

## STRONGER CASH FLOW DESPITE WEAKER MARGIN

### SUMMARY FOR JANUARY-MARCH 2016

- Net sales SEK 157 M (143)
- Profit before tax SEK 18,0 M (21,6)
- Operating margin 12,4 % (16,1)
- Earnings per share before dilution SEK 0,48 (0,59)
- Cash flow from operations SEK 84,0 M (73,5)
- New managers in BA Real Estate and Health

### CEO'S COMMENTS

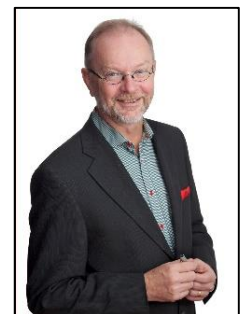
In the first quarter, the Group can demonstrate an increase in sales and a strong cash flow compared with the previous year, despite an anticipated reduction in volume of business area Estate Agent in Sweden, an early Easter and a weakening of the Norwegian currency. During the quarter, new business managers were internally recruited and appointed to Real Estate and Health. The outgoing heads remain in the organization on new positions to capitalize on the experience gained in exploration, acquisition and group interaction.

Business area Health continues to have full focus on the development and delivery of its cloud-based systems, which negatively impacted profitability in the short term, but increased the proportion of recurring revenue to 85% (74) of sales. After the decrease in sales for the business area Estate Agent no area is now more than 30 % of total turnover, which gives greater stability and reduced sensitivity to market changes within individual business areas.

Vitec's financial position and preparedness for future acquisitions is good, and with a prospect list of hundreds of companies in the Nordic region, we therefore see good prospects for continued acquisition-based growth.

Vitec's business model with the pursuit of a high proportion of recurring revenues has to some extent continued to grow during the first quarter to 78.3% (77.6). Long term, recurring revenues - normally the character subscription type services - increase further. In the shorter term, particularly in business area Real Estate, there is a limit to further growth through adaptation and training services needed to integrate the area's business.

With a clear shift from traditional license sales to a subscription model (cloud-based systems), the proportion of recurring revenues and the operating margins increase at the same time. This, together with the employees' great capacity to innovate and integrate acquisitions, provides good conditions 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 - March 2016

The Group's business areas enjoyed stable development with the exception of Business Area Estate Agent where, as previously mentioned, two major real estate agent chains in Sweden chose to gradually transition to proprietary solutions at the same time as the Norwegian housing market suffered negative impact from a weakening of the Norwegian currency.

### Business Area Auto

The margin in the Norwegian operation has improved in relation to the previous year, despite a weakening of the Norwegian currency and the postponement of certain revenues until April due to an early Easter. The principal focus in Denmark continues to be deliveries of new modules and supplementary products to existing customers. The two most recent acquisitions Datamann (DK) and Infoeasy (NO) are gradually being integrated into the Group, which means the business area is now twice the size and has a dramatically increased operating profit.

### Business Area Energy

Marketing efforts in the European market as regards network calculations resulted in four new customers in the UK during the quarter. Work on the creation of a new SaaS solution to facilitate commissioning by foreign customers is progressing and is anticipated to start full operation during the first half of the year. Interest remains high in Business Area Energy and the wind power forecasts in Croatia, Bulgaria, Germany and the UK. Hopefully, the majority of them will become customers during 2016.

### Business Area Real Estate

The business area grew strongly and retains its focus on delivering upgrades of its most modern products. Commissioning, implementation and training in the new systems results in new service revenues while also requiring an increase in personnel resources. However, acclimatization and internal training of newly recruited personnel depresses the operating margin in the short term. Nevertheless, the cloud-based delivery model is enjoying increasing application and has an ongoing positive effect on recurring revenues.

### Business Area Finance & Insurance

Finance & Insurance in Sweden is in the final phase of introducing a pension solution to Länsförsäkringar Fondliv. Commissioning, which is planned for the end of May, will boost recurring contract revenues. Many of the discussions in progress regarding renewal of existing pension arrangements with current customers are considered to have the potential to result in new product projects during the year. Roll-out of the latest version of the Portman portfolio management system continues in Denmark, and a number of new contracts were signed at the end of the first quarter. Three major Nice4Net implementation projects are in progress in Norway. Sales process lead times as regards established non-life insurance companies are usually long, but there are a number of newly established players for whom our offer is competitive. The new Group affiliation was very well received by existing customers.

### Business Area Health

The business area continued to focus fully on delivery and further development of its system for two or three major customers. Deliveries to FSHS are approaching the completion phase while deliveries to the Diacor project are in progress. A significant part of the latter project includes new development charged to earnings in the short term. The project will remain at high intensity with deliveries throughout 2016. At the same time, there are a number of major companies in the Finnish market who are ready to renew their solutions, which in the light of the new reference projects provides excellent opportunities for continued success for the business area's modern SaaS product.

### Business Area Media

A couple of minor product deliveries were completed during the quarter while recurring contractual revenues remained stable. Demand for services from one or two of the major contract customers was somewhat lower than

anticipated due to other projects' enjoying higher priority. This had a negative impact on sales and the operating profit.

### **Business Area Estate Agent**

During the first quarter, the Swedish customers Fastighetsförmedling and Fastighetsbyrån have switched fully, and in the latter case partially, to using proprietary solutions. The main effect is a reduction in recurring revenues compared to the previous year. At the same time, the Vitec Express successes continued and many smaller chains and individual real estate agents have chosen the new cloud solution. We are currently upgrading our real estate agent offering in Norway to a fully cloud-based service that builds on the Norwegian platform in combination with the Vitec Express cloud service. Development of the new offering is taking place in both Norway and Sweden. At the same time, we have noted a distinct volume reduction in the property market in Norway since the weakening of the Norwegian currency. This has resulted in fewer properties for sale in the Norwegian market, which in turn affects the number of transactions for our Norwegian real estate agent customers, and thus us, negatively.

