# Software redefining tomorrow

Annual report
2019

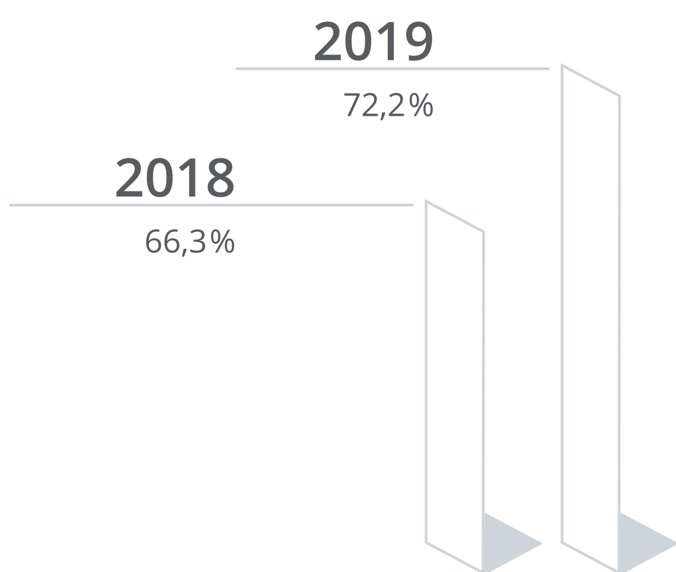
# CONTENT

# KEY FIGURES

| (NOK 1 000) | 2019 IFRS | 2018* IFRS |
|---|---|---|
| Operating revenues | 15 027 780 | 11 389 313 |
| Growth | 32 % | 33 % |
| EBITDA | 4 061 415 | 3 207 495 |
| Profit/(loss) from continuing and discontinued operations after minority interests | 993 715 | 1 578 217 |
| Earnings per share | 993 715 | 1 578 217 |
| No. of shares | 1 | 1 |
| Total assets | 37 634 418 | 31 039 352 |
| Current liabilities | 4 943 488 | 7 599 114 |
| Long-term liabilities | 18 885 715 | 13 578 703 |
| Equity | 13 805 214 | 9 861 535 |

* 2018 has been restated for the effects of IFRS16

CLOUD COMPUTING REVENUE SHARE



# NUMBER OF EMPLOYEES & REVENUE

## 2011
REVENUE
NOK 2 944 857
EMPLOYEES
2 989

## 2010
REVENUE
NOK 2 263 085
EMPLOYEES
2 604

THE LAST
10
YEARS

## 2019
REVENUE
NOK 15 027 780
EMPLOYEES
11 175

## 2018
REVENUE
NOK 11 389 313
EMPLOYEES
9 536

## 2017
REVENUE
NOK 8 537 056
EMPLOYEES
7 008

## 2012
**REVENUE**
NOK 3 419 014
**EMPLOYEES**
3 225

## 2013
**REVENUE**
NOK 3 983 600
**EMPLOYEES**
3 481

## 2014
**REVENUE**
NOK 4 606 597
**EMPLOYEES**
4 202

## 2015
**REVENUE**
NOK 5 618 586
**EMPLOYEES**
4 842

## 2016
**REVENUE**
NOK 7 032 519
**EMPLOYEES**
5 493

# A NEW DECADE — TIMES OF CHANGE

**After almost 23 years as the Visma CEO, these will be my last comments to the annual report. On March 31, 2020, Merete Hverven will take over as the new CEO.**

However, I will continue as the active Chair of the board and hope to be involved in the business for the next 5 years. It has been a pleasure working in Visma these years, and to see the company develop into one of the leading software companies in Europe. In 2019 the revenue was NOK 15 028m and this was a growth of 32 % over 2018.

In the late nineties the largest part of Visma was a global software business serving the international shipping industry. In 2000 this business, comprising close to 80 % of Visma, was divested. Remaining was a small Nordic ERP software business with a little over 100 employees and around EUR 10m in revenues. The present-day Visma has been developed from this, both through organic growth and not least through about 200 acquisitions. The strategy has been to expand within software that is mandatory, necessary and regulated by local/national laws and regulation. Visma wants to be the #1 software company in the markets we engage in, and we have gradually expanded in Northern and Eastern Europe. Now at the start of the new decade, Visma has more than 11 000 employees, we are about to exceed 1 million customers and we serve well over 10 million users.

The last decade has been both challenging and rewarding as a software company. The major challenge has been to convert our business and technology from Windows-based, on-premise client server technology to true cloud computing with Software as a Service rather than license-based. The transition has been painful, but now as 75 % of Visma's revenue is pure cloud, we see the benefit as accelerating organic growth and expanding margins. Within the next 5 years Visma will achieve 100 % cloud computing revenue. The transformation to cloud computing has been achieved partly through organic development and partly through acquisition of innovative and leading cloud companies. Without the acquisitions of new companies with new competence, the transition to cloud would have been far slower and less successful.

In 2019 Visma continued the fast growth in the Dutch market that was kicked off from the summer of 2018. The Team Jumbo-Visma sponsorship was very successful at making Visma one of the best known software brands in the Netherlands. We are continuing the growth and towards the end of 2020 the Dutch market will most likely be the largest for Visma.

Overall, the economies in Visma's core markets are performing well despite a turbulent global political climate. As this text is being written, the Corona virus makes the future more uncertain, but the business of Visma seems to be fairly well insulated against negative effects. Overall, the Nordic economies are stable with above average growth rates compared to the rest of Europe and we remain positive about the macro-economic situation, although 2020 seems more uncertain than recent years.

**STRONG GROWTH ACROSS ALL SEGMENTS**

Visma experienced good revenue growth across all segments. The strongest growth was in the Custom Solutions segment, which grew 57,8 % year on year. Revenues in Visma's largest segment, SMB, grew by 17,4 %. Enterprise grew by 39,5 % and Commerce Solutions grew by 20,7 %. Visma is combining its organic revenue growth with an active acquisition program. During 2019

Visma acquired 17 companies, with an additional 3 companies signed making it a total of 20 companies signed and closed, most of them fast growing cloud computing companies.

**CLOUD COMPUTING CONTINUES TO BE A KEY DRIVER FOR GROWTH**

With more businesses seeing the benefits of SaaS software, demand for cloud computing and mobile solutions keeps growing. Visma has invested heavily in its SaaS products since 2010, and we are now reaping the rewards from our demanding transition to becoming a cloud company. Revenues from Cloud Computing grew to NOK 10 854m and were 72 % of total revenue.

The cloud champions of Visma Tripletex, Poweroffice, Visma eAccounting, Visma Netvisor, Visma e-conomic and Dinero all had between 20 and 40 % growth. They continue to take considerable market share and we expect the growth to continue in 2020 at the same pace.

**WE CONTINUE TO INVEST IN THE FUTURE**

Investments in product development and innovation are key success factors for Visma. In 2019, R&D expenses amounted to approximately 15 % of revenues.

Visma operates in high-cost markets with a strong drive for increasing efficiency. Through utilizing advanced algorithms, big data and artificial intelligence, Visma is exploring more ways to automate business processes for customers to increase efficiency and competitiveness. Visma is particularly investing in optimisation algorithms and solutions embedding this technology as we promote the Zero Waste Society. With optimisation and automation in our software, we try to eliminate waste of physical resources, energy and people's time.

**FINDING THE RIGHT TALENT**

Finding and keeping the right talent is a key to Visma's future success, and the competition is tough for the best and brightest minds. Across our core geographies, Visma has worked consistently to build brand awareness among students in top universities over time with application numbers for our trainee programs increasing. Also among experienced professionals, Visma is increasingly perceived as an attractive employer.

Visma is competing with larger global and regional companies and we are dependent on our nearshoring capacity. The Nordic and Dutch cost level combined with insufficient access to competent human resources have been the drivers behind the build-up of our nearshoring activities, which today comprise operations in Lithuania, Latvia, Slovakia, Poland, Romania, Spain, Ireland, Bulgaria, and Argentina. By the end of 2019, Visma had over 1 600 employees at our nearshoring locations. Most resources are within software development and the level of employee engagement in these locations is among the highest in the group.

**CYBER SECURITY AND PRIVACY**

As a provider of mission critical systems, Visma takes its responsibility seriously when it comes to cyber security and privacy. Visma is consistently working on improving its data protection procedures. To meet the increasing global cyber security threat levels, Visma also continues to invest in its IT security program. Visma IT&C, responsible for Visma's internal IT operations, is ISO 9001, ISO 20000, ISEA 3402 and ISO 27001 certified.

**CONTINUED GROWTH AHEAD**

Visma will continue to promote competitiveness by providing our customers with software that makes their business and admin processes more efficient than those of their competition. Our core markets are among the most tech-savvy in Europe, and Visma expects to see our modern SaaS solutions being the growth driver in the coming years. We expect that most Windows-based solutions will either be migrated or converted to cloud computing before 2025 and, as such, Windows-based, on-premise solutions will cease to be in use in the second half of this decade.

