

Year-end report January–December 2018



Vitec in brief

Vertical markets

Vitec is the Nordic market leader in Vertical Market Software. We develop and deliver standardized software aimed at various niche markets. This entails tailoring our offering to the unique needs and requirements of companies operating within specific sectors, to enable the management and development of their business operations.

Standardized products

Our standardized products are cost-efficient for our customers, as they allow for the assimilation of industry-wide developments and upgrades. This enables us to provide our customers with the optimal conditions to develop and future-proof their operations.

Recurring revenues

Our business model is based on a high percentage of recurring revenues, which makes us less susceptible to temporary declines in individual companies, while creating conditions conducive to a long-term approach.

Growth by acquisition

Vitec has an explicit acquisitions-based growth strategy with a sharp focus on profitability and stable cash flows. Our focus on strong cash flows creates the financial prerequisites for continued acquisition-driven growth.



Net sales exceeds SEK 1 billion and increased dividend

Summary for January–December 2018

- Net sales: SEK 1,017 million (855)
- Profit after net financial items: SEK 116.8 million (98.1)
- Operating margin: 12.6% (12.5)
- Earnings per share before dilution: SEK 3.23 (2.70)
- Cash flow from operating activities: SEK 197 million (188)
- The Board of Directors propose a dividend increase to SEK 1.20 per share (1.10)

Summary for October–December 2018

- Net sales: SEK 290 million (247)
- Profit after net financial items: SEK 30.6 million (28.6)
- Operating margin: 11.8% (12.6)
- Earnings per share before dilution: SEK 0.98 (0.86)
- Cash flow from operating activities: SEK 48.5 million (29.4)
- Directed new share issue of 2,500,000 Class B shares

CEO's comments

In conjunction with the closing of our books for the year-end, we surpassed two significant levels: SEK 1,000 million in sales and SEK 100 million in profit before tax. Ten years ago, we passed the SEK 100-million milestone in sales and the SEK 10-million mark in profits. Our performance has been developing well and our business model has proven to be robust. Our aim is to create a customer offering that allows for us to generate recurring revenues that resemble subscriptions. In 2018, our total growth in recurring revenues was 21.9 percent, of which 6 percentage points comprised organic growth in local currency. In the fourth quarter, organic growth in recurring revenues was higher than the average for the year, totaling more than 8 percent.

During the fourth quarter, we designated a directed new share issue to several major institutional investors, increasing our shareholders' equity by nearly SEK 200 million. The directed new share issue is a building block for our continued growth and will provide us with financial vigor for the next few years.

Our fourth-quarter profits were charged with liquidation costs of approximately SEK 5 million, of which the greater part came from closing down a R&D facility in France that belonged to AcuVitec OY.

We are continuing to invest in our corporate culture, such as by arranging annually orientation courses aimed at managers and new employees. The events are named CEO@Vitec, Leader@Vitec and New@Vitec, and are arranged inhouse, using our own management as lectures. Our aim is to nurture and establish an understanding of a culture that supports our continued growth and our structure of

delegated decision-making. We have also invested more than SEK 125 million in our product portfolio in 2018 and will continue to invest at similar levels, to ensure that we are a reliable and future-proofed supplier to our customers, and thereby live up to our brand promise: "To rely on – Today and Tomorrow."

The number of active acquisition dialogs remains high, and we are continuously allocating resources to stay abreast of and advance these dialogs. Our financial position is solid and we are well prepared for future acquisitions, and for continued acquisition-based growth. Supported by our acquisition of well-established companies and a high and increasing percentage of recurring revenues, Vitec will stay its course – to be a vertical software company with excellent risk diversification, as well as sustainable and profitable growth. And we also increase dividends for the 17th consecutive year.



Lars Stenlund, CEO

Group financial information

Net sales and earnings

January–December 2018

Revenues

Net sales for the period totaled SEK 1016.8 million (855.0), corresponding to a 19% increase. The improvement was mainly attributable to acquisitions. Recurring revenues for the period rose 22% from the year-earlier period and totaled SEK 743.9 million (610.0), corresponding to 73.2% (71.3) of net sales. License revenues declined 12% year-on-year, totaling SEK 35.0 million (39.6). Service revenues increased 2% from the year-earlier period, totaling SEK 148.7 million (145.7). Other revenues rose 49% to a total of SEK 89.2 million (59.8).

The acquired company, PP7 Affärssystem AB, which was consolidated as of April 9, contributed SEK 5.8 million in net sales during the period. The acquired Group, Agrando AS, which was consolidated as of April 19, contributed SEK 31.0 million in net sales. The acquired company, Cito IT A/S, which was consolidated as of May 31, contributed SEK 25.6 million and the acquired the company, Smart Visitor System AB, which was consolidated as of November 6, contributed SEK 5.2 million.

Earnings

Operating profit was SEK 128.4 million (106.7), with an operating margin of 12.6% (12.5). Profit after tax for the period amounted to SEK 96.9 million (79.4). Earnings per share before dilution totaled SEK 3.23 (2.70).

October–December 2018

Revenues

Net sales for the period totaled SEK 289.9 million (246.7), corresponding to an increase of 17%. The improvement was mainly attributable to acquisitions. Recurring revenues for the period rose 22% from the year-earlier period and totaled SEK 200.6 million (164.0), corresponding to 69.2% (66.5) of net sales. License revenues declined 13% year-on-year, amounting to SEK 9.8 million (11.3). Service revenues rose 17% to SEK 47.7 million (40.8) in comparison with the year-earlier period. Other revenues rose 4% to a total of SEK 31.7 million (30.6).

The acquired company, PP7 Affärssystem AB, which was consolidated as of April 9, contributed SEK 1.7 million in net sales during the period. The acquired Group, Agrando AS, which was consolidated as of April 19, contributed SEK 12.2 million in net sales. The acquired the company, Cito IT A/S, which was consolidated as of May 31, contributed SEK 13.9 million, while the acquired the company, Smart Visitor System AB, which was consolidated as of November 6, contributed SEK 5.2 million.

Earnings

Operating profit was SEK 34.3 million (31.1), with an operating margin of 11.8% (12.6). Profit after tax for the period amounted to SEK 29.8 million (25.5). Earnings per share before dilution totaled SEK 0.98 (0.86).

Liquidity and financial position

The Group's cash and cash equivalents, including current investments at the end of the period, totaled SEK 235.3 million (57.9). In addition to cash and cash equivalents, Vitec had overdraft facilities of SEK 20 million and SEK 53.3 million in unutilized portions of the credit facility. During the period, a directed new share issue of SEK 194.9 million was implemented, after deduction for issue costs.

Our loans with Nordea were renegotiated. Two credit facilities and two older loans were consolidated into a single credit facility totaling SEK 500 million, of which SEK 446.7 million was utilized at the balance-sheet date. The facility is divided into tranches that allow for us to autonomously decide on the amount and timing of our repayments to the facility. Since we are yet to decide on any repayment, the entire loan is regarded as a non-current loan. Its terms and conditions, and covenant requirements, are in line with the previous agreements with the bank.

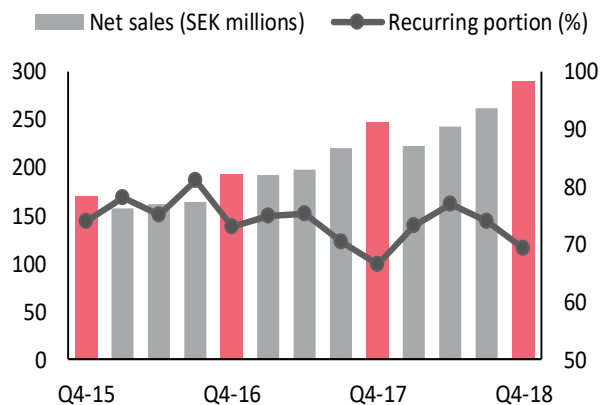
During the period, SEK 181.9 million of the credit facility was utilized to finance acquisitions and SEK 83.4 million pertaining to previous acquisitions was repaid to the credit facility. Amortization of bank loans amounted to SEK 6.6 million. Cash flow from operating activities was SEK 197.1 million (187.6). Investments totaled to SEK 127.5 million in capitalized work, SEK 0.7 million in other intangible assets and SEK 14.3 million in property, plant and equipment. The acquisition of PP7 Affärssystem AB, Agrando AS, Cito IT A/S and Smart Visitor System AB generated SEK 177.2 million in product rights, brands, customer agreements and goodwill.