## **FINANCIAL INFORMATION**

### **Sales and results**

#### **January-March 2016**

##### Revenues

Net sales for the period amounted to SEK 157,1 million (143,4), which represents an increase of 10 %. License revenue declined 24 % from the previous year and amounted to SEK 3,6 million (4,6). Recurring revenue for the period increased by 11 % from the previous year and amounted to SEK 123,0 million (111,2), corresponding to 78,3 % (77,6) of net sales. Service revenues increased by 10 % from the previous year and amounted to SEK 29,0 M (26,3).

##### Results

Operating profit amounted to SEK 19,5 million (23,1) with an operating margin of 12,4 % (16,1). The decline in operating profit is attributable to higher depreciation on intangible assets and a weak Norwegian currency, which adversely affects operating profit compared with the previous year. If we adjust net profit by these factors, our operating profit this year would be 15% better than the same period last year. Profit after tax amounted to SEK 14,0 million (17,2). Earnings per share before dilution were SEK 0,48 (0,59).

### **Liquidity and financial status**

The Group's cash and cash equivalents, including short-term investments, at end of period amounted to SEK 125,8 million (85,8). In addition to these cash and cash equivalents, was a bank overdraft facility of SEK 20 million, and SEK 155,0 million in an unused credit facility of SEK 250 million. During the period, SEK 17,0 million was used from the credit facility to finance the acquisition of Fox Publish AS. Cash flow from operating activities was SEK 84,0 million (73,5). Investments totaled SEK 18,8 million in capitalized work, SEK 0,4 million in other intangible assets and SEK 0,7 million in tangible assets.

Total interest-bearing liabilities amounted on March 31, 2016 to SEK 251,8 million (191,3) distributed on long term debt SEK 222,8 million (140,6) and short-term interest-bearing liabilities SEK 29,0 million (50,7).

Equity attributable to Vitec's shareholders amounted to SEK 291,4 million (250,3). The equity ratio was 33 % (33). Proposed dividend amounts to SEK 0,90 per share, totaling SEK 26,5 million.

## SIGNIFICANT EVENTS DURING THE FIRST QUARTER

### January: Increased number of shares and votes in Vitec

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As previously announced, on December 17 2015, Vitec has conducted a share split 5-for-1, which means that each previous share is split into five shares of the same class. After the split, the total number of shares increased from 5,879,338 shares to 29,396,690 shares. The number of A shares has increased from 800,000 shares to 4,000,000 shares and the number of B shares from 5,079,338 shares to 25,396,690 shares.

### February: New head of Business Area Real Estate

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Magnus Persson is from February 1 the new head of Vitec Business Area Real Estate. Magnus, former Director of Sales in the business area is succeeding Johan Kull who after almost four years leaves for a new position within the parent company, Vitec Software Group AB (publ).

### February: Reclassification of Class A shares into Class B shares

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Vitec Software Group AB (publ) announced that owners of 500 000 A shares of Vitec have converted class A shares to class B shares in accordance with the conversion clause set out in the Articles of Association § 5 Classes of shares. After conversion, the number of A shares of Vitec will amount to 3,500,000 shares while the number of B shares will amount to 25,896,690 shares. The total number of shares of Vitec, including both A and B shares is unchanged at 29,396,690 shares.

### February: Nordea Small Cap Fund increases in Vitec

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Vitec's principal owners Olov Sandberg and Lars Stenlund, who earlier announced that they together reclassified 500,000 A-shares to B-shares announced that they have sold all of these B shares to Nordea Small Cap Fund Sweden and Nordea Small Cap Fund Nordic. After conversion, the number of A shares of Vitec, with a voting right of 10, will amount to 3,500,000 shares while the number of B shares, with a voting right of 1, will amount to 25,896,690 shares. The total number of shares of Vitec, including both A and B shares is unchanged at 29,396,690 shares.

### March: New head of Business Area Health

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Janne Vainio is from March 14 new Director of Vitec Business Area Health. Janne has 15 years within the business, the last years as account director, and he is well versed in the industry and in customer needs. Former Director Ilari Laaksonen will move forward to a different position in the Vitec Group but continue to work close to Janne in the organization.

### March: Invitation to the Annual General Meeting 2016

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Shareholders of Vitec Software Group AB (publ), 556258-4804, are invited to participate in the Annual General Meeting to be held on Wednesday, May 11, 2016 at 5.30 p.m. at Väven (P5), Storgatan 46 A, Umeå. Registration to the Annual General Meeting takes place between 4.30-5.15 p.m. After the meeting a buffet will be served.

## SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

### April: Vitecs Annual Report for 2016 has been published

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A pdf-version of the Annual Report in Swedish is available for download from Vitec homepage at <http://www.vitecs.se/Investerare/Rapporter/#årsredovisningar>. The printed version in Swedish can be ordered from Vitec by E-mail to [ir@vitec.se](mailto:ir@vitec.se) or by letter to Vitec Software Group AB, Box 7965, 907 19 Umeå, Sweden.

## 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](http://www.vitecsoftware.com). The business areas are; Auto, Energy, Real Estate, Finance & Insurance, Health, Media and Estate Agent.

### Segment Auto (BA Auto):

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The segment consists of Vitec AutoData AS, Vitec Datamann A/S and Vitec Infoeasy AS. The business area offers industry specific business applications for the automotive sector with support for sales, purchasing, inventory control, billing, accounting and salary.

### Segment Energi (BA Energy):

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The segment consists of Vitec Energy AB. The business area offers a forecasting software system of electricity and heat demand, wind power, and software supporting the technical management and maintenance of the energy distribution networks.

### Segment Fastighet (BA Real Estate):

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The segment consists of Vitec Fastighetssystem AB, Vitec Förvaltningssystem AB, Vitec Capifast AB and Vitec Software AB. The business area offers software applications for property owners, construction and management companies, property managers and real estate developers.