In a changing world with tough competition it is hard to plan for all eventualities. However, an agile, competent and engaged organisation is able to adapt to disruption in technology and markets. 11 000 engaged and competent employees are the best guarantee for future success.

**Øystein Moan**

**CEO & Chair of the board - Visma**

# SOFTWARE REDEFINING TOMORROW

**As we enter a new decade, the world is changing rapidly along with the speed of technological innovation. To keep up with new development, businesses and governments need to focus on digitalisation and sustainable productivity to ensure growth, innovation and value creation in the years to come.**

The digital era has changed the way we live, work, produce and consume. We are moving towards a digital society, where technology is an integrated part of our lives, impacting us at home, at work, and in our interactions with public and recreational services.

At the same time, businesses and organisations are faced with challenges such as increased competition, growing inequalities and climate change, demanding them to increase productivity and innovation while focusing on their social and environmental contribution.

Understanding how technology can save time and resources and contribute to innovation is vital for organisations to stay competitive and deliver value to their customers and society as a whole.

At Visma, we are committed to supporting our customers on their digital journey. Our mission is to empower people through technology—saving time, material and energy resources along the way.

**REDEFINING GROWTH AND PRODUCTIVITY**

Digitalisation through process automation is already bringing substantial benefits by replacing many of today's manual tasks. It allows companies to spend more time and resources on creating better products — giving employees more meaningful work and making customers more satisfied.

We help our customers by automating their economic and administrative processes such as invoicing, travel expenses, bank payments, warehouse processes, and routines of approval, absence and time management. Automation saves valuable time and resources in addition to having a positive impact on the environment by reducing CO2 emissions significantly through less waste and energy use.

Our research shows that the estimated potential value from digitalisation in small- and medium-sized businesses can reach up to €19 billion annually across the Nordic countries. These are savings that could be used to invest in new business opportunities, innovation and drivers for growth.

We have worked hard to ensure our customers stay competitive in our increasingly digital society. For example, we helped a renowned Norwegian sports clothing brand move into the digital marketplace and focus on e-commerce by replacing manual processes in Excel with our ERP solution. This expansion would not have been possible without an automated system as the foundation.

**REDEFINING INNOVATION**

Technology-driven innovation—being able to deliver business results through opportunities provided by new technology—is becoming a crucial differentiator in business. Taking advantage of big data and utilising artificial intelligence (AI) and machine learning for optimisation will be critical success factors in the time ahead.

Optimisation through AI has the power to change entire sectors by identifying the most efficient and least resource-intensive way to do almost any manual process. At Visma, we create innovative solutions using AI and machine learning to improve processes, decision-making and reporting for both businesses and governmental agencies.

We recently helped the Norwegian Food Safety Authorities ensure safer food and drinking water by developing an application that uses machine learning to prioritise where to take action based on risk. The application helps save critical time and resources, which in turn can be spent on improving services for citizens.

**REDEFINING QUALITY OF LIFE**

When done correctly, digitalisation provides unique opportunities to improve people's quality of life. In today's society, where social differences are increasing, systems for supporting health, education and welfare are essential to secure a stable and functional economy.

At Visma, we believe that good systems for the public sector should not only support employees in doing their job, but must also meet the needs of society. That means more time for employees to learn and develop, and a better experience for those who ultimately benefit from public services.

**"We recently helped the Norwegian Food Safety Authorities ensure safer food and drinking water by developing an application that uses machine learning to prioritise where to take action based on risk.**

We deliver products that use optimisation technology to improve processes for many public services such as school administration, healthcare and child welfare services—contributing to the realisation of a digitally connected society.

A direct outcome of our efforts is the optimisation of the kindergarten admissions process in Norway. Our algorithm, which takes into account a complex array of preferences, scheduling needs and legislation, calculates the best allocation for children in milliseconds. This way, administrators can spend more time and resources on learning, keeping close contact with parents, and most importantly—ensuring the best possible everyday life for children.

**REDEFINING THE CUSTOMER EXPERIENCE**

As we move into a future where technology is an integral part of our lives, people have increasingly higher expectations of their interaction with companies and services. Software and traditional services are starting to converge in many industries, giving people access to simplified products and improved facilities.

At Visma, we focus on creating technology adapted to the individual. We work intensively with app design, user experience and innovation to enhance our products for customers and end users.

As a leading provider of ERP and accounting solutions, we are looking at reshaping traditional financial services by combining ERP and banking—offering our customers fully digital and embedded financial services in our products in the future.

**REDEFINING TOMORROW**

When we say that software will redefine tomorrow, we are not just talking about how it will change the way we work, but also how it will impact all of society, affecting governments, businesses and people.

At Visma, we are committed to shaping the future of society through technology. We believe that providing solutions supporting sustainable growth, innovation, education, equality, health and the environment is key to building a more sustainable future.

By exploring the opportunities offered by software and technology to solve the challenges of today, we can create a better tomorrow.

# SUSTAINABILITY AT VISMA

**As an international company dedicated to helping organisations and people thrive, we know that our success depends on meeting the needs of all our stakeholders.**

**OUR POLICIES AND CERTIFICATIONS**
At Visma, we believe that supporting health, human rights, education, and the environment is key to building a more sustainable future. We are committed to making a positive impact in all our activities as an organisation. We fully support internationally responsible principles related to human rights, labour, environment, and anti-corruption. This support is codified in our Corporate Governance and Code of Conduct policies.

Corporate Governance in Visma:
visma.com/investors/corporate-governance

Visma's Code of Conduct:
visma.com/code-of-conduct/

### Human rights and slavery

Visma respects and supports human rights unconditionally, whether within the organisation or among our suppliers, partners, customers, and other stakeholders.

We believe in the principle of "do no harm" as defined at the international level and do not tolerate human rights abuses in our operations. This means we allow neither child labour nor forced labor of any kind. See our Statement on Modern Slavery at:
visma.com/statement-on-modern-slavery.

We believe that healthy people are the best resource an organisation can have, which is why we also have strict policies to ensure working conditions support our employees' well-being. Furthermore, we believe that a diverse workforce only makes us stronger and we therefore have programs centered around diversity and inclusion in our HR processes.

### Anti-corruption and bribery

We have active policies to ensure that no conflicts of interest take place, including any activities related to corruption, bribery, competition and market regulations, antitrust, and money laundering. We also expect our business partners, including suppliers, distributors, agents and joint venture partners, to abide by the same principles in their operations. Expectations of our employees related to anti-corruption and bribery are described in detail in Visma's Code of Conduct.

### Environment

We take steps internally to reduce our operational footprint through various reductions in consumption and use of resources. We have internal environmental guidelines in our Code of Conduct related to emissions generated from travel, commuting to work, and use of resources such as paper and food.

In addition, our offices are built to reduce environmental impact through:
- Efficient use of energy, water and waste
- Protections in place to safeguard employees' health and facilitate a supportive work environment
- Reduced environmental wear

Finally, we are working hard to identify new ways to create efficiencies for our customers through digitalisation and automation, thereby reducing the use of paper and outdated hardware that is energy and resource intensive.

### Certifications and risk

The division responsible for operations across the Visma Group, called Visma IT & Communications (VITC), holds a number of international certifications. This ensures that our products and services satisfy customers, laws and regulations, and society at large. It also greatly decreases risk to our company and to stakeholders. Our certifications include:

**ISO Standards**
- ISO 9001 - Quality Management
- ISO 14001 - Environmental Management
- ISO 20000 - IT Service Management
- ISO 21500 - Project Management
- ISO 27001 - Information Security Management
- ISO 27018 - Privacy Compliance in Cloud

**ISAE Standards**

- ISAE 3402 - Specific Controls - Change Management, Access Management, Security, and Operations
- ISAE 3000 - Security Controls

### Expectations of employees

Employees at Visma are expected to adhere to Visma's Code of Conduct and act on the company's core principles, both internally and externally. These principles include the guidelines mentioned above as well as a focus on data privacy and security. The Code of Conduct also outlines core values that guide how Visma employees interface with stakeholders, whether in business, government, or society. These values are Respect, Reliability, Innovation, Competence, and Team spirit.

## OUR FOCUS AREAS AND AMBITIONS

While the world has achieved great progress towards the UN's 17 Sustainable Development Goals (SDGs), it is clear there is more to be done to meet the needs of the planet and society. In particular we must all sharpen our collective focus to keep global warming below 1.5 degrees Celsius per the 2015 Paris climate agreement.

In our role as a leading international software company, we have the opportunity to positively impact the world in social, environmental, and economic ways.

There has never been a more important time to look inward and ensure we are doing what we can to improve people's lives, locally and globally.

We believe our impact is greatest when we capitalise on our strengths: a strategic approach using the effort of our people and technology to build innovative solutions to problems. What is at stake is not just our longevity as a company, but our ability to create and deliver value to all our stakeholders—be they customers, employees, users, suppliers, or any others in society.