At December 31, 2018, interest-bearing liabilities totaled SEK 509.3 million (406.1) and comprised SEK 503.6 million (374.9) in non-current interest-bearing liabilities and SEK 5.6 million (31.2) in current interest-bearing liabilities. During the period, the supplementary purchase considerations for the acquisition of Futursoft Oy and Fox Publish AS were settled – SEK 22.9 million was paid with respect to Futursoft and SEK 1.4 million with respect to Fox Publish.

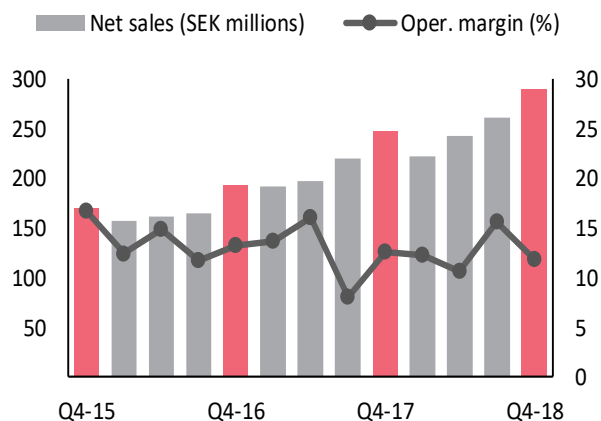
Equity attributable to Vitec's shareholders totaled SEK 669.6 million (398.2). The equity/assets ratio was 40% (32). Dividends of SEK 1.10 per share were issued following the Annual General Meeting of April, totaling SEK 32.8 million.

Graphs group

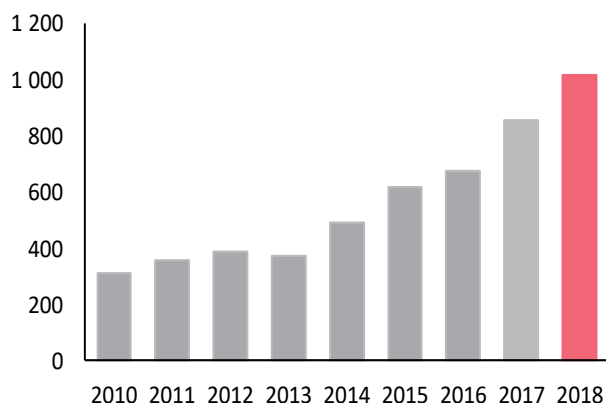
Net sales and portion of recurring revenues



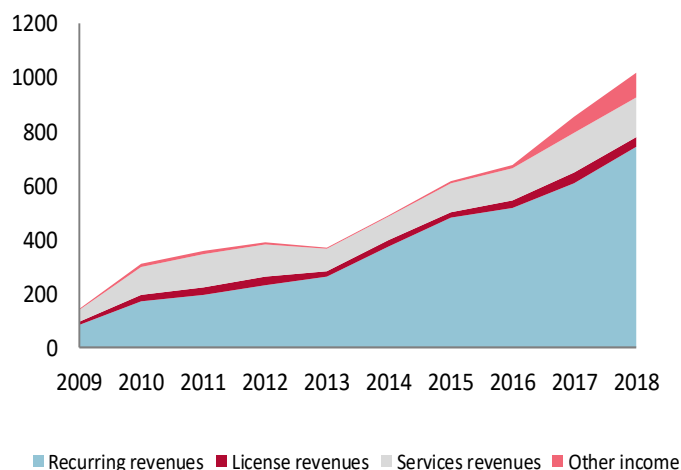
Net sales and operating margin



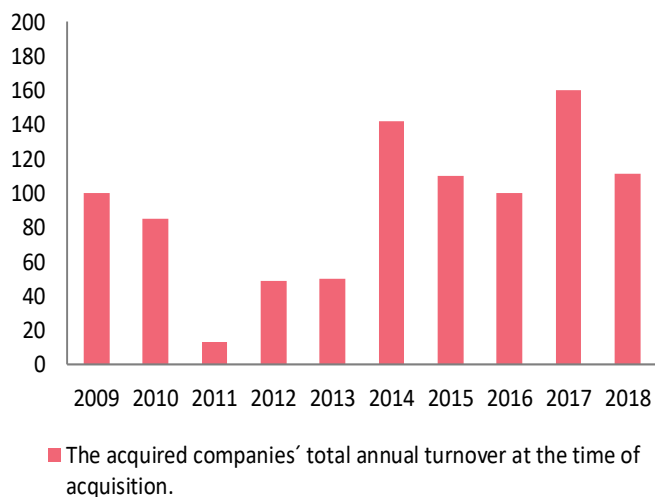
Net sales (MSEK)



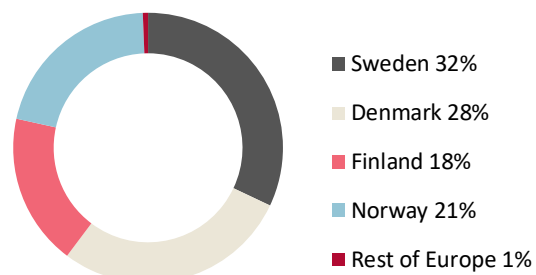
Revenue distribution (MSEK)



Acquired Net sales (MSEK)



Net sales by market January-December



Significant events during the period



November 5: CFO to depart by 2019 Annual General Meeting (AGM)

Maria Kröger, CFO of Vitec since 2012, announced her departure from her post at Vitec. Recruitment of a new CFO commenced immediately. Maria Kröger will remain at her position until such time that a replacement is found, but by no later the 2019 AGM.



November 6: Vitec acquires Smart Visitor System AB

Vitec strengthened its position in the Nordic market for Vertical Market Software, through the acquisition of all shares in the Swedish software company, Smart Visitor Systems AB. The company's product is aimed at municipal leisure and cultural departments in Sweden and Norway. The company reported sales of SEK 23.7 million, with an adjusted EBITDA of SEK 3.1 million for the 2017 financial year. A cash payment will be transacted on the date of the takeover. The acquisition is expected to yield an immediate increase in earnings per share for Vitec. Consolidation will commence as of the acquisition date.



November 29: Directed new share issue

With the support of the AGM's authorization of April 23, 2018, Vitec resolved to issue a directed new share issue of 2,500,000 Class B shares at a subscription price of SEK 79 per share. The issue increased the company's total the number of shares to 32,338,900, allocated as 3,350,000 Class A shares and 28,988,900 Class B shares. The share capital increased by SEK 250,000, to SEK 3,233,890.

Operations, January–December 2018

Profits rose in four (business) segments and declined in two, compared with the corresponding period in 2017. Profits were unchanged for the Environment segment. Recurring revenues rose within all segments. In November, Vitec acquired Smart Visitor System AB. The company's products are aimed at municipal leisure and cultural departments. The company is part of Vitec's Education & Health segment. A total of four new vertical software companies were acquired in 2018.

Auto

With a successful conversion to recurring revenues, profits and sales rose in the Auto segment, compared with the corresponding period in 2017. In 2018, dependency on license revenues and service revenues continued to decline in favor of recurring revenues. In Finland and Norway, we continued work to update our offering. In Finland, this entailed the modernization of our software. The updates are being introduced gradually, in order to maximize benefits and minimize risks for our customers. In Norway, we initiated a transition toward a new and efficient operating platform, which will result in a more open and flexible product for our customers. In Denmark, we closed our office in Fredericia in order to concentrate our development resources in Søborg. The conversion resulted in a non-recurring adverse impact of SEK 1 million on the final quarter of the year. In the long-term, the change will enhance the efficiency of our product development. Recurring revenues rose 14%, compared with the corresponding period in 2017.