### Segment Finans & Försäkring (BA Finance & Insurance):

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The segment consists of Vitec Capitex AB, the Group Alloc A / S and Vitec Nice AS. The business area offers systems for tax calculations, pension calculations and housing calculations and operational systems for the financial and insurance sector.

### Segment Hälsa (BA Health):

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The segment consists of the Group Acuvitec Oy. The business area offers software for electronic medical records used for health care.

### Segment Media (BA Media):

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The segment consists of 3L Media AB, Vitec Veriba AB and Retail i Linköping AB. The business area offers software for newspaper companies and a few managed solutions for distribution and retail.

### Segment Mäklare (BA Estate Agent):

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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 provides software for real estate agents.

## Result overview for segments, Million SEK\*

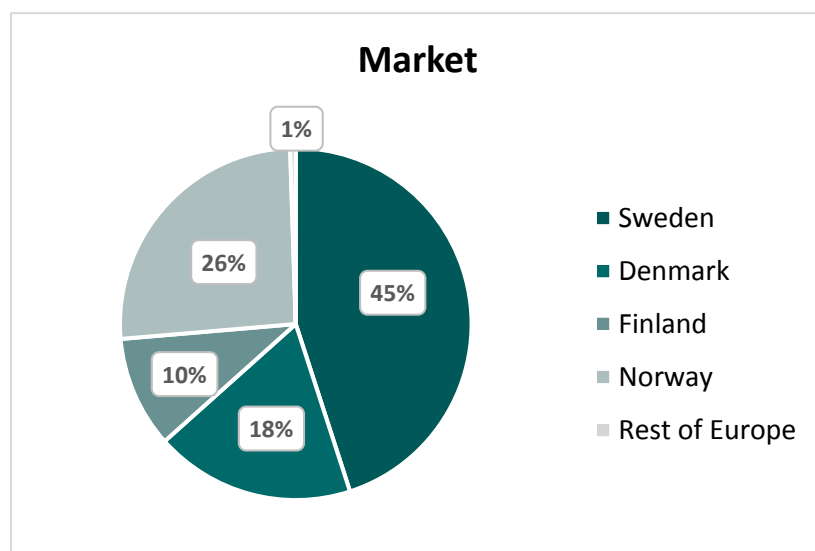
SEGMENT	NET SALES (MSEK)			PROFIT BEFORE ACQUISITION-RELATED COSTS (MSEK)		
	2016	2015	2015	2016	2015	2015
	Jan-Mar	Jan-Mar	Jan-Dec	Jan-Mar	Jan-Mar	Jan-Dec
BA Auto	24,5	10,3	71,1	2,8	0,8	14,9
BA Energy	6,4	6,2	24,1	1,9	2,3	8,8
BA Real Estate	37,4	34,8	142,6	5,7	6,8	24,9
BA Finance & Insurance	29,1	23,9	101,2	3,4	2,5	13,9
BA Health	15,2	15,5	61,5	0,5	1,7	5,7
BA Media	1,9	3,4	10,5	0,3	1,1	2,4
BA Estate Agent	42,4	49,2	207,0	4,8	8,2	33,2
Shared	0,2	0,0	0,4	-	-	-
<b>Vitec Group</b>	<b>157,1</b>	<b>143,4</b>	<b>618,4</b>	<b>19,5</b>	<b>23,2</b>	<b>103,9</b>
Acquisition-related costs				0,0	-0,1	-3,2
<b>Operating profit after acquisition-related costs</b>				<b>19,5</b>	<b>23,1</b>	<b>100,6</b>
Net financial income/expense				-1,5	-1,5	-5,9
<b>Profit before tax</b>				<b>18,0</b>	<b>21,6</b>	<b>94,7</b>

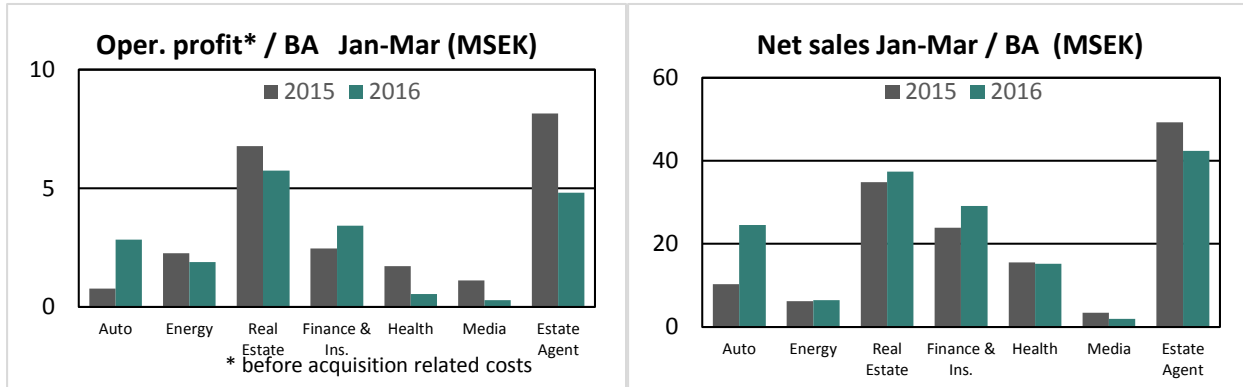
Due to non-recurring acquisition-related costs, progress in the business areas are difficult to follow. For this reason, the operating profit has been split into operating profit before and after acquisition-related costs.

### Sales by geography

The table below shows the Group's net sales translated to MSEK based on the customer's location.