In line with our 2020 focus on redefining tomorrow, we are working in the following areas on an ongoing basis:

- Increased focus on diversity and inclusion by introducing key initiatives to increase awareness and competency
- A Visma diversity and inclusion index that involves assessment from all employees and will be measured and followed up continuously
- Business partnerships and sponsorships to maximize our impact on local and global issues. Read more about our initiatives: visma.com/responsibility/initiatives
- Products and solutions to help our customers be more sustainable through optimisation, automation, reporting, and more effective use of resources
- Moving our products from inefficient infrastructure into cloud solutions
- Continuing to support new and existing customers in the transition from on-premise to cloud solutions

In 2020, we are also looking at how we can use our technological expertise to bring the world closer to the ambition of the SDGs. We are therefore increasing our work in the following areas:

- Reducing our emissions where possible, with a focus on $CO_2$
- More efficient use of resources across our operations, including energy, water, and waste
- Sustainable supply chains, in which our suppliers join us in meeting the same environmental and social standards

While many of our action areas are global in focus, we also believe in the snowball effect—the idea that even the smallest local initiatives can have big impacts down the line. Visma has over 200 offices across 16 countries, and each and every one of our 11 000+ employees is committed to making a difference for our customers and for society as a whole.

It is only through our dedication to continually be better that we can ensure a sustainable future for all.

# VISMA MANAGEMENT

**ØYSTEIN MOAN**
**CEO until 31 March, 2020**
**Executive Chairman**
Øystein Moan is the CEO and Chairman of Visma. Since taking the reins in 1997, Moan has expanded the company from 300 to more than 10 000 employees and increased revenue from EUR 30 million to EUR 1,5 billion.

With his visionary approach, Øystein has succeeded in making strategic organisational changes to adapt to paradigm shifts in the industry. In 2009, he made the strategic decision of changing the company's course from on-premise to a cloud-first strategy. A focus on cloud, combined with a successful acquisition strategy, has positioned Visma as European leaders in cloud software delivery.

A large part of Visma's success is due to Øystein's ability to build a solid management team to support the company's rapid development. With a strong focus on innovation and hiring the right competence, Øystein is a firm believer that engaged and motivated employees are crucial to creating the best services, delivering unwavering value for Visma's customers.

**MERETE HVERVEN**
**Deputy CEO**
**CEO from 31 March, 2020**
As Deputy CEO, Merete shares leadership responsibilities of the Visma Group with CEO Øystein Moan.

Merete Hverven joined Visma in 2011 and has been central to the positive development and strong growth Visma has experienced over the last decade. She entered the role as Chief HR Officer in 2013. During her time in Visma, Merete has focused on strengthening Visma's position through recruitment and by working closely with mergers, acquisitions and restructurings, leading up to her appointment as Deputy CEO in 2018.

Merete is focused on organisational development throughout the Visma Group. Through her efforts, she has succeeded in building a successful organisation with a strong customer focus by unifying a corporate culture with a "go to market" strategy.

She is a passionate advocate for diversity and equality in the workplace and has initiated several programs aimed at increasing diversity across the organisation. Merete was voted one of the top three influential women in technology by ODA Award Woman in 2019.

With her direct leadership style, ability to execute and passion for diversity, Merete is described as a driven, talented and dedicated leader by her colleagues. Her work and dedication have earned her a reputation as an important role model both in and outside Visma.

Before joining Visma, Merete held several leading positions at Ernst & Young (now EY). She has a Master's Degree in Finance and International Leadership from the University of St. Gallen and NHH.

**TORE BJERKAN**
**Chief Financial Officer until 31 March, 2020**
As CFO, Tore is responsible for leading Visma's finance operations across all divisions and geographies.
Tore has been part of the Corporate Management since Visma was founded in 1997. He has steadily led Visma through healthy and continuous financial growth. During his tenure, revenue has grown from EUR 30 million to EUR 1,5 billion. The former founder of Multisoft (a part of the merger on which Visma was established) is involved in all decisions that affect Visma's financial results.

**STIAN GRINDHEIM**
**Chief Financial Officer from 31 March, 2020**
Stian ensures that Visma maintains world-class financial control across the organisation. His primary responsibilities include financial control, planning and analysis, as well as overseeing financial reporting to investors and lenders.

Stian joined Visma in 2014 as a Management Trainee before becoming Group Controller. He has since built up the group's finance team while serving as sparring partner for the wider finance function across Visma. He has also contributed to Visma's rapid growth by securing financing for strategic acquisitions and leading the development of an improved group reporting system.

For Stian, it is paramount that decisions be based on relevant and updated data to best help Visma make informed decisions and create value. He is proud of the important role Visma plays in enabling Northern Europe to stay globally competitive through software that helps people to work more intelligently.

Stian holds a double Masters degree in Finance and International Business from Norwegian School of Economics and Ivey Business School in Canada.

**STEFFEN TORP**
**Division Director, Visma Software Nordic & International**
Steffen is in charge of delivering business-critical software to businesses, organisations and the public sector in the Nordics, Baltics, Ireland, Eastern Europe and Latin America.

Steffen joined Visma as a Management Trainee in 2006. Since then, he has held various positions in Visma's finance function. In 2018, he entered the role as Division Director of the SMB Division and was subsequently made Director of Visma Software Nordic & International from 1 January, 2020.

Providing customers with user-friendly, flexible solutions that enable them to manage time and resources effectively is a top priority for Steffen Torp and his team. His experience from working with small internet startups prior to Visma, combined with many years in Visma's finance department, gives him a dual perspective of the efficient operation of businesses.

Steffen holds a Master in Business Studies and Economics from Trinity College in Dublin, Ireland.

**ELLEN FURRU**
**Division Director, Visma Software Benelux**
As Director of Visma Software Benelux, Ellen is responsible for growing Visma's market share in the Netherlands, Belgium and Luxembourg. Ellen works to build a scalable structure in the region that not only strengthens Visma's market position, but also supports future growth.

Ellen joined Visma in 2000 and worked for over 10 years in sales, support and R&D. She then left Visma for six years for a role in the finance industry that provided her with valuable marketing and executive HR experience. Re-joining Visma in 2017, Ellen has most recently been Director of Business Operations, a fast-growing enterprise software division with more than 3 800 employees in 16 countries and an annual revenue of NOK 5 billion. Her responsibilities have included business development, mergers and acquisitions, integration projects and compliance. She has also held various high-level positions such as interim Managing Director for Business Units in Sweden, and Chairman of the Board for a number of enterprise business units.

Ellen's broad experience has given her the ability to work strategically to drive division development, as well as lead more hands-on operational projects for specific parts of the business. She is passionate about building a thriving commercial culture based on Visma's values, with a strong focus on competence building and sharing. She also values a mindset of continuous learning in a world of constant change, believing that engaged employees drive engaged customers and growth. For Ellen, it is critical to build trust—both internally and externally.

Ellen holds a Master in Business and Economics from Handelshøyskolen BI in Norway. During her studies, she also completed a one-semester Erasmus exchange programme at the University of Limburg in Maastricht, Netherlands.

**EIVIND GUNDERSEN**
**Division Director, Visma Commerce Solutions**
Eivind is the leader of Visma Commerce Solutions—a division that provides business solutions in the area of cash-flow optimisation and financial services. In his role, he works closely with business units within the division and across the organisation to create unique products and customer experiences.

A long term member of the corporate management team, Eivind started his career in Visma in 2002. Since then, he has held the position as Managing Director in one of Visma's subsidiaries and been Division Director for three different divisions in the company.

Eivind's unique knowledge across different business areas and experience in business development have been vital in shaping Visma into the industry leader it is today. He is passionate about creating new and innovative solutions that make a real difference for Visma's customers. His focus is on delivering profound customer experiences and value.

Eivind has a Master of Science in Energy Management from BI Norwegian Business School and a Bachelor in Business Administration from California Lutheran University.

**CARSTEN BOJE MØLLER**
**Division Director, Visma Custom Solutions**

Carsten is responsible for leading Visma's Custom Solutions Division, providing customers with innovative solutions by automating complex business processes. Handling some of the largest contracts for public organisations and large private enterprises, his division combines the highest professional standards with delivering unwavering customer value.

Carsten joined Visma in 2010, when the company he co-founded, Sirius IT, was acquired by Visma. Since becoming Division Director in 2011, he has developed the division into becoming a leading IT-solution provider in the Nordic and Benelux where both revenue and profit have more than tripled since 2016.

Described as someone who leads by example, Carsten's engagement and passion, combined with his IT-consultant experience, is valuable for all aspects of his leadership.

Carsten holds a Bachelor of Science in Mechanical Engineering from the Technical University of Denmark and has studied business and computer science at the University of Colorado, Boulder, USA.

**CHRISTIAN WESTLYE LARSEN**
**Chief Technology Officer**

As Chief Technology Officer, Christian is responsible for setting Visma's overall technology vision and strategy. He ensures that the company has the environment and infrastructure needed to create the products and services of tomorrow. An important part of his job is to ensure that Visma attracts, retains and develops the right talent to drive innovation forward. Christian started his career in Visma as Director of Product Development in the Enterprise Division in 2017. During his two-year tenure, he and his team have acquired and integrated ten different companies, contributing to Visma's expansion across the European continent. They have also established and rapidly delivered AI and robotics functionality in many of Visma's products in addition to establishing new technology centres in Argentina and Slovakia.