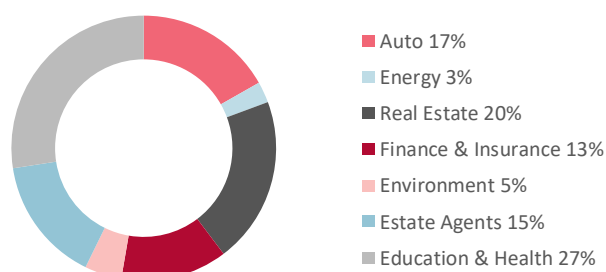
Energy

Profits and sales rose in the Energy segment, year-on-year. Efforts to fine-tune the precision of our forecast models have turned out well. The enhanced precision provides significant value to our customers, with each unit of improvement generating considerable benefits. There continued to be a great interest in our products, including beyond the Nordic region. During the year, we secured new customers on countries such as Italy, Germany, Slovenia and France. Recurring revenues in this segment rose 4% year-on-year.

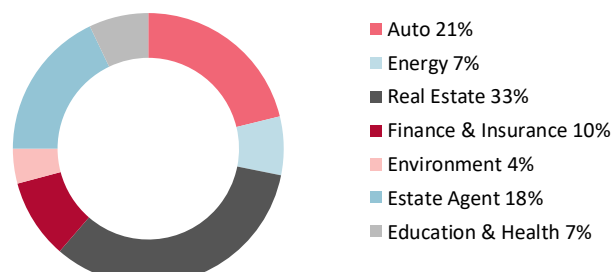
Real Estate

Profits and sales rose in the Real Estate segment year-on-year, and the segment continued to advance in every respect. There was significant demand for our products in Sweden in 2018 and recurring revenues increased organically in double-digit percentage points. In Norway, we signed new customer agreements in the final quarter and observed an increased demand in this segment, year-on-year. Recurring revenues rose 18%, compared with the corresponding period in 2017.

Net sales January–December 2018



Operating profit January–December 2018



Finance & Insurance

Profits and sales declined in the Finance & Insurance segment, compared with the corresponding period in 2017. In Denmark, we implemented a rapid conversion from service revenues to recurring revenues during the year. In 2018, we also noticed a decline in new investments among our customers. This is mainly attributable to major bank investments in the regulatory frameworks of MiFID II and GDPR during 2017. Although the impact on our service revenues was greater than anticipated, we deem this to be a temporary situation. In Sweden, we established a third product area during the year, through the launch of business calculations. The outcome of the investment was positive and we gained the confidence of Collector Bank, which was announced during Q4. The other product areas in Sweden comprise private calculations and pension estimates. In Norway, we secured a new customer within the field of property insurance during Q4. Recurring revenues advanced 11%, compared with the corresponding period in 2017.

Environment

The Environment segment reported unchanged profits and sales, compared with the corresponding period in 2017. The Environment segment, which offers products for waste and resource processing in Finland, continued its transition toward a higher share of recurring revenues. Consequently, license revenues declined as planned, which had a short-term adverse impact on earnings. The transition process during the year will strengthen the Environment segment in the long term. Recurring revenues gained 14% year-on-year.

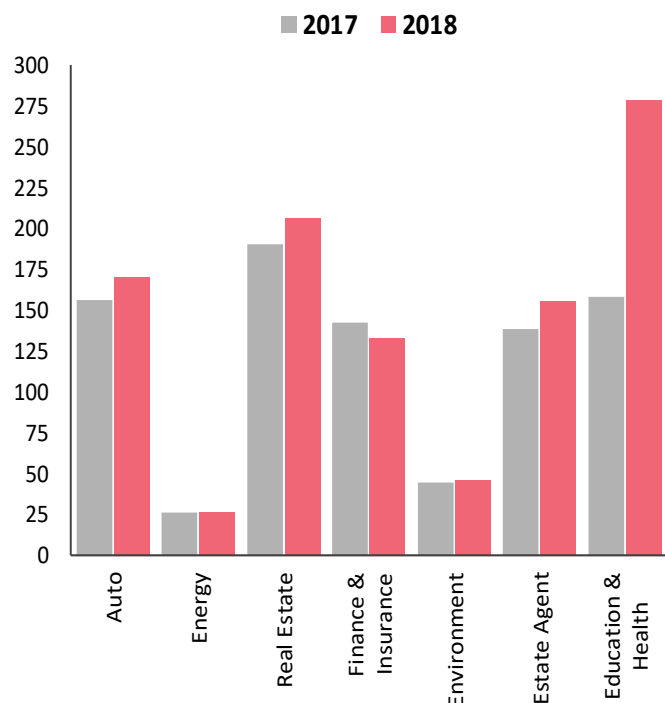
Estate Agents

The Estate Agents segment increased its profits and sales, in comparison with the corresponding period in 2017. Essentially all of our Swedish customers have now been upgraded to our most recent product. Following several years of intense development work, we returned to more normal levels in 2018. This allowed us to focus more intently on increasing our offering with features such as a robust CRM function and integrated publishing. In Norway, we continued to work intensively to develop and roll out our latest platform. Our efforts were successful. After the summer, we were entrusted with delivery to Norway's largest player, DNB Eiendom. In Q4, we signed an agreement to deliver to 9 out of 11 of EiendomsMegler 1's units. These advances in sales resulted in more-than-usual installation projects during the year. Consequently, Estate Agents reported a high percentage of service revenues. Following a period of decline in recurring revenues, the segment resumed an increase compared with full-year 2017. Recurring revenues gained 2% year-on-year.

Education & Health

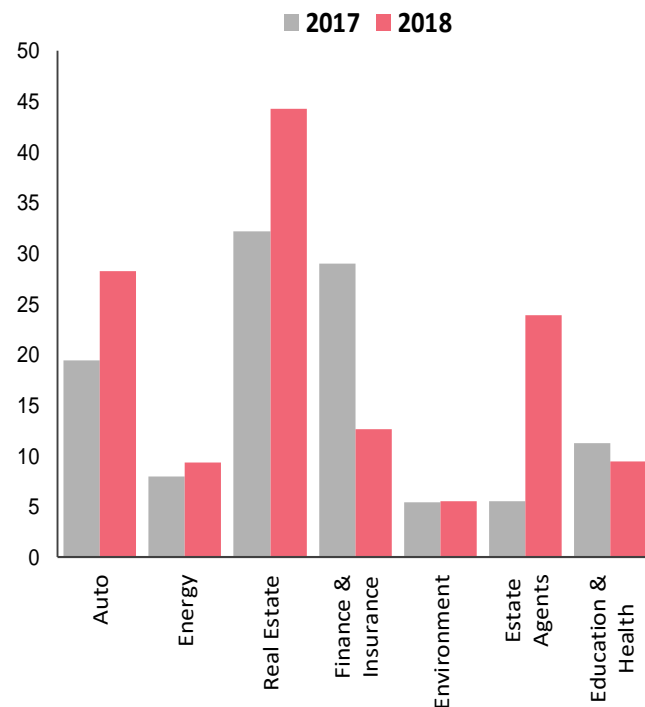
The Education & Health segment increased its profits and sales, compared with the corresponding period in 2017. The Education & Health segment has undergone some major changes in 2018. During the year, Cito added products for Danish pharmacies, Agrando added products for church operations in Norway and Sweden, while Smart Visitor System added products for leisure facilities in Sweden. All of these developments resulted in extensive integration work for the Education & Health segment during the year. Although these activities are still ongoing as planned, the integration work and transition toward a larger share of recurring revenues curbed the segment's overall profitability. Acuvitec, which delivers healthcare software in Finland, closed its office in France in order to concentrate on its development work in Finland. Although the move resulted in a non-recurring adverse impact of SEK 4.7 million in Q4, it will generate savings in the long term. Recurring revenues gained 92% in comparison with the year-earlier period.

