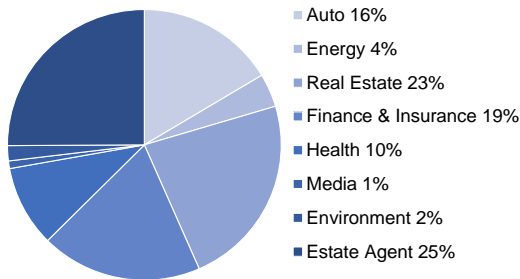
PROFIT MARGIN

Net profit after tax through the net turnover.

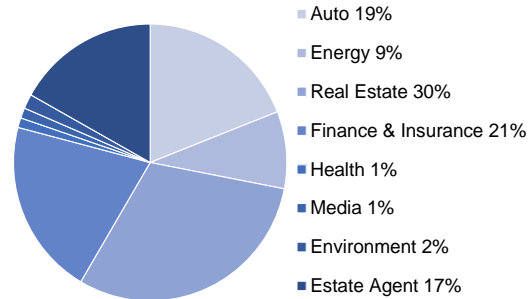
Graphs



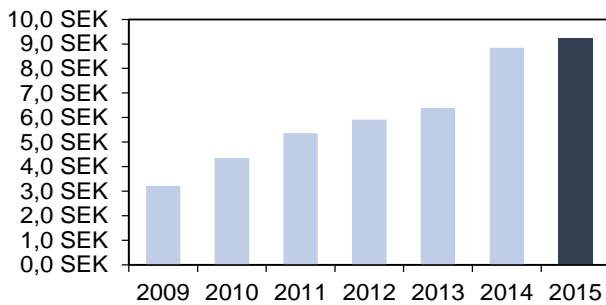
Net Sales Jan-Sep 2016



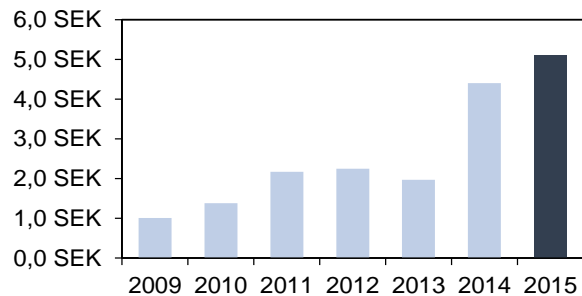
Operating profit Jan-Sep 2016



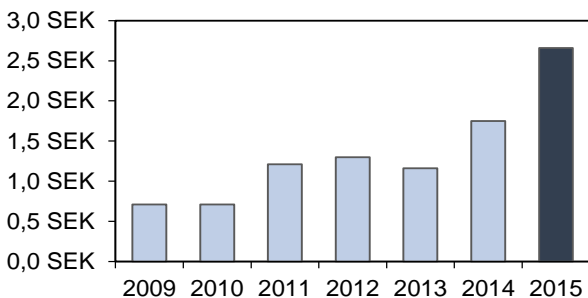
JEK per share (SEK)



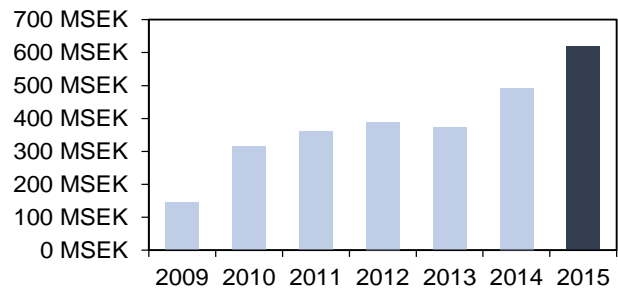
Cash flow per share (SEK)



Profit per share (SEK/share)



Net Sales (MSEK)



Vitec at a glance

INDUSTRY-SPECIFIC BUSINESS SYSTEMS

Vitec develops and supplies business-critical standardised software to satisfy industry-specific needs. Our growth is taking place through the acquisition of mature software companies in the Nordic region.

LONG-TERM CUSTOMER RELATIONS

We adopt a long-term approach, focusing on our customers' security. We create value through our supportive product offering, which facilitates development and increased profitability for our customers.