Focused on supporting and motivating his colleagues to come up with innovative and high-quality solutions, Christian is driven by helping people succeed and ensuring that their work has a maximum impact. He is passionate about technology innovation and the impact it has on the quality of life for end-users.

Christian has a Master of Science in Computer Science from NTNU in Trondheim, Norway and a Master of Business Administration (MBA) with Distinction from INSEAD in Fontainebleau, France. He is the inventor of two US software patents in computer graphics and algorithms. Before joining Visma, Christian held several technical and commercial roles in Schlumberger.

**AASE SETTEVIK**
**Director of Brand & Communication**

Aase is responsible for Visma's overall brand platform and communication strategy. Leading the company's marketing and communications resources across all markets and segments, Aase ensures the execution and cultivation of Visma's master brand.

Through her systematic and long-term efforts, Aase has turned Visma into a highly recognised and trusted brand throughout Europe. In her role, she manages all communications and marketing activities that reach Visma's external and internal stakeholders, including customers, employees, partners and investors.

During her tenure of over 20 years, Aase has taken the company from traditional marketing into the digital age with a focus on data-driven marketing. Leading the rebranding process of numerous acquired companies, she has been vital to Visma's successful growth and market presence.

A firm believer in the value of a strong master brand, Aase is committed to building a thorough brand and marketing strategy that projects the company values through all its activities, impacting profitability and building trust and loyalty among customers.

Before joining Visma, Aase held various positions in marketing and IT training and consultancy. She is a graduate of Hedmark University College in special education and teaching. In addition, she has studied computer science at the University of Oslo and marketing at BI Norwegian Business School and IHM Business School.

**SINDRE TALLERAAS HOLEN**
**Director of Mergers & Acquisitions**

Sindre is the Head of Mergers and Acquisitions in Visma. He is responsible for coordinating all M&A related processes for the entire Visma group—across all divisions and geographies.

Sindre started in Visma in 2009 as a

Management Trainee, and his quick progression is a result of Visma's successful management trainee program. During his time in Visma, Sindre has been involved in more than 150 acquisitions in ten countries. His knowledge and expertise have been important contributors to Visma's successful growth over the past decade. A crucial part of his daily business is getting to know new companies. Sindre is in his element when meeting with passionate entrepreneurs and hearing their stories. He has the ability to both see the big picture and dive into the details.

Sindre holds an MSc in Finance from Regents University in the UK and a BSc in Economics and Business Administration from NHH, including an exchange period at the University of Barcelona.

**ESPEN HÅKONSEN**

**Chief Information Officer**

Espen is responsible for leading the continued development of an innovative, solid and secure information technology environment throughout the Visma Group.

Espen joined Visma as CIO in September 2013 after many years of experience in IT, ranging from technical operations to top management in both the private and public sector. In his role, he is responsible for Visma's information technology and digital strategy, data, cybersecurity and infrastructure, which are a vital part of nearly every aspect of the company's operations.

IT service delivery in the digital age means rapid growth and major changes as emerging technologies introduce paradigm shifts. Espen strongly believes that success in changing environments requires the ability to innovate, design and deliver while providing steady and secure IT deliveries. He knows first-hand that having the capability to design and implement this value chain in the form of services is critical to the future success of Visma IT and its mission of delivering business value.

Espen has a Master's degree in Information Management from BI Norwegian Business School.

**ØYSTEIN MOAN**
CEO until 31 March, 2020
Executive Chairman

**MERETE HVERVEN**
Deputy CEO
CEO from 31 March, 2020

**TORE BJERKAN**
Chief Financial Officer
until 31 March, 2020

**STIAN GRINDHEIM**
Chief Financial Officer
from 31 March, 2020

**STEFFEN TORP**
Division Director,
Visma Software Nordic & International

**ELLEN FURRU**
Division Director,
Visma Software Benelux

**EIVIND GUNDERSEN**
Division Director,
Visma Commerce Solutions

**CARSTEN BOJE MØLLER**
Division Director,
Visma Custom Solutions

**CHRISTIAN WESTLYE LARSEN**
Chief Technology Officer

**AASE SETTEVIK**
Director of Brand & Communication

**SINDRE TALLERAAS HOLEN**
Director of Mergers & Acquisitions

**ESPEN HÅKONSEN**
Chief Information Officer

# DIRECTORS REPORT

2019 marks a year of high growth for Visma. Building on the bridgehead acquisition of Raet, Visma completed several acquisitions in the Netherlands and has built a strong presence and solid product offering in the Dutch market during 2019. The Group sees good growth potential and expects to continue its rapid growth in the Dutch market also in the years to come.

The traction in the Nordic markets was also good. The Visma product offering is popular with customers and has also been strengthened through acquisitions in all four Nordic countries.

The overall market situation remained stable during 2019 for Visma's core markets. Visma benefited from continued strong fundamentals in the Nordic and Dutch markets (representing 95 per cent of Visma revenues). In the beginning of 2020 the global economy is under a global pandemic with the Covid-19 virus. Still, Visma's core markets all have strong public finances and Nordic and Dutch governments have introduced strong measures to aid businesses in the difficult economic climate. Visma provides need-to-have products for businesses, has a well diversified customer portfolio with close to 1 million customer contracts and a significant portion of Visma's revenues are contracted, recurring and repeatable revenues. All of these factors provide a strong downside protection from an economic downturn for Visma. Visma continued its excellent track record of above-market economic growth in 2019 with double-digit revenue and EBITDA growth when including acquired companies. Through organic growth as well as acquisitions, the Group further strengthened its strong position within ERP, HRM and eGovernment software to the Nordic and Dutch markets. Visma ended the year with over 11 000 employees and more than 900 000 customer contracts.

Total revenue increased by 31,9 per cent to NOK 15 028 million in 2019. EBITDA increased by 26,6 per cent to NOK 4 061 million. The Board of Directors is satisfied with the financial performance, which was in accordance with the expectations set forth in the Directors report for 2018.

Visma continued its strategic focus on Cloud Software in 2019, with SaaS Software and related services being an important driver of organic growth. Visma invested substantial development resources in SaaS products and technologies during the year, complemented by multiple SaaS acquisitions. Overall cloud revenue reached NOK 10 854 million up 43,7 % from 2018, marking Visma as one of the largest Cloud software businesses in Europe.

Visma offers its customers products that help to manage businesses and improve efficiency. The essential and business critical nature of the product and services offering provides significant stability to Visma revenues. In addition, the broad product portfolio and growing customer density in Nordic and Dutch markets increase potential for cross-selling products and services across business units and national borders. Visma believes its strong customer base and strategic positioning provide a solid platform for continued growth in 2020.

**HIGHLIGHTS**
The economies where Visma operates were generally in good health during 2019. We see stability across the core markets, as small, open economies of the Nordics and the Netherlands are exposed to the general economic development globally.

Visma's SaaS accounting offering to the micro/SMB segment reached over 359 000 customers across Norway, Sweden, Denmark, the Netherlands, Finland Estonia and Poland by the end of 2019. The SaaS accounting office offering in Norway was further strengthened during 2019 through the strategic acquisition of fast growing PowerOffice. The SaaS e-invoicing solutions achieved strong, organic growth across Norway, Sweden, Finland, Denmark and Hungary, and remain a key factor for making efficiency gains among businesses.

Visma continued to grow rapidly in the Netherlands during 2019 through several acquisitions. The Group built up a significant presence in the Dutch market for eGovernment solutions through the acquisition of Roxit Group and entered the market for SaaS communications portals through the acquisition of EBPI. Visma also took a strong market position within software for absence management through the acquisitions of the fast growing SaaS provider Dotweb BV as well as VerzuimSignal BV. Additionally, Visma expanded the cloud payroll portfolio through the acquisition of fast growing HR2Day BV. The group also entered into the LMS market in the Netherlands through the acquisition of PlusPort BV. The Netherlands remain a key growth area for Visma also in 2020.

In Norway, Visma completed the strategic acquisition of PowerOffice AS, a fast growing provider of cloud accounting systems, thus expanding the product offering towards accounting offices. Visma also acquired Meglerfront AS, a leading provider of mobile applications for real estate transactions. Visma sees several opportunities for further increasing the product offering to the real estate vertical going forward, both organically and through acquisitions.

In Denmark, Visma improved the cloud payroll offering to SMBs through the acquisition of ProLøn A/S. The group also acquired IMS A/S, a provider of case management solutions.

In Sweden, Visma strengthened its SaaS e-invoicing offering through the acquisition of Scancloud AB and also added payment security software to the product offering through the acquisition of Inyett AB.

In Finland, Visma acquired Provad OY, a leading provider of chatbot solutions. The product portfolio was also expanded through the acquisition of the eArchiving solution Avaintec.

Visma also entered the Polish market in early 2019 through the acquisition of Saldeo, a cloud solution popular with Polish accounting offices.