MARKET	NET SALES (MSEK)					
	2016		2015		2015	
	Jan-Mar	%	Jan-Mar	%	Jan-Dec	%
Sweden	70,7	45,0%	74,7	52,1%	308,1	49,8%
Denmark	28,9	18,4%	18,5	12,9%	99,8	16,1%
Finland	16,1	10,2%	16,3	11,4%	64,1	10,4%
Norway	40,6	25,8%	33,0	23,0%	142,1	23,0%
Rest of Europe	0,8	0,5%	0,7	0,5%	4,1	0,7%
Rest of world	0,0	0,0%	0,2	0,1%	0,1	0,0%
<b>SUM</b>	<b>157,1</b>	<b>100,0%</b>	<b>143,4</b>	<b>100,0%</b>	<b>618,4</b>	<b>100,0%</b>





### Business Area Auto, January-March 2016



The total revenues amounted to SEK 24,5 million (10,3), an increase of 138 %. License revenues increased to SEK 0,6 Million. Recurring revenue increased 102 % to SEK 19,5 million, services increased 1036 % to SEK 3,4 million. Recurring revenue as a percentage of net sales was 79 % (94). Operating margin was 12 % (7). Operations in Datamann A / S and Infoeasy AS were consolidated in the business area as of July 1 and 2, 2015, and is the reason for the strong growth.

### Business Area Energy, January- March 2016



The total revenues amounted to SEK 6,4 million (6,2), an increase of 4 %. Recurring revenue increased 4 % to SEK 4,4 million. Service revenues increased 7 % to SEK 2,0 million. Recurring revenue as a percentage of net sales was 68 % (68). Operating margin decreased to 29 % (37).

### Business Area Real Estate, January- March 2016



Total revenues amounted to SEK 37,4 million (34,8), an increase of 7 %. License revenues declined by 28 % and amounted to SEK 1,6 million. Recurring revenue increased 8 % to SEK 21,4 million. Services revenue increased by 13 % to SEK 14,4 million. Recurring revenue as a percentage of net sales was 57 % (57). Operating margin decreased to 15 % (19).

### Business Area Finance & Insurance, January- March 2016



The total revenue amounted to SEK 29,1 million (23,9), an increase of 22 %. License revenues decreased 18 % to SEK 1,0 million. Recurring revenue increased by 26 % to SEK 23,8 million. Service revenues increased by 22 % to SEK 4,2 million. Recurring revenue as a percentage of net sales was 82 % (79). Operating margin increased to 12 % (10).

### Business Area Health, January-March



Total revenues for the period amounted to SEK 15,2 million (15,5), a decrease of 2 %. License revenues decreased to SEK 0 million (0,1). Recurring revenue increased 15 % to SEK 13,0 million. Services decreased 45 % to SEK 2,1 million. Recurring revenue as a percentage of net sales was 85 % (73). The operating margin was 4 % (11).

### Business Area Media, January-March 2016



The total revenues amounted to SEK 1,9 million (3,4), a decrease of 44 %. License revenue declined 100 % to SEK 0 million. Recurring revenue declined 11 % to SEK 1,1 million. Service revenues declined 51 % to SEK 0,8 million. Recurring revenue as a percentage of net sales was 58 % (36). Operating margin declined and amounted to 14 % (32).

### Business Area Estate Agent, January-March 2016



Total revenues amounted to SEK 42,4 million (49,2) a decline of 14 %. License revenues decreased and amounted to SEK 0,4 million (0,6). Recurring revenue decreased by 14 % to SEK 39,8 million. Service revenue declined 17 % to SEK 2,1 million. Recurring revenue as a percentage of net sales was 94 % (94). Operating declined to 11 % (17).

SEGMENT	Auto		Energy		Real Estate		Finance & Insurance		Health		Media		Estate Agent	
	2016 Jan-Mar	2015 Jan-Mar	2016 Jan-Mar	2015 Jan-Mar	2016 Jan-Mar	2015 Jan-Mar	2016 Jan-Mar	2015 Jan-Mar	2016 Jan-Mar	2015 Jan-Mar	2016 Jan-Mar	2015 Jan-Mar	2016 Jan-Mar	2015 Jan-Mar
Recurring revenues	19,5	9,6	4,4	4,2	21,4	19,8	23,8	19,0	13,0	11,3	1,1	1,3	39,8	46,1
License revenue	0,6	0,0	0,0	0,0	1,6	2,2	1,0	1,2	0,0	0,1	0,0	0,6	0,4	0,6
Services revenue	3,4	0,3	2,0	1,9	14,4	12,8	4,2	3,5	2,1	3,8	0,8	1,6	2,1	2,5
Net sales	24,5	10,3	6,4	6,2	37,4	34,8	29,1	23,9	15,2	15,5	1,9	3,4	42,4	49,2
Recurring revenue as a percentage of net sales	79%	94%	68%	68%	57%	57%	82%	79%	85%	73%	58%	36%	94%	94%
Operating margin	12%	7%	29%	37%	15%	19%	12%	10%	4%	11%	14%	32%	11%	17%