Sales, January–December 2018, (in SEK millions)



Profit/Loss, January–December 2018, (in SEK millions)

before acquisition-related costs



	Auto		Energy		Real Estate		Finance & Insurance		Environment		Estate Agent		Education & Health	
	Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Recurring revenues	146,3	128,6	19,9	19,1	128,1	108,8	116,3	104,4	37,0	32,6	135,4	132,5	160,9	83,7
License revenues	5,2	6,1	0,1	0,0	6,5	8,6	0,3	7,5	1,5	3,5	0,1	0,0	21,4	13,8
Services revenues	13,4	16,3	5,9	6,5	68,0	69,8	15,1	29,9	6,2	5,7	19,5	5,1	20,4	12,2
Other revenues	5,4	5,0	0,2	0,1	3,8	2,9	0,6	0,5	1,3	2,2	0,5	0,4	75,6	48,2
Net sales	170,3	155,9	26,0	25,7	206,3	190,1	132,2	142,3	45,9	44,1	155,4	138,0	278,3	157,9
Percentage of recurring revenues in net sales	86%	82%	76%	74%	62%	57%	88%	73%	81%	74%	87%	96%	58%	53%
Operating profit*	28,3	19,5	9,3	8,0	44,3	32,2	12,7	29,0	5,5	5,5	23,9	5,5	9,5	11,2
Operating margin	17%	12%	36%	31%	21%	17%	10%	20%	12%	12%	15%	4%	3%	7%

*The segment's operating profit is presented before acquisition-related costs

Risks and uncertainties

Material risks and uncertainties are described in the administration report of the of the 2017 Annual Report under “Risks and uncertainties” on pages 28–29, in Note 1, under the section, *Assessments and estimates* on page 57, and in Note 20 *Financial risks and the management of such risks* on page 79–82. No material changes have occurred since then.

Parent Company

Net sales totaled SEK 63.4 million (80.0) and essentially comprised invoicing to subsidiaries for services rendered. Profit after tax was SEK 68.7 million (64.9). Parent Company earnings were charged with unrealized foreign-exchange losses totaling SEK -16.6 million. The value of participations in subsidiaries during the period was reduced by SEK 2.4 million, due to the downward adjustment of the conditional contingent consideration for Futursoft OY, and by SEK 4.0 million, due to the downward adjustment of the conditional contingent consideration for PP7 Affärssystem AB. Current non-interest-bearing liabilities were correspondingly reduced. The Parent Company is generally exposed to the same risks and uncertainties as the Group; refer to the above section, *Risks and uncertainties*.

Transactions with related parties

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

Condensed consolidated statement of comprehensive income

SEK thousands	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
OPERATING REVENUES				
Recurring revenues	200 606	163 956	743 856	609 970
License revenues	9 829	11 290	34 988	39 563
Service revenues	47 732	40 845	148 700	145 672
Other revenues	31 704	30 621	89 219	59 824
NET SALES	289 871	246 712	1 016 763	855 029
Capitalized development costs	34 765	29 317	127 549	97 213
Reversal of supplementary purchase consideration	4 006	1 343	6 402	1 343
TOTAL REVENUES	328 642	277 372	1 150 714	953 585
OPERATING EXPENSES				
Goods for resale	-22 785	-20 610	-68 695	-48 394
Subcontractors and subscriptions	-32 224	-26 843	-110 515	-100 791
Other external expenses	-47 247	-36 737	-152 526	-120 597
Personnel expenses	-147 222	-126 799	-526 367	-446 917
Depreciation of property, plant and equipment	-4 357	-3 514	-16 411	-13 514
Amortization of intangible fixed assets	-35 821	-30 889	-135 650	-112 025
Impairment of intangible fixed assets	-4 006	-1 343	-6 402	-1 343
Unrealized exchange-rate gains/losses (net)	167	479	-647	862
TOTAL EXPENSES	-293 495	-246 256	-1 017 213	-842 719
OPERATING PROFIT BEFORE ACQUISITION-RELATED COSTS	35 147	31 116	133 501	110 866
Acquisition-related costs	-858	-6	-5 129	-4 164
OPERATING PROFIT AFTER ACQUISITION-RELATED COSTS	34 289	31 110	128 372	106 702
Financial income	-2	180	289	328
Financial expenses	-3 737	-2 643	-11 886	-8 903
TOTAL FINANCIAL ITEMS	-3 739	-2 463	-11 597	-8 575
PROFIT AFTER FINANCIAL ITEMS	30 550	28 647	116 775	98 127
Tax	-733	-3 139	-19 855	-18 701
NET PROFIT FOR THE PERIOD	29 817	25 508	96 920	79 426
OTHER COMPREHENSIVE INCOME, ITEMS THAT MAY BE RECLASSIFIED IN PROFIT OR LOSS				
Restatement of net investments in foreign operations and hedge accounting of the same	-10 527	2 970	12 443	-2 285
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	-10 527	2 970	12 443	-2 285
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	19 290	28 478	109 363	77 141
PROFIT FOR THE PERIOD ATTRIBUTABLE TO				
-Parent Company shareholders	29 817	25 508	96 920	79 426
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO				
-Parent Company shareholders	19 290	28 478	109 363	77 141
EARNINGS PER SHARE				
-Before dilution (SEK)	0,98	0,86	3,23	2,70
-After dilution (SEK)	0,97	0,86	3,22	2,70
Average number of shares	30 545 422	29 507 243	30 016 982	29 424 555
Number of shares after dilution	30 980 027	29 741 560	30 436 771	29 538 825

Segment data

SEGMENT	External net sales (SEK million)				Operating profit before acquisition related costs (SEK million)			
	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Auto	44,9	39,7	170,3	155,9	7,0	3,6	28,3	19,5
Energy	6,6	7,0	26,0	25,7	1,8	2,6	9,3	8,0
Real Estate	58,8	51,3	206,3	190,1	12,3	7,2	44,3	32,2
Finance & Insurance	36,1	40,1	132,2	142,3	3,6	9,2	12,7	29,0
Environment	12,0	11,1	45,9	44,1	2,1	0,6	5,5	5,5
Estate Agent	41,6	31,3	155,4	138,0	6,3	0,1	23,9	5,5
Education & Health	89,8	65,9	278,3	157,9	2,2	7,8	9,5	11,2
Shared	0,2	0,2	2,2	1,0	-	-	-	-
Vitec Group	289,9	246,7	1 016,8	855,0	35,2	31,1	133,5	110,9
Acquisition-related costs					-0,9	0,0	-5,1	-4,2
Operating profit after acquisition-related costs					34,3	31,1	128,4	106,7
Total financial expenses					-3,7	-2,5	-11,6	-8,6
Profit after financial expenses					30,6	28,6	116,8	98,1

Vitec is a Nordic software company with customers located mainly in Sweden, Denmark, Finland and Norway, as well as a number of customers located in other parts of the world. Our distribution of sales by country is shown on the diagrams on page six.

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

Our performance obligations comprise support, maintenance and upgrades, fixed-period usufruct and operation, perpetual usufruct, services, information services, third-party usufruct, third-party maintenance and other. Of the recurring revenues, SEK 410.1 million (305.0) pertain to support, maintenance and upgrades, SEK 211.5 million (195.8) to fixed-period usufruct and operation, SEK 109.7 million (95.8) to information services and SEK 12.6 million to (13.5) third-party maintenance. License revenues comprised SEK 34.4 million (37.1) in perpetual usufruct and SEK 0.6 million (2.5) in third-party usufruct.

Our most frequent contract types pertain to cloud SaaS, subscriptions, sales of licenses with traditional support and maintenance agreements, services for sale and information services. Contractual periods span from one month to one year and, in some cases, longer. Our recurring revenues are recognized using a flat distribution across the contractual period, once the customer obtains control of the service and the performance obligation is fulfilled. Our licenses revenues are recognized at a given date, while our service revenues are continuously recognized as services are rendered and the customer obtains control and benefits.