BUSINESS MODEL WITH RECURRING REVENUE

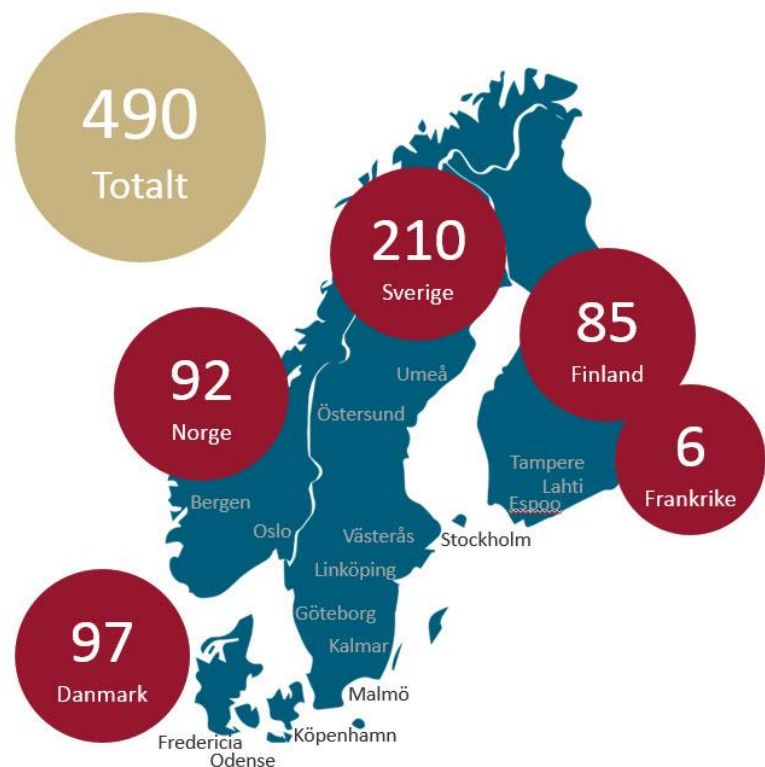
Our business model is based on a high proportion of recurring revenue. This creates the conditions to act in the long-term, as we are less sensitive to temporary downturns within individual companies.

GROWTH THROUGH ACQUISITIONS

Vitec has a pronounced acquisition-based growth strategy, with considerable focus on profitability and stable cash flows. By focusing on strong cash flows, we are creating the financial conditions for continued acquisition-driven growth.

HISTORY

Vitec was established in 1985 as a spin-off company from the University of Umeå, and since 1998 it has been a public company based on software. During our 30-year history, we have experienced continuous growth and have recorded a profit every year. Vitec is now a Nordic software Group with 490 employees.



Key figures

		2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
Net sales	(TSEK)	482 830	448 318	618 385
Business Area Auto	(TSEK)	79 111	44 987	71 082
Business Area Energy	(TSEK)	19 202	17 280	24 114
Business Area Real Estate	(TSEK)	111 094	101 574	142 557
Business Area Finance & Insurance	(TSEK)	91 918	74 359	101 219
Business Area Health	(TSEK)	46 744	46 058	61 492
Business Area Media	(TSEK)	4 375	8 222	10 547
Business Area Environment	(TSEK)	8 744		
Business Area Estate Agent	(TSEK)	120 955	155 482	207 011
Shared	(TSEK)	687	356	363
Growth	(%)	8%	28%	26%
Profit after financial items	(TSEK)	57 624	67 777	94 686
Profit after tax	(TSEK)	45 798	53 011	78 191
Profit after tax attributable to owners of the parent	(TSEK)	45 798	53 011	78 191
Profit growth attributable to owners of the parent	(%)	-14%	75%	59%
Profit margin	(%)	9%	12%	13%
Operating margin	(%)	13%	16%	16%
Total assets	(tkr)	1 001 306	806 803	872 019
Solidity	(%)	32%	32%	31%
Equity ratio after full conversion	(%)	33%	33%	33%
Degree of indebtedness	(times)	2,15	2,14	2,09
Return on capital employed	(%)	16%	21%	21%
Return on equity	(%)	25%	29%	29%
Sales per employee	(TSEK)	1 051	1 073	1 465
Value added per employee	(TSEK)	879	887	1 212
Personnel expenses per employee	(TSEK)	597	592	797
Average numbers of employees	(number)	459	418	422
Adjusted shareholders' equity per share (JEK)	(SEK)	10,77	8,73	9,24
Earnings per share	(SEK)	1,56	1,80	2,66
Earnings per share after dilution	(SEK)	1,53	1,79	2,64
Paid dividends per share	(SEK)	0,9	0,67	0,67
Cash flow per share	(SEK)	3,94	3,53	5,09
P/E		27,1	20,4	28,2
P/JEK		6,08	6,64	8,12
P/S		2,95	2,36	3,57
Calculation bases:				
Results used for the calculation of earnings per share	(TSEK)	45 798	53 011	78 191
Cash flow for the calculation of cash flow per share	(TSEK)	115 750	103 824	149 751
Average number of shares (weighted average)	(psc)	29 396 690	29 396 690	29 396 690
The number of shares after dilution	(psc)	29 838 900	29 770 870	29 788 016
The number of shares issued on the closing date	(psc)	29 396 690	29 396 690	29 396 690
Share price at end of period	(SEK)	65,50	58,00	75,00

* Values for rolling 12 months.

** Number of shares and key figures related to shares have been recalculated due to split.

*** Cash flow from operating activities before changes in working capital has been corrected for 2015 as unrealized foreign exchange differences have been reclassified.

Vitec Software Group AB (publ) is a Nordic software company that develops and delivers standardised software for industry specific needs. The Group has operations in Sweden, Denmark, Finland and Norway and grows in the mature part of the software industry by consolidating vertical software segments. Our customers include facility management companies, construction and real estate companies, banks and insurance companies, utilities and energy traders, healthcare companies, car spare part dealers and newspaper companies. The Group has 490 employees and had 2015 a turnover of SEK 618 million. Vitec is listed on Nasdaq Stockholm.