### 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 20,1 million (22,4) and consisted primarily of sales to subsidiaries for services rendered. Profit after tax amounted to SEK -2,2 million (3,9). The value of shares in subsidiaries was during the period adjusted down by SEK 1,5 million relating to a downward adjustment of contingent consideration for Fox Publish AS. 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 Jan-Mar	2015 Jan-Mar	2015 Jan-Dec
<b>OPERATING REVENUE</b>			
Recurring revenues	122 955	111 236	480 552
License revenues	3 553	4 648	23 098
Service revenues	29 026	26 347	106 191
Other revenues	1 592	1 182	8 544
<b>NET SALES</b>	<b>157 126</b>	<b>143 413</b>	<b>618 385</b>
Capitalized development costs	17 931	17 047	62 108
Unrealized exchange gains	2 997	1 874	25 718
Reversal of additional purchase price	1 519	-	11 213
<b>SUM</b>	<b>179 573</b>	<b>162 334</b>	<b>717 424</b>
<b>OPERATING EXPENSES</b>			
Goods for resale	-2 822	-1 584	-6 835
Subcontractors and subscriptions	-17 461	-19 090	-82 890
Other external expenses	-19 386	-18 059	-81 542
Staff costs	-92 548	-82 726	-336 133
Depreciation of tangible assets	-2 535	-2 552	-11 233
Depreciation of intangible assets	-18 367	-12 967	-63 392
Impairment of Goodwill	-1 519	-	-11 213
Unrealized exchange losses	-5 439	-2 109	-20 335
<b>TOTAL COSTS</b>	<b>-160 077</b>	<b>-139 087</b>	<b>-613 573</b>
<b>OPERATING PROFIT BEFORE ACQUISITION-RELATED COSTS</b>	<b>19 496</b>	<b>23 247</b>	<b>103 851</b>
Acquisition-related costs	-	-114	-3 244
<b>OPERATING PROFIT AFTER ACQUISITION-RELATED COSTS</b>	<b>19 496</b>	<b>23 133</b>	<b>100 607</b>
Financial income	73	121	826
Financial expense	-1 554	-1 634	-6 747
<b>TOTAL FINANCIAL ITEMS</b>	<b>-1 481</b>	<b>-1 513</b>	<b>-5 921</b>
<b>PROFIT BEFORE TAX</b>	<b>18 015</b>	<b>21 620</b>	<b>94 686</b>
Tax	-3 972	-4 375	-16 495
<b>NET PROFIT</b>	<b>14 043</b>	<b>17 245</b>	<b>78 191</b>
<b>OTHER COMPREHENSIVE INCOME, ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS</b>			
Currency translation differences	5 844	105	-19 942
<b>TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>5 844</b>	<b>105</b>	<b>-19 942</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>19 887</b>	<b>17 350</b>	<b>58 249</b>
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO</b>			
-Shareholders of the Parent Company	14 043	17 245	78 191
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO</b>			
<b>TO</b>			
-Shareholders of the Parent Company	19 887	17 350	58 249
<b>EARNINGS PER SHARE</b>			
-Before dilution (SEK)	0,48	0,59	2,66
-After dilution (SEK)	0,47	0,58	2,64
Average number of shares	29 396 690	29 396 690	29 396 690
Number of shares after dilution	29 838 900	29 637 450	29 788 016

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK (thousands)	2016-03-31	2015-03-31	2015-12-31
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
<i>Intangibles assets</i>			
Capitalized development costs	118 595	87 221	109 171
Product rights	225 242	200 961	229 079
Customer agreements	61 478	52 712	62 321
Brands	8 617	8 110	8 793
Goodwill	203 037	199 146	202 103
Software	3 939	3 555	3 860
<i>Tangible fixed assets</i>			
Buildings	8 975	9 102	9 034
Equipment	19 251	20 803	20 343
<i>Finacial assets</i>			
Other long-term receivables	855	-	835
<i>Deferred tax</i>	6 030	5 843	5 952
<b>TOTAL FIXED ASSETS</b>	<b>656 019</b>	<b>587 453</b>	<b>651 491</b>
<b>CURRENT ASSETS</b>			
<i>Inventories</i>	364	285	399
<i>Receivables</i>	92 184	96 649	159 861
<i>Short-term investments</i>	-	60 000	-
<i>Cash and equivalents</i>	125 805	25 811	60 268
<b>TOTAL CURRENT ASSETS</b>	<b>218 353</b>	<b>182 745</b>	<b>220 528</b>
<b>TOTAL ASSETS</b>	<b>874 372</b>	<b>770 198</b>	<b>872 019</b>
<b>EQUITY AND LIABILITIES</b>			
<i>Equity</i>	291 425	250 335	271 538
<i>Long-term liabilities, interest bearing</i>	222 802	140 583	207 222
<i>Long-term liabilities, non-interest bearing</i>	104 187	94 176	102 559
<i>Short-term liabilities, interest bearing</i>	29 009	50 683	33 845
<i>Short-term liabilities, non-interest bearing</i>	226 949	234 421	256 855
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>874 372</b>	<b>770 198</b>	<b>872 019</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK (thousands)	2016 Jan-Mar	2015 Jan-Mar	2015 Jan-Dec
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY</b>			
At beginning of period	271 538	260 130	260 130
Conversion bonds	-	-27 145	-27 145
Dividend	-	-	-19 696
Total comprehensive income for the period	19 887	17 350	58 249
<b>At end of period</b>	<b>291 425</b>	<b>250 335</b>	<b>271 538</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

SEK (thousands)	2016 Jan-Mar	2015 Jan-Mar	2015 Jan-Dec
<b>OPERATING ACTIVITIES</b>			
Operating profit	19 496	23 133	100 607
<i>Adjustments for items not included in cash flow</i>			
Other operating income	-1 519	-	-11 213
Depreciation/amortisation and impairment	22 421	15 519	85 838
Unrealized exchange gains/losses*	3 894	404	-5 383
	<b>44 292</b>	<b>39 056</b>	<b>169 849</b>
Interest received	73	121	826
Interest paid	-1 487	-1 634	-6 747
Tax paid	-14 132	-4 738	-14 177
<b>CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL</b>	<b>28 746</b>	<b>32 805</b>	<b>149 751</b>
<i>Changes in working capital</i>			
Change in inventories	35	54	51
Change in accounts receivables*	67 840	60 536	-6 115
Change in operating receivables	-180	-9 782	1 333
Change in accounts payable*	-4 226	-3 240	-2 641
Change in operating liabilities	-8 168	-6 828	-2 587
<b>CASH FLOW FROM CURRENT OPERATIONS</b>	<b>84 046</b>	<b>73 545</b>	<b>139 792</b>
<b>INVESTMENT ACTIVITIES</b>			
Acquisition of subsidiaries, net**	-2 945	-14 392	-85 580
Acquisition of intangible assets and capitalized development costs	-19 260	-17 617	-70 174
Acquisition of tangible assets	-690	-2 558	-11 821
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>-22 895</b>	<b>-34 567</b>	<b>-167 575</b>
<b>FINANCING ACTIVITIES</b>			
Dividend	-	-	-19 696
Redemption convertible loan	-	-36 781	-36 781
New loans	17 000	25 000	102 901
Amortisation of loans	-7 677	-12 725	-34 478
Issue of new share	-	-	-
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>9 323</b>	<b>-24 506</b>	<b>11 946</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>70 474</b>	<b>14 472</b>	<b>-15 837</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>60 268</b>	<b>71 114</b>	<b>71 114</b>
<b>EXCHANGE-RATE DIFFERENCES IN CASH AND CASH EQUIVALENTS</b>	<b>-4 937</b>	<b>225</b>	<b>4 991</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>125 805</b>	<b>85 811</b>	<b>60 268</b>