Condensed consolidated statement of financial position

SEK thousands	2018-12-31	2017-12-31
ASSETS		
FIXED ASSETS		
<i>Intangibles fixed assets</i>	1 130 983	944 327
<i>Property, plant and equipment</i>	39 788	37 956
<i>Financial fixed assets</i>	947	1 791
<i>Deferred tax assets</i>	8 243	6 714
TOTAL FIXED ASSETS	1 179 961	990 788
CURRENT ASSETS		
<i>Inventories</i>	5 302	3 619
<i>Current receivables</i>	255 083	209 595
<i>Current investments</i>	46	44
<i>Cash and cash equivalents</i>	235 256	57 924
TOTAL CURRENT ASSETS	495 687	271 182
TOTAL ASSETS	1 675 648	1 261 970
SHAREHOLDERS' EQUITY AND LIABILITIES		
<i>Equity attributable to Parent Company shareholders</i>	669 628	398 164
<i>Non-current liabilities, interest-bearing</i>	503 633	374 918
<i>Non-current liabilities, interest-free</i>	158 724	147 339
<i>Current liabilities, interest-bearing</i>	5 620	31 180
<i>Current liabilities, interest-free</i>	338 043	310 369
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1 675 648	1 261 970

Condensed consolidated statement of changes in equity

SEK thousands	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS				
Opening balance	455 414	354 633	398 164	334 213
Convertible debenture with stock options	-	1 067	-	2 221
Debenture conversion	-	13 986	-	13 986
New share issue and issuing costs*	194 924	-	194 924	-
Dividends paid	-	-	-32 823	-29 397
Total comprehensive income	19 290	28 478	109 363	77 141
CLOSING BALANCE	669 628	398 164	669 628	398 164

Condensed consolidated statement of cash flow

SEK thousands	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
OPERATING ACTIVITIES				
Operating profit	34 290	31 110	128 373	106 702
<i>Adjustments for non-cash items</i>				
Other operating revenues	-4 006	-1 343	-6 402	-1 343
Depreciation/Amortization and impairment losses	44 184	35 746	158 463	126 882
Unrealised foreign exchange gains/losses	-167	479	647	862
	74 301	65 992	281 081	233 103
Interest received	-2	180	289	328
Interest paid	-3 233	-2 480	-10 675	-8 438
Income tax paid	-3 587	-4 388	-30 218	-25 381
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL				
	67 479	59 304	240 477	199 612
<i>Changes in working capital</i>				
Increase/Decrease in inventories	1 107	-124	115	8 836
Increase/Decrease in accounts receivable	-87 553	-73 632	-18 982	-20 754
Increase/Decrease in operating receivables	2 902	6 792	-21 543	2 233
Increase/Decrease in accounts payable	3 594	-5 120	3 807	6 839
Increase/Decrease in operating liabilities	60 964	42 226	-6 755	-9 136
CASH FLOW FROM OPERATING ACTIVITIES	48 493	29 446	197 119	187 630
INVESTING ACTIVITIES				
Acquisition of subsidiaries, net*	-25 444	-	-134 285	-88 826
Purchase of intangible fixed assets and capitalized development costs	-34 815	-31 217	-128 289	-101 500
Purchase of property, plant and equipment	-6 046	-951	-14 346	-7 750
CASH FLOW FROM INVESTING ACTIVITIES	-66 305	-32 168	-276 920	-198 076
FINANCING ACTIVITIES				
Dividends to Parent Company shareholders	-	-	-32 823	-29 397
Borrowings	32 200	20 830	181 928	109 129
Repayment of loans	-33 634	-7 160	-90 023	-95 275
New share issue	194 924	-	194 924	-
CASH FLOW FROM FINANCING ACTIVITIES	193 490	13 670	254 006	-15 543
CASH FLOW FOR THE PERIOD	175 678	10 948	174 205	-25 989
OPENING CASH AND CASH EQUIVALENTS, INCLUDING CURRENT INVESTMENTS	61 008	40 510	57 968	80 920
Exchange-rate differences in cash and cash equivalents	-1 384	6 510	3 129	3 037
CASH AND CASH EQUIVALENTS INCLUDING CURRENT INVESTMENTS AT END OF PERIOD**	235 302	57 968	235 302	57 968

*Payments pertaining to the acquisition of subsidiaries during the period, pertained to PP7 Affärssystem AB, Agrando AS, Cito IT A/S and Smart Visitor System AB. Net cash flow was SEK 110.0 million. The acquisitions pertained to all shares outstanding in their entirety and entailed the gain of controlling influence. Furthermore, a final settlement of SEK 22.9 million was paid for supplementary purchase considerations pertaining to Futursoft Oy and SEK 1.4 million for Fox Publish AS. The payments did not entail any changes to controlling influence or the total number of shares. Payments pertaining to the acquisition of subsidiaries in 2017 comprised payments for MV-Nordic A/S. The net cash outflow was SEK 86.7 million. The acquisition pertained to all shares outstanding in their entirety and entailed the gain of controlling influence. A residual payment of SEK 2.1 million for Nice AS was also transacted. The payment did not entail any changes to controlling influence or the total number of shares.

**Cash and cash equivalents are defined as funds exposed to an insignificant risk of fluctuations in value, and which are easily convertible to cash at a known amount. Current investments comprise funds that are convertible to cash at a known amount within one bank day.

Parent company income statement, condensed

SEK thousands	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Operating revenues	-5 551	21 590	63 389	79 990
Operating expenses	-19 581	-18 186	-75 732	-69 796
Unrealized exchange-rate gains/losses (net)	11 063	-10 948	-16 574	-7 058
OPERATING PROFIT/LOSS	-14 069	-7 544	-28 917	3 136
Profit/loss from financial investments				
Income from participation in Group companies	77 599	64 898	77 599	64 898
Interest income	314	131	437	231
Interest expenses	-3 757	-2 465	-11 817	-8 289
PROFIT AFTER FINANCIAL ITEMS	60 087	55 020	37 302	59 976
Appropriations	28 481	4 912	28 481	4 912
PROFIT BEFORE TAX	88 568	59 932	65 783	64 888
Tax	-1 324	1 147	2 874	57
NET PROFIT FOR THE PERIOD	87 244	61 079	68 657	64 945

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

Condensed balance sheet, Parent Company

SEK thousands	2018-12-31	2017-12-31
ASSETS		
FIXED ASSETS		
<i>Intangible fixed assets</i>	2 419	3 301
<i>Property, plant and equipment</i>	11 290	11 432
<i>Financial fixed assets</i>	1 189 019	980 278
TOTAL FIXED ASSETS	1 202 728	995 011
CURRENT ASSETS		
<i>Current receivables</i>	98 710	90 596
<i>Cash and cash equivalents</i>	222 908	51 616
TOTAL CURRENT ASSETS	321 618	142 212
TOTAL ASSETS	1 524 346	1 137 223
SHAREHOLDERS' EQUITY AND LIABILITIES		
<i>Shareholders' equity</i>	584 231	353 473
<i>Untaxed reserves</i>	2 448	2 429
<i>Non-current liabilities</i>	503 537	374 611
<i>Current liabilities</i>	434 130	406 710
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1 524 346	1 137 223

Supplementary disclosures

Accounting and valuation policies, and other comments

This interim report has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, and the Swedish Annual Accounts Act. The Parent Company's accounts were prepared in accordance with the Annual Accounts Act and recommendation RFR 2 *Accounting for Legal Entities*. The new standards, amendments and interpretations of existing standards that have come into force in 2018 have not had any impact on the Group's financial position or financial statements. The accounting policies and methods of calculation remain unchanged, in comparison with the description provided in the 2017 Annual Report.

IFRS 15 *Revenue from Contracts with Customers*, came into force as of January 1, 2018, and Vitec has applied the new standard. In accordance with IFRS 15, revenues are recognized when the customer obtains control of the service and performance obligations are fulfilled. No material differences have manifested from our method for recognizing revenue prior to IFRS 15 coming into force. Consequently, the transition has had no impact on recognized sales and earnings, and no adjustments of opening balances or restatements of comparative figures were made. To apply the new standard, a company may choose between fully retroactive or future-oriented application with additional disclosures. We have chosen retroactive application.

IFRS 16 *Leasing* comes into force on January 1, 2019. The new standard entails the elimination of any differences between operational and financial leasing. Leasing agreements exceeding 12 months are to be recognized in the balance sheet. The standard will impact how we recognize future lease agreements pertaining to premises.

As of January 1, 2019, our lease agreements will be recognized as assets and liabilities in the consolidated statement of financial position. Instead of leasing expenses, we will be recognizing depreciation/impairment and interest expenses in the consolidated statement of comprehensive income. The expected impact on the statement of financial position is approximately SEK 50 million in increased assets and liabilities. In the statement of comprehensive income, profit/loss after tax is expected to be reduced by approximately SEK 1 million in the next year. We will apply the new standard by using the modified retrospective approach, which entails that comparative data will not be restated. Outstanding leases as of January 1, 2019, will be reported in accordance with the new standard.

The expensed supplementary purchase consideration for Futursoft Oy was adjusted downward by SEK 2.4 million. The expensed supplementary purchase consideration for PP7 Affärssystem AB was adjusted downward by SEK 4.0 million. Pursuant to IFRS 3:58, the adjustments were recognized as "Other operating revenues," while an amortization of intangible assets was simultaneously recognized. The adjustment has not impacted net profit/loss.