Innovative product development is of vital importance to retain existing and attract new customers to Visma. At the end of 2019, Visma employed close to 1 500 employees in cost effective and highly competent nearshore R&D centers. Nearshoring in combination with highly skilled onshore development resources are key strategic components to provide Visma with increasingly cost-effective and agile development teams.

**ACQUISITIONS**

Visma acquired the following entities in 2019:

- BrainshareIT z.o.o, Poland, January 2019
- EBPI Holding BV, the Netherlands, February 2019
- IMS A/S, Denmark, March 2019
- Avento AS, Norway, April 2019
- Saga Collectors AS, Norway, April 2019
- Provad Oy, Finland, April 2019
- Roxit Groep BV, the Netherlands, April 2019
- Account Software Group BV, the Netherlands, April 2019
- HR2Day BV, the Netherlands, July 2019
- Dotweb BV, the Netherlands, July 2019
- ProLøn A/S, Denmark, July 2019
- Meglerfront AS, Norway, August 2019
- Scancloud AB, Sweden, August 2019
- Plusport BV, the Netherlands, September 2019
- VerzuimSignaal BV, the Netherlands, October 2019
- Inyett AB, Sweden, November 2019
- PowerOffice AS, Norway, December 2019

**ASSESSMENT OF FINANCIAL STATEMENTS**

The financial statements for the year have been presented on the assumption that the company is a going concern, and based on the financial statements and earnings forecasts for 2020. The Board of Directors confirms that this assumption is applicable.

Visma reports in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU. The financial statements for the parent company have been prepared in accordance with the Norwegian Accounting Act 1998 and generally accepted accounting principles (NGAAP). The paragraph below describes the full year 2019 figures. 2018 figures are in brackets.

**INCOME STATEMENT**

The Visma Group achieved revenue growth of 31,9 per cent to NOK 15 028 million in 2019 (11 389), a solid revenue development across the business.

SMB remained the largest revenue contributor and accounted for 34,9 per cent of revenue, followed by Enterprise at 33,3 per cent, Custom Solutions at 18,4 per cent, Commerce Solutions at 7,9 per cent while CIS, IT & Group HQ constitute 5,5 per cent of Group Revenue.

Earnings before interest, tax, depreciation and amortization (EBITDA) increased by 26,6 per cent to NOK 4 061,4 million (3 207,5).

SMB accounted for 45,3 per cent of total EBITDA, followed by Enterprise at 26,7 per cent, Custom Solutions at 16,2 per cent, Commerce Solutions at 8,0 per cent and CIS, IT & Group HQ accounted for 3,8% of total EBITDA.

Depreciation and amortization amounted to NOK 2 414,4 million in 2019 (1 726,1), with the increase primarily explained by acquisitions adding to the asset base.

EBIT increased by 10,7 per cent to NOK 1 647,0 million (1 481,4).

Net financial items increased as a result of increased interest due to expanded debt facilities, and profit before tax increased by 13,1 per cent to NOK 1 262,4 million (1 115,9).

Taxes amounted to NOK 284,9 million (195,9), generating a net income from continuing operations of 977,5 million (920,0). Profit for the year from continuing and discontinued operations combined was 990,7m (1 580,5), with the sale of the Hosting and Retail divisions in 2018 explaining the decrease. These divisions were sold as part of a strategic plan to increase the focus on the core software business in Visma. Consequently, the net profit after tax and minority interests was 993,7m (1 578,2).

In the Board of Directors opinion, the financial statements for the year present fairly the Group's financial position and results for 2019.

In 2019, the parent company Visma AS had a profit of NOK 867,1 million (1 124,9).

### PROPOSED ALLOCATION OF THE PROFIT FOR THE YEAR (NOK 1,000)

| | |
|---|---|
| Transferred to retained earnings | 867,1 |
| Total allocated | 867,1 |

### CASH FLOW AND BALANCE SHEET

Visma generated a strong cash flow of NOK 3 610,5 million from continuing operations in 2019 (3 046,7). The Board of Directors deems the cash flow from operations to be satisfactory, supported by sound financial management and improvements in working capital.

Cash flow from investing activities was NOK -4 884,4 million (-4 278,1). In 2019 NOK -4 803,8 million was related to acquisitions (-4 901,4). Cash flow from financing activities amounted to NOK 2 759,1 million (2 741,8).

Cash and cash equivalents increased to NOK 6 571,9 million (5 148,0), which the Board of Directors considers to be sufficient given the current and expected activity level.

Total assets increased to NOK 37 634,4 million at the end of 2019 (31 039,4), mostly related to businesses acquired during the year.

The majority share of the equity increased to NOK 13 774,0 million at the end of 2019 (9 860,5), reflecting capital increases, the profit for the year and payment of group contribution. The equity ratio increased to 36,7 per cent (31,8).

Accounts receivables totaled NOK 1 902,5 million at 31 December 2019 (1 868,0). Customers' average credit period was 34 days towards the end of 2019.

Visma has made provisions of 2,1 percent of accounts receivable (excluding VAT), to cover potential losses on doubtful receivable. The allocation is close to trade receivables older than 180 days. The company closely monitors accounts receivable, and the provision is considered adequate given that the company's average credit period is below the IT-industry average.

### REVIEW OF THE BUSINESS AREAS

The **SMB** division delivers ERP, CRM, HR/payroll, and e-commerce software to small and medium-sized businesses in Norway, Sweden, Finland, Denmark, the Netherlands, Estonia and Poland. In 2019, Visma SMB further strengthened its position as leading SaaS supplier with strong growth in both revenue and number of new subscriptions. Visma's entry level ERP solutions including Tripletex, Dinero, SpeedLedger, e-conomic and eAccounting experienced strong organic growth in 2019 and ended the year with 359 000 customer contracts. The number of customer contracts on Visma.net Financials, the international cloud based ERP targeting medium to large customers, also continued its strong momentum in the market. 70% of the customer contracts in the division were for cloud products and services at the end of the year. Revenue in SMB increased 17,4 per cent to NOK 5 243,0 million in 2019 (4 464,4). EBITDA amounted to NOK 1 840,8 million (1 588,3), corresponding to an EBITDA-margin of 35,1 per cent (35,6). At the end of the year, SMB had about 3 100 employees, servicing more than 700,000 Customer Contracts.

**Enterprise** continued with strong growth across core strategic areas. At the end of 2019, 8,5 million monthly payslips were created across Visma's payroll systems. During the year, Visma helped customers optimizing their workforce through introducing AI features across several of the cloud products such as the Swedish cloud workforce management system Medvind. In the Netherlands, Visma Enterprise continued to expand its product portfolio through several acquisitions, among them HR2day, Dotweb and VerzuimSignaal.

Revenue in Enterprise increased 39,5 per cent to NOK 5 001,2 million in 2019 (3 585,5). EBITDA amounted to NOK 1 085,4 million (914,2), corresponding to an EBITDA-margin of 21,7 per cent (25,5). At the end of the year, Enterprise had approximately 3 920 employees.

**Custom Solutions** entered the Dutch market for eGovernment solutions through the acquisitions of Roxit, EBPI and Plusport, building on the strong momentum Visma has in the Netherlands. The division continues to pursue a strategy of being a leading provider of eGovernment, bespoke software solutions, IT and consultancy services across the Nordic countries and the Netherlands.

Revenue in Custom Solutions increased 57,8 per cent to NOK 2 766,8 million in 2019 (1 752,9). EBITDA amounted to NOK 655,7 million (341,8), corresponding to an EBITDA-margin of 23,7 per cent (19,5). At the end of the year, Custom Solutions had approximately 2 130 employees.

**Commerce Solutions** has put significant focus in helping SMBs getting access to financing through innovative products such as invoice discounting and small business loans provided directly in the ERP system. SMB is a key customer group for Visma and currently, these customers are underserved by the traditional banks when it comes to accessing financing necessary to develop their business. Custom Solutions also saw strong growth across its offering of Accounts Receivables Management services, e-Invoicing solutions as well as corporate governance and virtual data room solutions.

Revenue in Commerce Solutions increased 20,7 per cent to NOK 1 190,9 million in 2019 (987,1). EBITDA amounted to NOK 323,4 million (264,6), corresponding to an EBITDA-margin of 27,2 percent (26,8). At the end of the year, Commerce Solutions had approximately 822 employees.

### ORGANIZATION, WORK ENVIRONMENT AND EQUALITY OF OPPORTUNITIES

Visma is headquartered in Oslo, but has a further 189 locations distributed in Norway (47), Sweden (54), Finland (23), Denmark (12), the Netherlands (24), Belgium (1), United Kingdom (1), Ireland (2), Estonia (3), Romania (3), Lithuania (4), Latvia (3), Spain (1), Poland (2), Slovakia (1), Hungary (1), Argentina (3), Chile (1), Mexico (1), Peru (1), and Colombia (1).

The business operations of the Visma Group are carried out through 150 wholly and partly owned subsidiaries, whereas the Group for reporting purposes is organized in five divisions; SMB, Enterprise, Custom Solutions, Commerce Solutions and Cloud Infrastructure Services. The divisions have responsibility for their business areas, regardless of geography and other factors.