\*Change in accounts receivable and change in accounts payable are from this report 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 consisted of an additional payment for the acquisition of Fox Publish AS. The payment 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. Payment 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 per March 2015

	Previously Reported Value	Adjustment Operating liabilities and cash flow	Adjustment Operating receivables and cash flow	Reported Value
<b>SEK (thousands)</b>	<b>2015</b>			<b>2015</b>
	<b>Jan-Mar</b>			<b>Jan-Mar</b>
Orealiserade valutakursdifferenser	0	404		404
Betald inkomstskatt	-4 775	37		-4 738
<b>Cash flow from operating activities before changes in working capital</b>	<b>32 364</b>	<b>441</b>		<b>32 805</b>
Change in accounts receivables	0		60 536	60 536
Change in operating receivables	50 754		-60 536	-9 782
Change in accounts payable	0	-3 240		-3 240
Change in operating liabilities	-9 627	2 799		-6 828
<b>Cash flow from current operations</b>	<b>73 545</b>	<b>0</b>	<b>0</b>	<b>73 545</b>

Restatement of comparative figures per December 2015

	Previously Reported Value	Adjustment Operating liabilities and cash flow	Adjustment Operating receivables and cash flow	Reported Value
<b>SEK (thousands)</b>	<b>2015</b>			<b>2015</b>
	<b>Jan-Dec</b>			<b>Jan-Dec</b>
Orealiserade valutakursdifferenser	0	-5 383		-5 383
Betald inkomstskatt	-14 177			-14 177
<b>Cash flow from operating activities before changes in working capital</b>	<b>155 134</b>	<b>-5 383</b>		<b>149 751</b>
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
<b>Cash flow from current operations</b>	<b>140 293</b>	<b>0</b>	<b>-501</b>	<b>139 792</b>
Förändring av långfristiga fordringar	-501		501	0
<b>Cash flow from investment activities</b>	<b>-168 076</b>		<b>501</b>	<b>-167 575</b>

## INCOME STATEMENT, PARENT COMPANY

SEK (thousands)	2016 Jan-Mar	2015 Jan-Mar	2015 Jan-Dec
<b>NET SALES</b>	<b>20 137</b>	<b>22 427</b>	<b>100 426</b>
Operating costs	-20 851	-15 945	-75 494
<b>OPERATING RESULT</b>	<b>-714</b>	<b>6 482</b>	<b>24 932</b>
<b>RESULT FROM FINANCIAL INVESTMENTS</b>			
Income from shares in group companies	-	-	39 907
Financial income	40	89	516
Financial expense	-1 490	-1 613	-6 235
<b>PROFIT AFTER FINANCIAL NET</b>	<b>-2 164</b>	<b>4 958</b>	<b>59 120</b>
Appropriations	-	-	-822
<b>PROFIT BEFORE TAX</b>	<b>-2 164</b>	<b>4 958</b>	<b>58 298</b>
Tax	-	-1 091	-3 869
<b>NET PROFIT</b>	<b>-2 164</b>	<b>3 867</b>	<b>54 429</b>

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

## BALANCE SHEET, PARENT COMPANY

SEK (thousands)	2016-03-31	2015-03-31	2015-12-31
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Intangible assets	3 900	3 765	3 827
Tangible assets	12 876	13 817	13 179
Financial assets	693 158	597 489	694 898
<b>TOTAL FIXED ASSETS</b>	<b>709 934</b>	<b>615 071</b>	<b>711 904</b>
<b>CURRENT ASSETS</b>			
Receivables	49 081	56 231	43 394
Short-term investments	-	60 000	-
Cash and equivalents	125 805	25 811	45 306
<b>TOTAL CURRENT ASSETS</b>	<b>174 886</b>	<b>142 042</b>	<b>88 700</b>
<b>TOTAL ASSETS</b>	<b>884 819</b>	<b>757 113</b>	<b>800 604</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
UNTAXED RESERVES	2 222	2 500	2 222
<b>LONG-TERM LIABILITIES</b>			
SHORT-TERM LIABILITIES	386 209	368 293	315 141
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>884 819</b>	<b>757 113</b>	<b>800 604</b>

## ANNOTATIONS

### ANN 1 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 additional purchase price for Fox Publish AS has during the period been written down by SEK 1,5 million. The correction has been recognized as revenue and as impairment of goodwill in accordance with IFRS 3:58. The correction has no effect on reported profit.

### ANN 2 TAXES

Tax for the year amounted to SEK 3,6 million (4,8). Deferred tax amounted to SEK 0,4 million (-0,4).

### ANN 3 INVESTMENTS

Investments amounted to SEK 18,8 million in capitalized work, SEK 0,4 million in other intangible assets and SEK 0,7 million in tangible assets.

### ANN 4 LONG-TERM DEBT

Long-term interest-bearing debt consists of bank loans SEK 209,2 million and a convertible loan SEK 13,6 million. Long-term non-interest bearing liabilities consist of deferred taxes SEK 90,6 million, pension liability SEK 9,0 million, a non-current portion of additional purchase price Fox Publish 2,6 million and a promissory note signed in connection with the acquisition of Nice AS SEK 2,0 million.

### ANN 5 CONVERTIBLE DEBENTURE

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

- Loan 1501 (long-term debt interest bearing liabilities, staff). SEK 13,6 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.