Taxes

Current tax for the period amounted to SEK 20.9 million (21.5). Deferred tax totaled SEK -1.0 million (- 2.8)

Investments

Investments totaled SEK 127.5 million for capitalized development costs, SEK 0.7 million for other intangible fixed assets and SEK 14.3 million for property, plant and equipment. The acquisition of PP7 Affärssystem AB, Agrando AS, Cito IT A/S and Smart Visitor System AB generated SEK 177.2 million in product rights, brands, customer agreements and goodwill.

Interest-bearing liabilities

Non-current interest-bearing liabilities comprised bank loans of SEK 463.7 million, as well as convertible debentures totaling SEK 39.8 million. Current interest-bearing liabilities comprised bank loans of SEK 5.6 million. The terms and conditions of the company's credit agreement with the bank comprises restrictions, known as covenants. The Group has fulfilled the terms and conditions in their entirety during the period.

Convertible debentures

Convertible debentures are included under non-current interest-bearing liabilities:

- loan 1707 (non-current liability, convertible, acquisition of MV Nordic) SEK 19.6 million. The duration of the loan is from July 6, 2017 – June 30, 2020. The interest rate is based on Stibor 180 (Stockholm Interbank Offered Rate). The conversion price is SEK 85.00. Conversion may be exercised from January 1, 2019 to June 30, 2020. Upon conversion, the share capital may increase by a maximum of SEK 23,432. Full conversion would entail a dilution of approximately 0.8% of the capital and 0.4% of the votes.
- loan 1801 (non-current liability, convertible program, employees). SEK 20.2 million. The duration of the loan is from January 1, 2018 to December 31, 2020. The interest rate is based on Stibor 180 (Stockholm Interbank Offered Rate). The conversion price is SEK 104.00. Conversion may be exercised between November 1 and November 30, 2020, upon which the share capital may increase by no more than SEK 20,029. Full conversion would entail a dilution of approximately 0.7% of the capital and 0.3% of the votes.

Financial instruments

IFRS 9 *Financial Instruments* came into force in 2018 and deals with the recognition of financial liabilities and assets. Vitec has been applying the standard as of January 1, 2018. The standard comprises other measurement categories for financial assets and a new model for impairment testing. The primary impact of the standard pertains to a partially new process with respect to loan losses. Vitec will be applying the transition prospectively. Having taken into account historical bad-debt losses over a business cycle, we can state that the new the standard does not have any material impact on the consolidated financial statements.

Classification and measurement

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

Financial liabilities measured at fair value

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

All of our financial instruments that are subject to measurement at fair value are classified as level 3 and pertain to supplementary purchase considerations in conjunction with the acquisition.

Recurring measurements at fair value, at December 31, 2018

	Level 1	level 2	Level 3	Carrying amount
Supplementary purchase consideration Cito IT A/S			9 632	9 632
Total			9 632	9 632

Acquisitions

Acquisition of PP7 Affärssystem AB

On April 9, Vitec acquired all of the shares and voting rights of the Swedish software company, PP7 Business system AB. The company develops software for project companies operating within the construction and installation market in Sweden. Its main product is cloud-based software for project and business support that optimizes project flows and procedures.

The company was consolidated as of the acquisition date. The goodwill item is not tax deductible and is deemed to be attributable to anticipated profitability, complementary expertise requirements, as well as anticipated synergy effects, in the form of the joint development of our products. At December 31, acquisition-related costs totaled SEK 0.1 million and were recognized as other external costs in the statement of comprehensive income. From the acquisition date up to and including December 31, revenues in the acquired company totaled SEK 5.8 million and profit before tax totaled SEK 0.9 million. If consolidation had occurred at the beginning of the year, the company would have provided the Group with an additional approximately SEK 1.8 million in sales and SEK -0.1 million in loss before tax.

Some items in the acquisition plan may be remeasured, due to our brief ownership of the company. These comprise brands, product rights, customer agreements and goodwill. For this reason, the acquisition plan remains preliminary, until 12 months after the acquisition date.

Since the previous report, the expensed portion of the contingent consideration, SEK 4.0 million, was written down in its entirety. This adjustment was proportionally distributed across brands, product rights, customer agreements and goodwill.

Preliminary acquisition plan (SEK thousands)	PP7 Affärssystem AB	Fair value adjustment	Fair value recognized in the Group
Brands	-	162	162
Product rights	-	1 651	1 651
Customer agreements	-	2 257	2 257
Intangible fixed assets	341	-	341
Property, plant and equipment	4	-	4
Current receivables	2 121	-	2 121
Cash and cash equivalents	4 204	-	4 204
Deferred tax liabilities	-	-912	-912
Current liabilities	-2 200	-	-2 200
Non-current liabilities	-600	-	-600
Net identifiable assets and liabilities	3 869	3 158	7 027
Consolidated goodwill			3 773
Total			10 800
Consolidated acquisition costs			10 800
Calculation of net cash outflow			Fair value
Consolidated acquisition costs			-10 800
Expensed portion of purchase consideration			1 000
Expensed portion of contingent purchase consideration			0
Acquired cash and cash equivalents			4 204
Net cash outflow			-5 596

Acquisition of Agrando AS

On April 19, Vitec acquired 97.2% of the shares and voting rights of the Norwegian software Group, Agrando AS. Shortly thereafter, the remaining shares and voting rights were acquired. The company's product is an industry-specific application for the church market in the Nordic region, with Norway and Sweden comprising the primary markets.

The Group was consolidated as of the acquisition date. The goodwill item is not tax deductible and is deemed to be attributable to anticipated profitability, complementary expertise requirements, as well as anticipated synergy effects, in the form of the joint development of our products. At December 31, acquisition-related costs totaled SEK 2.0 million and were recognized as other external costs in the statement of comprehensive income. From the acquisition date up to and including December 31, the revenues of the acquired Group totaled SEK 31.0 million and profit before tax was SEK 4.0 million. If consolidation had occurred at the beginning of the year, the Group would have been provided with a further approximately SEK 14.7 million in sales and SEK 0.6 million in profit before tax.

Some items in the acquisition plan may be remeasured, due to our brief ownership of the company. These comprise brands, product rights, customer agreements and goodwill. For this reason, the acquisition plan remains preliminary, until 12 months after the acquisition date.

Preliminary acquisition plan (SEK thousands)	Agrando AS	Fair value adjustment	Fair value recognized in the Group
Brands	-	1 501	1 501
Product rights	-	13 709	13 709
Customer agreements	-	21 160	21 160
Property, plant and equipment	214	-	214
Financial fixed assets	45	-	45
Current receivables	3 481	-	3 481
Cash and cash equivalents	61 174	-	61 174
Deferred tax liabilities	-	-8 365	-8 365
Current liabilities	-34 774	-1 522	-36 297
Net identifiable assets and liabilities	30 140	26 483	56 622
Consolidated goodwill			21 936
Total			78 558
Consolidated acquisition costs			78 558
Calculation of net cash outflow			Fair value
Consolidated acquisition costs			-78 558
Acquired cash and cash equivalents			61 174
Net cash outflow			-17 385

Acquisition of Cito IT A/S

On May 31, we acquired all of the shares and voting rights of the Danish company, Cito IT A/S. The company's product is an industry-specific application for the pharmacy market in Denmark.

The company was consolidated as of the acquisition date. The goodwill item is not tax deductible and is deemed to be attributable to anticipated profitability, complementary expertise requirements, as well as anticipated synergy effects, in the form of the joint development of our products. At December 31, acquisition-related costs totaled SEK 2.2 million and were recognized as other external costs in the statement of comprehensive income. From the acquisition date up to and including December 31, revenues in the acquired company totaled SEK 25.6 million and profit before tax totaled SEK 8.4 million. Due to the application of other accounting policies and a split financial year, disclosures about revenue and earnings from the beginning of the year are not deemed to be true and fair.

Some items in the acquisition plan may be remeasured, due to our brief ownership of the company. These comprise brands, product rights, customer agreements and goodwill. For this reason, the acquisition plan remains preliminary, until 12 months after the acquisition date.