At the end of 2019 Visma had 11 175 employees, which is an increase from 9 536 at the end of 2018. The increase is fueled by high acquisition activity.

Visma is a highly complex enterprise. The competencies of our employees are central in creating value for customers and shareholders, and ensure future progress of the company.

Visma has a clear focus on retaining and further developing skilled and dedicated employees. Several courses are offered on group level, as well as further down in the organization, with the purpose of increasing competence and ensuring career development. This includes leadership development programs. Moreover, Visma focuses on attracting the best and brightest young professionals and offers several trainee programs. The 13th class of Management Trainees started the program autumn 2019. All managers in the Group are responsible for designating and training their successors.

Visma emphasizes activities within HSE (health, safety and the environment) and has designated HSE groups and a head safety delegate. HSE procedures form part of Visma's ISO 9000 approved quality system. Total sick leave for the Group averaged 3,3 per cent in 2019 (3,2 in 2018). In 2019 we had one accident

related to a team building event.
Twice a year Visma conducts a joint, international Employee Engagement Survey (EES) aiming to uncover the work climate and employee engagement in the organization. The survey is conducted in March and October. In October 2019 an additional question was added to the survey ("In Visma I feel welcome and accepted for who I am") so the survey now consists of 16 questions. The scale is 1-10 with 10 being the highest score. In collaboration with the Managing Director and HR, each department establishes target figures for the individual areas of focus for each year. The knowledge our managers obtain from such surveys is necessary to facilitate the development and further improvement of the work environment and corporate culture.

One overall action plan is submitted per division. In addition, all units with a negative eNPS and/ or a negative development of 10 or more is to submit a separate plan with analysis, concrete actions, deadline of implementation. The action plans are reviewed at management meetings, and followed up until the issues in the action plan have been resolved.

The eNPS measuring how likely the employees are to recommend Visma on a scale from -100 to 100 increased throughout 2019, from 31 in 2018 Q3 to 41 in 2019 Q1 and then 46 in 2019 Q3.

Visma's staff is, overall, relatively balanced between the genders, with a slight majority of 63 percent men.

In the holding company, Visma AS, ten of seventeen employees are women. The proportion of women in top management is 17 per cent and 43 per cent in middle management. Visma aims to improve the balance in the executive group, although the primary criteria remain to secure the right competence in all types of positions.

As of 31 December 2019, the group's Board of Directors comprises seven men and one woman.

Visma believes that diversity & inclusion contributes to a better working environment, greater creativity and adaptability, and better results in the long run. To promote the principle of equal opportunity for both genders, Visma has implemented the following measures to strengthen and secure the gender balance:

- If qualifications are the same in other respects, the underrepresented gender will be appointed when hiring new employees or filling vacant positions.
- Opportunities for training and promotion are independent of gender.
- Partnership with EqualityCheck, a Norwegian organization promoting gender equality in the work space.

Visma's compensation policy is based on equal pay for equal work, meaning that women and men in the same positions have the same salaries if all other conditions are the same. However, average salary levels are also influenced by age, length of service, specialization, and the proportion of managers. All of these factors contribute to an average salary which in 2019 was 12 per cent (14 per cent in 2018) higher for men than for women.

In recruitment processes, Visma seeks candidates with the best professional qualifications and emphasizes ability tests for all positions. Focus on ability creates equal opportunities regardless of gender, nationality or background. On a general level, the Group seeks to obtain a gender ratio within the 40-60 per cent range in each department and each category of position.

The company also promotes employment of personnel of different nationalities and cultural backgrounds, and is recruiting professionals from all over the world.

Visma strives to create a working environment that enables employees of both genders to combine work and family life. At the end of 2019, 208 employees were on leave of absence, of which 73 per cent were women.

Visma also seeks to provide a working environment offering opportunities for the disabled. The company has recently moved into several new buildings, where the company has required landlords to provide easy access also for employees using wheelchairs and other disabled. Work in Visma is in general not physically demanding, and people with physical disabilities thus have good opportunities in Visma.

**THE ENVIRONMENT**
In the broader context, Visma's financial and logistics products contribute to greater productivity for the company's customers, and thereby to reduced wastage of economic and material resources. Visma's solutions help businesses improve their efficiency, reduce paper and electricity usage, reduce travelling time and costs, and generally reduce their carbon footprint through electronic business operation.

Visma's environmental strategy is a key area in the company's overall sustainability program, with a special focus on areas where Visma can have the most impact on the environment: Green IT, energy saving, and consolidated server solutions. Further details are described in the separate review of our environmental strategies in the Sustainability section, which also offers a short description of internal measures that are designed to reduce Visma's carbon footprint.

### ASSESSMENT OF RISK FACTORS AND UNCERTAINTIES

#### Market and technology risks

As all companies, Visma is exposed to general economic fluctuations and GDP developments in the different countries where Visma is selling its products and services.

As a technology company, Visma is also exposed to risks associated with shifts in technology, and resulting changes in the competitive landscape.

The competition can mainly be divided into two groups; large international companies, and smaller, local competitors. Visma's main international competitor is Microsoft, with Oracle and SAP also having a significant presence in the Nordic markets. In addition to the large international competitors, Visma also faces local competitors, often specializing in a given geography or market segment. Visma has competed with each of these businesses in the Nordics over a number of years and has maintained a strong position with high brand recognition and good customer satisfaction.

Visma has tried to limit its exposure to the market and technology risks in the following manner:

- The products and services provided to a large degree cater to requirements that are mandatory and necessary regardless of the economic cycle.
- Visma has more than 900 000 customer contracts in different countries, and in many different verticals. This lowers the exposure to events affecting a single country or vertical market. Visma has many small customers, which simplifies the projects and lowers implementation risks.
- Visma has a wider range of products than its competitors, which provides more opportunities for cross-selling, more product sales to each customer, and less churn.
- Visma utilizes both Microsoft based technology and Open Source/Java technology.
- Visma systematically collects information about customer satisfaction through "net-promoter-score"

research. Based on feedback from the customers, Visma addresses both individual customer problems and need for process changes.

**Interest rate risk**

Visma is exposed to interest rate risk, as its interest bearing debt carries floating interest rates. However, the company has entered into interest contracts covering around 50 per cent of the loan amounts. Hedges through interest rate swaps are expected to offset the changes in expected cash flows due to fluctuations in interest rates over the life of the debt.

**Exchange rate risks**

Visma is exposed to changes in the value of NOK, relative to other currencies, in particular SEK, DKK and EUR. This reflects both production and sales in other countries, and effects on the translation of earnings and cash flows into NOK. The Group has loans in several currencies to match underlying cash flows in the operations.

In 2019, a 5,0 percent change in exchange rates versus NOK would have had an estimated effect of NOK 24,5 million on the profit before tax.

**Credit risks**

Visma sells almost all of its products and services to other businesses at a credit and is hence exposed to credit risks.

In 2019, the company expensed bad debts corresponding to approximately 0,3 percent of revenue and has made provisions for 2,1 percent of total accounts receivable.

Credit risk is limited through:

- Credit checks before establishment of new customer relations
- Low average invoice due to the large number of small customers
- Expedient follow-up of unpaid due invoices
- A high-quality product offering and customer satisfaction among the highest in the markets where Visma operates

Furthermore, Visma's in-house debt collection operation in Visma Collectors has the highest resolution rate among Nordic debt collection companies.

**Cash-flow risks**

As a leveraged company Visma has debt service obligations and depends on continuous cash conversion of its revenue. Visma has very limited cost of goods sold and carries hardly any inventory.

Net cash flow from operating activities remains close to 90,0 per cent of EBITDA after tax. In 2019 it was 89,3 percent (95,0). Any cash-flow risk is hence closely related with EBITDA-performance.

**Liquidity risks**

Visma seeks to manage liquidity to ensure that it has sufficient liquidity to meet its financial obligations under any circumstances without incurring unacceptable losses or risking damage to reputation. Excess liquidity is primarily invested in bank deposits. The Board of Directors considers the cash level at the end of 2019 to be sufficient given the current and expected activity level.

Please also refer to note 20 – Financial instruments for further description of risk factors and measures to manage risk.

**Legal risks**

Several parts of Visma perform professional services, especially within the Enterprise and Visma Software SMB divisions. Visma is also involved in complex implementation projects.

With over 11 000 employees and close to 1 000 000 customer contracts, Visma has an international master insurance program for general responsibilities that is constructed to cover the liability and exposure. Visma also has extensive insurance cover against cyber risk exposure. The Board of Directors considers Visma's coverage sufficient for the projects where Visma is involved.

**IT and Cyber risks**

As a technology company Visma is heavily dependent on IT-operations and infrastructure. The SaaS product offering of Visma utilizes software and IT-automation for its production, and even a few hours of downtime at the Visma IT-center may have a short-term impact on the financial results of Visma and potential long-term consequences for customer relationships.