### ANN 6 EQUITY

Consolidated shareholders' equity as of March 31, 2016 was SEK 291,4 million.

## SIGNATURES

Umeå, May 11 2016,

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Lars Stenlund (CEO)



The Board: Jan Friedman, Kaj Sandart, Birgitta Johansson-Hedberg, Crister Stjernfelt (Chairman) and Anna Valtonen.

## 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 May 11, 2016 at 13:00 CET.

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Can be ordered from: Vitec Software Group AB (publ),  
Investor Relations, PO-Box 7965, S-907 19 Umeå, Sweden  
Phone: +46 90-15 49 00

E-mail: [ir@vitec.se](mailto:ir@vitec.se)

Financial information is published on [www.vitecsoftware.com](http://www.vitecsoftware.com) immediately after publication.

### Financial calendar

2016-07-14 Interim Report January-June 2016 ((≈08:30 CET)  
2016-10-20 Interim Report January-September 2016 ((≈08:30 CET)

This English version of the year-end 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 report has not been audited by the auditors.

### Corporate registration

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



## KEY FIGURE DEFINITIONS

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### Return on capital employed

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

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### 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.

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### 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/JEK

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.

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### 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.

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### Debt ratio

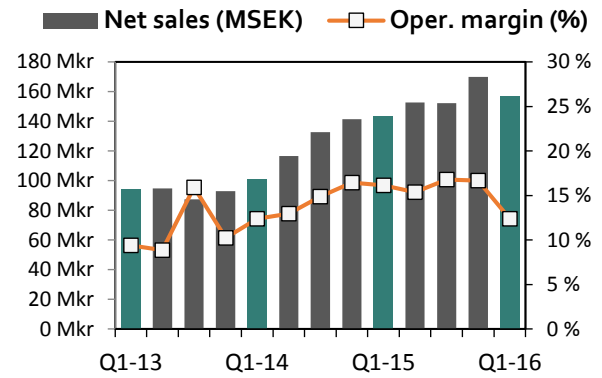
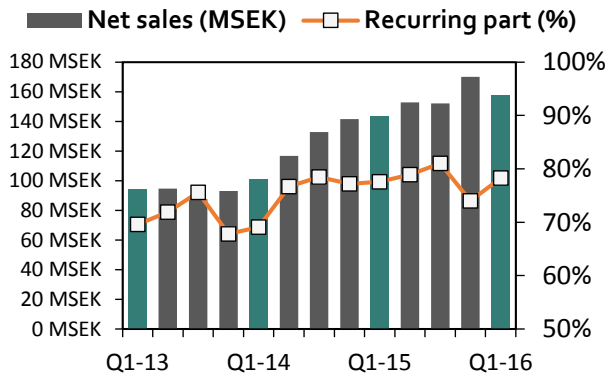
Average liabilities in relation to average shareholders' equity and non-controlling interests.

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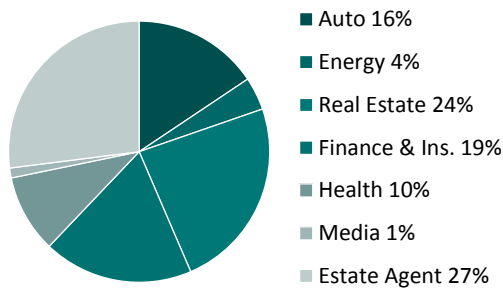
### Profit margin

Net profit after tax through the net turnover.