The expensed portion of the contingent consideration will be subject to an EBITDA improvement at June 30, 2019 and is measured at maximum outcome.

Preliminary acquisition plan (SEK thousands)	Cito IT A/S	Fair value adjustment	Fair value recognized in the Group
Brands	-	1 024	1 024
Product rights	-	4 355	4 355
Customer agreements	-	14 538	14 538
Property, plant and equipment	1 051	-	1 051
Inventories	1 262	-	1 262
Current receivables	4 126	-	4 126
Cash and cash equivalents	16 260	-	16 260
Deferred tax liabilities	-	-4 382	-4 382
Current liabilities	-8 120	-1 609	-9 729
Net identifiable assets and liabilities	14 580	13 926	28 506
Consolidated goodwill			58 966
Total			87 472
Consolidated acquisition costs			87 472
Calculation of net cash outflow			Fair value
Consolidated acquisition costs			-87 472
Expensed portion of contingent purchase consideration			9 668
Acquired cash and cash equivalents			16 260
Net cash outflow			-61 544

Acquisition of Smart Visitor System AB

On November 6, Vitec acquired all of the shares and voting rights of the Swedish software company, Smart Visitor System AB. The company's product is aimed at municipal leisure and cultural departments in Sweden and Norway.

The company was consolidated as of the acquisition date. The goodwill item is not tax deductible and is deemed to be attributable to anticipated profitability, complementary expertise requirements, as well as anticipated synergy effects, in the form of the joint development of our products. At December 31, acquisition-related cost totaled SEK 0.8 million and were recognized as other external costs in the statement of comprehensive income. From the acquisition date up to and including December 31, revenues in the acquired company totaled SEK 5.2 million and profit before tax totaled SEK 1.1 million. If consolidation had occurred at the beginning of the year, the Group would have been provided with an additional approximately SEK 6.2 million in sales and SEK -0.4 million in loss before tax.

Some items in the acquisition plan may be remeasured, due to our brief ownership of the company. These comprise brands, product rights, customer agreements and goodwill. For this reason, the acquisition plan remains preliminary, until 12 months after the acquisition date.

Preliminary acquisition plan (SEK thousands)	Smart Visitor System AB	Fair value adjustment	Fair value recognized in the Group
Brands	-	665	665
Product rights	-	6 318	6 318
Customer agreements	-	9 794	9 794
Intangible fixed assets	355	-	355
Property, plant and equipment	31	-	31
Inventories	537	-	537
Current receivables	3 680	-	3 680
Cash and cash equivalents	6 757	-	6 757
Deferred tax liabilities	-	-3 691	-3 691
Current liabilities	-7 613	-	-7 613
Net identifiable assets and liabilities	3 747	13 086	16 833
Consolidated goodwill			15 367
Total			32 200
Consolidated acquisition costs			32 200
Calculation of net cash outflow			Fair value
Consolidated acquisition costs			-32 200
Acquired cash and cash equivalents			6 757
Net cash outflow			-25 443

Signatures

Affirmation of the Board of Directors

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

Umeå, February 13, 2019

Crister Stjernfelt (Chairman)

Kaj Sandart

Birgitta Johansson-Hedberg

Jan Friedman

Anna Valtonen

Lars Stenlund (CEO)



Board of Directors: Kaj Sandart, Anna Valtonen, Crister Stjernfelt, Birgitta Johansson-Hedberg and Jan Friedman.

Information

Publication

This information is information that Vitec Software Group AB (publ) is obligated to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, at 08:30 CET February 13, 2019.

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Financial information

Our website, vitecsoftware.com, is the premier IR information channel, where we publish financial information immediately upon release.

Information and reports can also be ordered from the following channels:

By e-mail: ir@vitec.se

By post: Investor Relations, Twistevägen 47 A, SE-907 29 Umeå, Sweden

By telephone: +46 (0)90-15 49 00

Vitec's 2018 Annual Report will be available in Swedish at vitecsoftware.com by no later than March 20, 2019. An English version will be available in April 2019.

Financial calendar

Apr 10, 2019	Interim report for January–March 2019 (≈ 13:00 hrs CET)
Apr 10, 2019	Annual General Meeting (17:30 hrs CET)
Jul 11, 2019	January–June 2019 (≈ 08:30 hrs CET)
Oct 17, 2019	January–September 2019 (≈ 08:30 hrs CET)
Feb 13, 2020	January–December 2019 (≈ 08:30 hrs CET)

Corporate registration

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

Definitions of key figures

This interim report refers to several financial measurements that are not defined under IFRS, known as “alternative performance measures,” in accordance with ESMA’s guidelines. These measurements provide senior management and investors with significant information for analyzing trends in the company’s business operations. Alternative performance measures are not always comparable with measurements used by other companies. They are intended to complement, not replace, financial measurements presented in accordance with IFRS. The key figures presented on the final page of this report are defined as follows:

Non-IFRS key figures	Definition	Description of usage
Recurring revenues	Recurring contractual revenues with no direct relationship between our work efforts and the contractual price. The contractual amount is usually billed in advance and the revenues are recognized during the contract’s term.	<i>A key figure for the management of operational activities.</i>
Percentage of recurring revenues in net sales	Recurring revenues in relation to net sales.	<i>A key figure for the management of operational activities.</i>
Growth	The trend of the company’s net sales in relation to corresponding year-earlier period.	<i>Used to monitor the company’s sales trend.</i>
Organic growth	The trend of the company’s net sales, excluding companies acquired during the period, in relation to the corresponding year-earlier period.	<i>Used to monitor the company’s sales trend.</i>
Earnings growth attributable to Parent Company shareholders	The trend of the company’s profit/loss after tax compared with the corresponding year-earlier period.	<i>Used to monitor the company’s earnings trend.</i>
Profit margin	Profit after tax for the period, in relation to net sales.	<i>Used to monitor the company’s earnings trend.</i>
Operating margin	Operating profit in relation to net sales.	<i>Used to monitor the company’s earnings trend.</i>
EBITDA	Earnings before interest, tax, depreciation and amortization for the period.	<i>Indicates the company’s operating profit/loss before depreciation/amortization and interest.</i>
Equity/assets ratio	Shareholders’ equity, including equity attributable to non-controlling interests as a percentage of total assets.	<i>This measurement is an indicator of the company’s financial stability.</i>
Equity/assets ratio after full conversion	Shareholders’ equity and convertible debentures as a percentage of total assets.	<i>This measurement is an indicator of the company’s financial stability.</i>
Debt/equity ratio	Average debt in relation to average shareholders’ equity and non-controlling interests.	<i>This measurement is an indicator of the company’s financial stability.</i>
Average shareholders’ equity	The average between shareholders’ equity for the period attributable to Parent Company shareholders and shareholders’ equity for the preceding period attributable to Parent Company shareholders.	<i>An underlying measurement on which the calculation of other key figures is based.</i>
Return on capital employed	Profit after net financial items plus interest expenses, as a percentage of average capital employed. Capital employed is defined as total assets less interest-free liabilities and deferred tax.	<i>This measurement indicates the company’s profitability in relation to externally financed capital and shareholders’ equity.</i>
Return on equity	Reported profit/loss after tax in relation to average equity attributable to Parent Company shareholders.	<i>This metric is an indicator of the company’s profitability and measures the return on shareholders’ equity.</i>
Sales per employee	Net sales in relation to the average number of employees.	<i>Used to assess the company’s efficiency.</i>
Value added per employee	Operating profit/loss plus depreciation/amortization and personnel expenses in relation to average number of employees.	<i>Used to assess the company’s efficiency.</i>
Personnel expenses per employee	Personnel expenses in relation to average number of employees.	<i>A key figure used to measure efficiency in operations.</i>
Average number of employees	The average number of employees in the Group during the period.	<i>An underlying measurement on which the calculation of other key figures is based.</i>
AES (Adjusted equity per share)	Shareholders’ equity attributable to Parent Company shareholders, in relation to the number of shares issued at the balance-sheet date.	<i>This measurement indicates the equity per share at the balance-sheet date</i>
Cash flow per share	Cash flow from operating activities before changes in working capital, in relation to the average number of shares.	<i>Used to monitor the company’s trend in cash flow per share.</i>
P/E ratio	Share price at the balance-sheet date, in relation to earnings per share.	<i>A generally accepted measurement that indicates the share price in comparison with profit/loss after tax.</i>
P/AES ratio	The share price at the balance-sheet date multiplied by the number of shares issued at balance-sheet date, in relation to shareholders’ equity.	<i>A generally accepted measurement that indicates the share price in comparison with adjusted equity.</i>
P/S	The share price at the balance-sheet date multiplied by the average number of shares, in relation to net sales.	<i>A generally accepted measurement that indicates the share price in comparison with net sales.</i>
Average number of shares after dilution	The average number of shares during the period plus the number of shares added following the full conversion of convertibles.	<i>An underlying measurement on which the calculation of other key figures is based.</i>

IFRS key figures	Definition	Description of usage
Earnings per share	Profit after tax attributable to Parent Company shareholders, in relation to the average number of shares during the period.	<i>IFRS key figure</i>
Earnings per share after dilution	Profit after tax attributable to Parent Company shareholders, plus interest expenses pertaining to convertible debentures, in relation to the average number of shares after dilution.	<i>IFRS key figure</i>

Segment descriptions

Our operations are organized as and governed by the following segments: Auto, Energy, Real Estate, Finance & Insurance, Education & Health, Environment and Estate Agents.