Software development and customer support are also using Visma IT extensively and, like in most modern companies, almost all activities stop without IT. As an industry-leading high-tech company Visma is probably also a likely target for industrial espionage and hacking.

To limit and control the risks associated with the dependence on IT, Visma has organized its IT operations in a separate legal entity: Visma IT & Communication (VITC). VITC operates a central data center on two independent locations with fail-over functions.

VITC operations are run according to best practices within information security management and is certified according to ISO 27001 as well as ISO 20000 and ISO 9001.

The top management of Visma recognizes the need to limit IT-related risks, and has supported Visma's extensive investments in hardware, premises, certifications, competence and software to prevent intrusion and ensure the continuity of its IT operations.

**Extraordinary risk factor - impact of Covid-19**

In the beginning of 2020, the global economy, including Visma's core markets have seen heavy impact from the novel Coronavirus, Covid-19. The ongoing outbreak was characterized as a global Pandemic by the World Health Organization on 11 March 2020.

At the date of this report, extraordinary measures to prevent exponential spread of the virus have been taken in all of Visma's core markets. The measures include closure of schools and Kindergartens as well as travel restrictions.

The coronavirus pandemic will have an extraordinary, negative impact on the overall economy which may in turn have a negative effect on the demand for Visma's products and increased risk of bankruptcies among Visma's customer base. Visma provides need-to-have products for businesses, has a well diversified customer portfolio with close to 1 million customer contracts and a significant portion of Visma's revenues are contracted, recurring and repeatable revenues. All of these factors provide Visma with downside protection in the event of a recession. Nonetheless, the company is taking measures to manage cost and liquidity risk during the pandemic and economic downturn that is predicted to follow.

**OUTLOOK FOR 2020**

The global economic outlook for 2020 is characterized by the outbreak of the Covid-19 virus which is impacting the global economy. The company expects that the ongoing measures to prevent the spread of the virus will further accelerate the transition to cloud based solutions that can be accessed anywhere including from at home. An increased focus on cost control may require businesses and the public sector to invest in productivity enhancing tools.

Visma will focus on areas that are mission critical for its customers and have logical links with other Visma systems within the three core ecosystems of ERP, HRM and eGovernment Software. One such area is the initiative in Commerce Solutions division to provide financial services embedded in existing Visma ERP solutions to small businesses.

Visma will continue increasing its presence in the Dutch market in 2020, building on the high acquisition phase during 2018 and 2019. The Netherlands is an interesting market due to its high GDP, political stability and a level of technology adoption comparable to the Nordic countries. Visma has invested heavily in marketing and branding in the region through signing as a title sponsor for the Dutch professional bicycle racing and speed skating team Team Jumbo-Visma. We expect to reap benefits from this sponsorship such as increased awareness and demand for our products, cooperation with local stakeholders and attracting talent.

It will be important for Visma to increase its own organizational productivity going forward. Therefore, Visma will continue to invest in its nearshoring centers and concentrate organic personnel growth within the group to these locations. Visma will increase its recruiting presence and invest in employer branding to attract the talents needed for driving organic growth.

2020 will likely see continued acquisition activity. The acquisitions will also complement the substantial internal R&D investments focused on developing solutions for all primary product areas.

23 April 2020

**ØYSTEIN MOAN**
Executive Chairman of the Board

**NICHOLAS JAMES HUMPHRIES**
Director

**JEAN BAPTISTE VINCENT ROGER ROBERT BRIAN**
Director

**MADS HANSEN**
Director

**VINIT NAGARAJAN**
Director

**TIMO LARJOMAA**
Director

**EDWARD SHUCKBURGH**
Director

**MERETE HVERVEN**
Director and CEO

Merete Hverven

# CONSOLIDATED ANNUAL ACCOUNTS

# INCOME STATEMENT – 1 JAN. - 31 DEC.

## VISMA AS - CONSOLIDATED

| (NOK 1,000) | Note | 2019 | 2018 * |
|---|---|---|---|
| **CONTINUING OPERATIONS** | | | |
| **OPERATING REVENUE** | | | |
| Sales revenue | 2 | 15 027 780 | 11 389 313 |
| **Total operating revenue** | | **15 027 780** | **11 389 313** |
| | | | |
| **OPERATING EXPENSES** | | | |
| Sales and distribution cost | | 2 380 331 | 1 738 317 |
| Payroll and personnel expenses | 3,16 | 7 025 231 | 5 321 171 |
| Depreciation and amortisation expenses | 4,5,18 | 2 414 443 | 1 726 085 |
| Other operating expenses | 8,16 | 1 560 803 | 1 122 329 |
| **Total operating expenses** | | **13 380 808** | **9 907 902** |
| **Operating profit** | | **1 646 972** | **1 481 410** |
| **Result from associated companies** | **24** | **(551)** | **(3 050)** |
| | | | |
| **FINANCIAL ITEMS** | | | |
| Financial income | 9 | 282 937 | 82 501 |
| Financial expenses | 9, 18 | (666 950) | (444 959) |
| **Net financial items** | | **(384 013)** | **(362 458)** |
| **Profit before taxes and discontinued operations** | | **1 262 408** | **1 115 902** |
| **Taxes** | **10** | **284 930** | **195 906** |
| **Net income from continuing operations** | | **977 477** | **919 995** |
| | | | |
| **DISCONTINUED OPERATIONS** | | | |
| **Net income from discontinued operations** | | **13 268** | **660 496** |
| **Profit for the year from continuing and discontinued operations** | | **990 745** | **1 580 491** |
| | | | |
| **Attributable to:** | | | |
| Equity holders of Visma AS | | 993 715 | 1 578 217 |
| Non-controlling interests | | (2 970) | 2 274 |
| **Earnings pr share in TNOK** | | | |
| Basic earnings per share | 19 | 993 715 | 1 578 217 |
| Diluted earnings per share | 19 | 993 715 | 1 578 217 |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Note | 2019 | 2018 * |
|---|---|---|---|
| **Profit for the year** | | **1 588 070** | **753 389** |
| | | | |
| **OTHER COMPREHENSIVE INCOME** | | | |
| **Other comprehensive income to be reclassified to profit or loss in subsequent periods:** | | | |
| Net gain (loss) on financial hedging instruments | 20 | 11 368 | (939) |
| Income tax | | (2 501) | 225 |
| Exchange differences on translation of foreign operations | 2 | (23 706) | 66 554 |
| | | | |
| **Other comprehensive income not to be reclassified to profit or loss in subsequent periods:** | | | |
| Other comprehensive income (loss) for the period, net of tax | | (14 839) | 65 841 |
| | | | |
| **Total comprehensive income for the period** | | **975 907** | **1 646 332** |
| | | | |
| **Total comprehensive income attributable to:** | | | |
| Equity holders of Visma AS | | 978 876 | 1 644 058 |
| Non-controlling interests | | (2 970) | 2 274 |



* 2018 has been restated for the effects of IFRS16

# STATEMENT OF FINANCIAL POSITION 31 DEC

## VISMA AS - CONSOLIDATED

| (NOK 1,000) | Note | 2019 | 2018 * |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Deferred tax assets | 10 | 57 016 | 52 863 |
| Goodwill | 4,23 | 15 755 615 | 12 043 842 |
| Patents, other intangible assets, capatilized development expenses and Contracts & Customer relationships | 4 | 10 381 414 | 9 211 014 |
| Property, machinery and equipment | 5 | 246 503 | 193 390 |
| Investment in associated companies | 24 | 72 475 | 73 026 |
| Other long-term receivables | 7 | 539 492 | 498 693 |
| Right of use assets | 18 | 1 567 127 | 1 384 682 |
| **Total non-current assets** | | **28 619 642** | **23 457 510** |
| **Current assets** | | | |
| Inventory | | 42 561 | 29 136 |
| Accounts receivables | 6 | 1 902 465 | 1 867 982 |
| Contract assets | 6 | 159 492 | 164 563 |
| Other current receivables | 7 | 333 416 | 329 191 |
| Cash and cash equivalents | 12 | 6 571 888 | 5 148 003 |
| Shares classified as available for sale | 21 | 4 954 | 42 967 |
| **Total current assets** | | **9 014 776** | **7 581 842** |
| **TOTAL ASSETS** | | **37 634 418** | **31 039 352** |