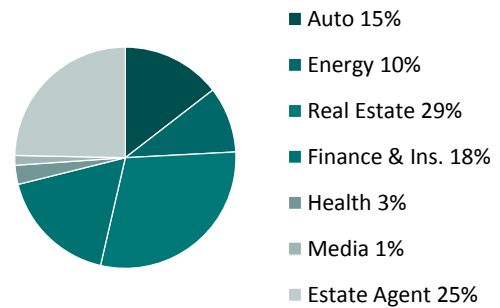
## GRAPHS



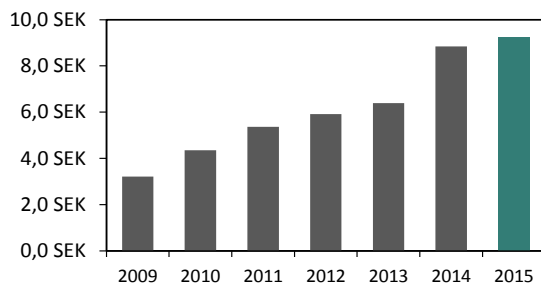
**Distribution Net Sales Jan-Mar 2016**



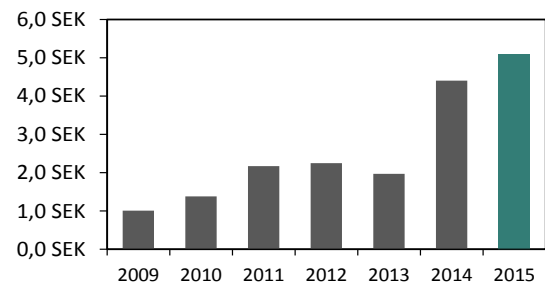
**Distribution Profit Jan-Mar 2016**



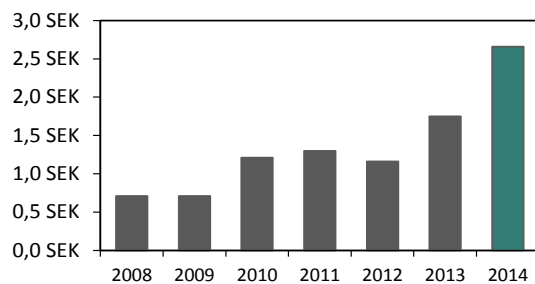
**JEK per share (SEK)**



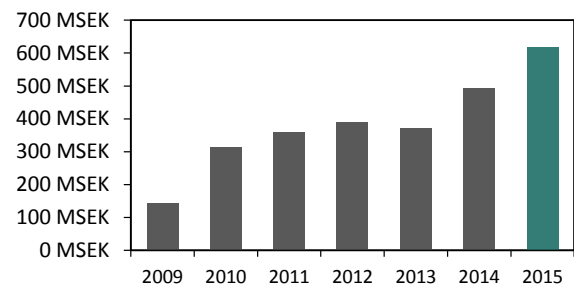
**Cash flow per share (SEK)**



**Profit per share (SEK/share)**



**Net Sales (MSEK)**



## A SOFTWARE COMPANY IN GROWTH

### VERTICAL MARKET SOFTWARE

Vitec is a software company that offers industry specific business solutions to the Nordic market. The company, with operations in Sweden, Norway, Finland and Denmark is growing in the mature part of the software industry by consolidating vertical software segments. Its clients include property management companies, construction and real estate companies, banks and insurance companies, energy companies, health companies, companies dealing with car parts and newspaper companies. Group turnover has an annual capacity of 670 million SEK and has approximately 450 employees. Vitec Software Group AB (publ.) is listed on Nasdaq, Stockholm.

Our mission is to provide industry-specific business solutions where our strategy is to focus on niches where there are needs that not as cost-effective can be met by general ERP-systems. In these niches we strive for a leading position.

Our offer includes:

- proprietary software
- SaaS (Software as a Service), support and maintenance
- specialist services

The current market is made up to 45 % of Sweden, 26 % of Norway, 18 % of Denmark and 10 % of Finland.

### LONG CUSTOMER RELATIONSHIPS

Vitec formed in 1985 and has since 1998 been a public company based on software solutions. With our products and related services, we act in the long term, build trust and create confidence among our customers. We create value for customers through a customer-focused approach and a well-tailored program offering that supports, develops and increases the profitability of our customers' daily work processes.

### BUSINESS MODEL WITH RECURRING REVENUE

Recurring contract revenues are a central part of the Vitecs business model. Recurring contract revenue includes recurring revenues for the use of our software, access to our customer service and new refined versions of our software. Technology trend today is for a more modern model in which the functionality of the software is delivered over the Internet. This movement means that our offer is extended to include the operation of the software and the data storage. This increases the proportion of recurring revenue contracts, which gives us a stable, predictable and recurring revenue volume while providing our customers with a secure overall offering. A business model with a high proportion of recurring revenue also gives us a good annual operating capital and reduces sensitivity to economic downturns. High proportion of recurring revenue contracts also provide strong cash flows, which is an important prerequisite for continued growth.

### PROFITABLE GROWTH

Vitec has a pronounced growth strategy with a combination of acquisitions and organic growth. Growth is important because it gives us energy and creates new opportunities. Acquisitions are also important to achieve cost and volume advantages and are also strategically important for the expansion to new markets and niches. Our acquisitions were initially made in Sweden in the niches in which we first appeared, but has gradually expanded to include new niches and new markets. Today we are a software company that offers specific business throughout the Nordic market and our business is established in Sweden, Norway, Finland and Denmark. We identify and evaluate acquisition targets in all Nordic countries. During our long history, we have been in constant growth and every year improved our results. We have, however, held on to our strategy to operate within specialized software niches to create sustainable and profitable growth.

## KEY FIGURES

		2016	2015	2015
		Jan-Mar	Jan-Mar	Jan-Dec
Net sales	(TSEK)	157 126	143 413	618 385
Business Area Auto	(TSEK)	24 517	10 292	71 082
Business Area Energy	(TSEK)	6 409	6 181	24 114
Business Area Real Estate	(TSEK)	37 410	34 806	142 557
Business Area Finance & Insurance	(TSEK)	29 143	23 905	101 219
Business Area Health	(TSEK)	15 186	15 536	61 492
Business Area Media	(TSEK)	1 921	3 438	10 547
Business Area Estate Agent	(TSEK)	42 386	49 223	207 011
Shared	(TSEK)	155	32	363
Growth	(%)	10%	42%	26%
Profit after financial items	(TSEK)	18 015	21 620	94 686
Profit after tax	(TSEK)	14 043	17 245	78 191
Profit after tax attributable to owners of the parent	(TSEK)	14 043	17 245	78 191
Profit growth attributable to owners of the parent	(%)	-19%	106%	59%
Profit margin	(%)	9%	12%	13%
Operating margin	(%)	12%	16%	16%
Total assets	(tkr)	874 372	770 198	872 019
Solidity	(%)	33%	33%	31%
Equity ratio after full conversion	(%)	35%	34%	33%
Degree of indebtedness	(times)	2,04	2,10	2,09
Return on capital employed	(%)	20%	22%	21%
Return on equity	(%)	28%	27%	29%
Sales per employee	(TSEK)	349	362	1 465
Value added per employee	(TSEK)	290	306	1 212
Personnel expenses per employee	(TSEK)	206	209	797
Average numbers of employees	(number)	450	397	422
Adjusted shareholders' equity per share (JEK)	(SEK)	9,91	8,52	9,24
Earnings per share	(SEK)	0,48	0,59	2,66
Earnings per share after dilution	(SEK)	0,47	0,58	2,64
Paid dividends per share	(SEK)	-	-	0,67
Cash flow per share	(SEK)	0,98	1,12	5,09
P/E		25,7	3,9	28,2
P/JEK		6,61	0,91	8,12
P/S		3,05	0,43	3,57
<b>Calculation bases:</b>				
Results used for the calculation of earnings per share	(TSEK)	14 043	17 245	78 191
Cash flow for the calculation of cash flow per share	(TSEK)	28 746	32 805	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	29 637 449	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	38,80	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 is a software company that offers industry specific business applications on the Nordic market. The Company, with operations in Sweden, Norway, Finland and Denmark is growing in the mature part of the software industry by consolidating vertical software segments. Clients 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. Vitec is listed on Nasdaq, Stockholm.

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