Auto

Vitec's Auto segment provides software to the automotive industry and machinery sector in Denmark, Finland, Norway and Sweden. The Auto segment includes Vitec Autodata AS, Vitec Datamann A/S, Vitec Infoeasy AS and Futursoft OY.

Energy

Vitec develops advanced forecasting systems for electricity traders, as well as calculation and mapping systems to owners of electricity and district-heating grids. The geographic market for this segment comprises the Nordic and Baltic countries, the rest of Europe and the Middle East. This segment consists of Vitec Energy AB.

Real Estate

Vitec provides software for the construction and real-estate sectors in Sweden and Norway. This segment includes Vitec Förvaltningssystem AB, Vitec Fastighetssystem AB, Vitec Capifast AB, Vitec Software AB, Vitec Plania AS and Vitec PP7 AB. Vitec PP7 AB's operations were consolidated as of April 9, 2018.

Finance & Insurance

Through the Finance & Insurance segment, Vitec delivers software to banks and insurance companies in Denmark, Norway and Sweden. The segment comprises Vitec Capitex AB, the Vitec Aloc A/S Group and Vitec Nice AS.

Education & Health

The Education & Health segment provides software to individuals with reading and writing difficulties in Denmark, Norway and Sweden, as well as software for healthcare companies in Finland. The segment also offers applications for church operations in the Nordic region, with the primary markets comprising Norway and Sweden; software for the pharmacy market in Denmark, and software for municipal leisure and cultural departments in Norway and Sweden. The segment includes Acuvitec Oy, the Vitec Agrando AS Group, Vitec Cito A/S, the Vitec MV A/S Group and Vitec Smart Visitor System AB. Vitec MV's operations were consolidated as of July 6, 2017. Vitec Agrando AS's operations were consolidated as of April 19, 2018. Vitec Cito A/S's operations were consolidated as of May 31, 2018. Vitec Smart Visitor System AB's operations were consolidated as of November 6, 2018.

Environment

In 2016, Vitec acquired the Finnish company, Tietomitta Oy. The company's products comprise proprietary software for waste management in Finland. The acquisition signified a new vertical market for Vitec and the expansion of the Environment segment's operations. The products are market-leading in Finland and manage the entire chain within waste management, from the weighing of waste and driving schedules, to invoicing, accounting and reporting. The segment comprises Tietomitta Oy and 3L Media AB and includes operations that were previously under the Media segment.

Estate Agents

The Estate Agents segment offers software for real estate agents in Norway and Sweden. Our products support estate agents at every step of their business process. The segment comprises Vitec Mäklarsystem AB, Capitex AB, Vitec Megler AS, Vitec Megler AB and ADService Scandinavia AB.

Key figures

		2018	2017	2016	2015	2014	2013
Net sales	(SEK 000s)	1 016 763	855 029	675 414	618 385	491 956	371 631
Auto	(SEK 000s)	170 311	155 920	119 171	71 082	28 302	-
Energy	(SEK 000s)	26 031	25 721	25 872	24 114	22 672	19 849
Real Estate	(SEK 000s)	206 326	190 111	158 357	142 557	134 315	130 718
Finance & Insurance	(SEK 000s)	132 207	142 293	126 567	101 219	55 004	13 704
Environment	(SEK 000s)	45 941	44 051	22 990	10 547	21 759	26 128
Estate Agent	(SEK 000s)	155 407	138 019	155 285	207 011	185 750	181 152
Eduation & Health	(SEK 000s)	278 323	157 944	66 203	61 492	43 627	-
Shared	(SEK 000s)	2 218	969	969	363	527	80
Growth	(%)	19%	27%	9%	26%	32%	-5%
Profit after financial items	(SEK 000s)	116 775	98 127	81 942	94 686	64 545	38 069
Profit after tax	(SEK 000s)	96 920	79 426	66 814	78 191	49 065	30 229
Profit after tax attributable to the Parent Company shareholders	(SEK 000s)	96 920	79 426	66 814	78 191	49 065	30 229
Earnings growth attributable to the Parent Company shareholders	(%)	22%	19%	-15%	59%	62%	-3%
Profit margin	(%)	10%	9%	10%	13%	10%	8%
Operating margin	(%)	13%	12%	13%	16%	14%	11%
Balance-sheet total	(tkr)	1 675 648	1 261 970	1 096 691	872 019	772 901	387 981
Equity/assets ratio	(%)	40%	32%	30%	31%	34%	44%
Equity/assets ratio after full conversion	(%)	42%	35%	32%	33%	37%	48%
Debt/equity ratio	(multiple)	1,75	2,22	2,25	2,09	1,70	1,53
Return on capital employed	(%)	13%	14%	14%	21%	18%	16%
Return on equity	(%)	18%	22%	22%	29%	23%	19%
Sales per employee	(SEK 000s)	1 658	1 584	1 445	1 465	1 430	1 332
Value added per employee	(SEK 000s)	1 316	1 258	1 198	1 212	1 164	1 052
Personnel expenses per employee	(SEK 000s)	858	828	813	797	801	793
Average number of employees	(persons)	613	540	467	422	344	279
Adjusted equity per share (AES)	(SEK)	20,71	13,34	11,37	9,24	8,85	6,39
Earnings per share	(SEK)	3,23	2,70	2,27	2,66	1,75	1,16
Earnings per share after dilution	(SEK)	3,22	2,70	2,25	2,64	1,68	1,09
Dividend paid per share	(SEK)	1,10	1,00	0,90	0,67	0,55	0,50
Cash flow per share	(SEK)	8,01	6,78	5,20	5,09	4,40	1,97
P/E ratio		24,03	32,23	33,22	28,20	15,12	15,31
P/AES		3,75	6,52	6,64	8,12	2,99	2,77
P/S		2,47	3,04	3,29	3,57	1,58	1,26
Basis of computation							
Earnings from calculation of earnings per share	(SEK 000s)	96 920	79 426	66 814	78 191	49 065	30 229
Cash flow from calculation of cash flow per share	(SEK 000s)	240 477	199 612	152 757	149 751	123 220	51 505
Average number of shares (weighted)	(share)	30 016 982	29 424 555	29 396 690	29 396 690	28 003 405	26 141 635
Average number of shares after dilution	(share)	30 436 771	29 538 825	29 838 900	29 788 016	29 431 975	28 175 425
No. of shares issued at balance-sheet date	(share)	32 338 900	29 838 900	29 396 690	29 396 690	29 396 690	26 541 635
Share price at close of the respective period	(SEK)	77,60	87,00	75,50	75,00	26,50	17,70

Vitec is the Nordic market leader in Vertical Market Software. We develop and deliver standardized software aimed at various niche markets. Vitec grows through acquisitions of well-managed and established software companies. The Group's overall processes, combined with the in-depth knowledge of our employees regarding our customers' local markets, creates the conditions for improvement and continuous innovation. Our 650 employees are located in Denmark, Finland, Norway and Sweden. Vitec is listed on the Nasdaq Stockholm and had sales of SEK 1017 million in 2018. Read more about us at www.vitecsoftware.com.