* 2018 has been restated for the effects of IFRS16

| (NOK 1,000) | Note | 2019 | 2018 * |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Paid-in share capital | 14,15 | 187 000 | 186 701 |
| Share premium reserve | | 4 541 914 | 1 230 560 |
| Other paid-in capital | | 882 113 | 413 113 |
| **Total paid-in capital** | | **5 611 027** | **1 830 373** |
| Other reserves | 13 | 503 587 | 518 426 |
| Retained earnings | | 7 659 411 | 7 511 679 |
| **Equity attributable to equity holders of the parent** | | **13 774 025** | **9 860 477** |
| Non-controlling interests | | 31 189 | 1 058 |
| **Total equity** | | **13 805 214** | **9 861 535** |
| **Non-current liabilities** | | | |
| Deferred tax liability | 10 | 2 568 462 | 2 141 734 |
| Financial hedging Instruments | 20 | 72 370 | 83 812 |
| Other long-term interest bearing loans and borrowings | 12 | 13 047 486 | 9 320 973 |
| Long-term lease liabilities | 18 | 1 298 216 | 1 162 746 |
| Other long-term non interest bearing liabilities | 22 | 1 899 181 | 869 438 |
| **TOTAL NON-CURRENT LIABILITIES** | | **18 885 715** | **13 578 703** |
| **Current liabilities** | | | |
| Bank overdraft | 20,22 | (0) | 1 442 504 |
| Short-term interest bearing bank loans | 12, 20,22 | 94 420 | 97 010 |
| Trade creditors | | 590 812 | 614 475 |
| Public duties payable | | 690 052 | 621 632 |
| Tax payable | | 148 476 | 123 647 |
| Contract liabilities | 6,22 | 1 445 520 | 1 489 302 |
| Short-term lease liabilities | 18 | 394 505 | 328 678 |
| Other current liabilities | 22 | 1 579 704 | 2 881 867 |
| **Total current liabilities** | | **4 943 488** | **7 599 114** |
| **Total liabilities** | | **23 829 204** | **21 177 817** |
| **TOTAL EQUITY AND LIABILITIES** | | **37 634 418** | **31 039 352** |

Oslo, 23 April 2020

ØYSTEIN MOAN
Executive Chairman of the Board

NICHOLAS JAMES HUMPHRIES
Director

JEAN BAPTISTE VINCENT ROGER ROBERT BRIAN
Director

MADS HANSEN
Director

VINIT NAGARAJAN
Director

TIMO LARJOMAA
Director

EDWARD SHUCKBURGH
Director

MERETE HVERVEN
Director and CEO

# STATEMENT OF CASH FLOWS 1 JAN. - 31 DEC.

**VISMA AS - CONSOLIDATED**

| (NOK 1,000) | Note | 2019 | 2018 * |
|---|---|---|---|
| Profit before tax from continuing operations | | 1 262 408 | 1 115 902 |
| **Ordinary profit before taxes from continuing and discontinues operations** | | **1 262 408** | **1 115 902** |
| Depreciation and amortisation expenses | | 2 414 443 | 1 726 085 |
| Taxes paid | | (330 460) | (226 501) |
| Changes in debtors | | (34 483) | (514 876) |
| Changes in inventory and trade creditors | | (37 087) | 177 100 |
| Changes in public duties payable | | 68 420 | 190 540 |
| Changes in contract liabilities | | (43 782) | 145 909 |
| Change in other accruals | | 311 080 | 448 752 |
| **Net cash flow from continuing and discontinued operations** | | **3 610 538** | **3 062 910** |
| Net cash flow from continuing operations | | 3 610 538 | 3 046 665 |
| Net cash flow from discontinued operations | | 0 | 16 245 |
| Investment in tangible fixed assets | | (99 115) | (82 124) |
| Capitalised development cost | 1 | (79 447) | (103 441) |
| Net cash flow from investments | | (178 562) | (185 565) |
| Investment in tangible fixed assets related to business combinations | | (59 194) | (36 558) |
| Investment in R&D software related to business combinations | 4 | (93 929) | (379 351) |
| Sale of (investment in) businesses | 5 | (4 803 787) | (4 901 418) |
| Sale of (investment in) shares | 21 | 237 818 | 675 |
| Net proceeds from divestiture of discontinued operations | | 13 268 | 1 224 101 |
| **Net cash flow from investments related to business combinations** | | **(4 705 824)** | **(4 092 551)** |
| Repayments of interest bearing loans | | (347 001) | (268 018) |
| Net proceeds from interest bearing loans | | 4 227 406 | 3 602 014 |
| Changes in bank overdraft | | (1 508 009) | 626 651 |
| Cashflow from leases | | (515 473) | (426 780) |
| Changes in long term receivables/payables | | (4 872) | (3 732) |
| Payment of group contribution | | (507 767) | (494 252) |
| Cash inflow from dividends | | 6 000 | 5 000 |
| Net cash from share issues | | 1 900 049 | 0 |
| Cash inflow from interest | | 30 708 | 14 255 |
| Cash outflow from interest and fees | | (521 962) | (313 334) |
| **Net cash flow from financing activities** | | **2 759 079** | **2 741 805** |
| **Net cash flow for the year** | | **1 485 231** | **1 526 599** |
| Cash and cash equivalents 1.1 | | 5 148 001 | 3 665 241 |
| Net foreign exchange difference | | (61 346) | (43 840) |
| **Cash and cash equivalents 31.12** | **12** | **6 571 886** | **5 148 001** |

* 2018 has been restated for the effects of IFRS16

# STATEMENT OF CHANGES IN EQUITY

## VISMA AS - CONSOLIDATED

| (NOK 1,000) | | Paid-in share capital Note 14 | Share premium reserve | Other paid-in capital | Other reserves Note 13 | Retained earnings | Majority's share of equity | Non-con-trolling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| **Equity as at 01.01.2018 *** | | **186 700** | **89 000** | **352 251** | **452 585** | **6 369 885** | **7 450 421** | **16 244** | **7 466 665** |
| Profit for the period | | | | | | 1 578 217 | 1 578 217 | 2 274 | 1 580 491 |
| Issue of share capital | 14 | 0 | 1 141 560 | | | | 1 141 560 | | 1 141 560 |
| Net gain (loss) on financial hedging instruments, net of tax | | | | | (713) | | (713) | | (713) |
| Exchange differences on translation of foreign operations, net of tax | | | | | 66 554 | | 66 554 | | 66 554 |
| **Total comprehensive income for the period** | | **0** | **1 141 560** | | **65 841** | **1 578 217** | **2 785 618** | **2 274** | **2 787 892** |
| Group contribution from/(to) parent company | | | | 60 862 | | (436 493) | (375 631) | | (375 631) |
| Changes to non-controlling interest; acquisition and arising on business combination (Note 1) | | | | | | 69 | 69 | (17 460) | (17 391) |
| **Equity as at 31.12.2018 *** | | **186 701** | **1 230 560** | **413 113** | **518 426** | **7 511 679** | **9 860 477** | **1 058** | **9 861 535** |
| **Equity as at 01.01.2019** | | **186 701** | **1 230 560** | **413 113** | **518 426** | **7 511 679** | **9 860 477** | **1 058** | **9 861 535** |
| Profit for the period | | | | | | 993 715 | 993 715 | (2 970) | 990 745 |
| Issue of share capital | 14 | 300 | 3 311 354 | | | | 3 311 654 | | 3 311 654 |
| Net gain (loss) on financial hedging instruments, net of tax | | | | | 8 867 | | 8 867 | | 8 867 |
| Exchange differences on translation of foreign operations, net of tax | | | | | (23 706) | | (23 706) | | (23 706) |
| **Total comprehensive income for the period** | | **300** | **3 311 354** | | **(14 839)** | **993 715** | **4 290 530** | **(2 970)** | **4 287 560** |
| Group contribution from/(to) parent company | | | | 469 000 | | (845 982) | (376 982) | | (376 982) |
| Changes to non-controlling interest; acquisition and arising on business combination (Note 1) | | | | | | | | 33 101 | 33 101 |
| **Equity as at 31.12.2019** | | **187 000** | **4 541 914** | **882 113** | **503 587** | **7 659 411** | **13 774 025** | **31 189** | **13 805 214** |

* 2018 has been restated for the effects of IFRS16

# IFRS ACCOUNTING POLICIES 2019

## CORPORATE INFORMATION

The consolidated financial statements of Visma Group Holding AS, for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 24 March 2020. Visma AS (hereafter the 'Company' or 'Visma' or the 'Group') is a limited liability company incorporated and domiciled in Oslo, Norway. The registered office of Visma Group Holding AS is Karenslyst allé 56, 0277 Oslo, Norway. The Company is 100 % owned by Archangel AS.
The Groups activities are described in note 2. Information on the Group's structure and other related party relationships is provided in note 11.

## BASIS OF PREPARATION

The consolidated financial statements of Visma AS including all its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the EU.

The consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale investments and interest rate swaps that have been measured at fair value.

The consolidated financial statements have been prepared on the basis of uniform accounting principles for similar transactions and events under otherwise similar circumstances.

The consolidated financial statements are presented in NOK and all values are rounded to the nearest thousand (NOK 1.000) except when otherwise indicated. The consolidated financial statements provide comparative information in respect of the previous period.

## BASIS FOR CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December each year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group`s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.
Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.
All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Segment reporting

For management purposes, the Group is organised into business units based on its products and services and has five reportable segments: SMB, Enterprise, Custom Solutions, Commerce Solutions and Cloud Infrastructures Services.

In line with realignment of the strategic focus of the Group, the financial reporting structure of the Group was changed in 2018 to mirror the new customer structure and the sale of the Hosting and part of Retail division. Comparative segment information has been restated in note 2 and 23 to reflect current segments of the Group.

Operating segment is a component of the Group that:

- engages in business activities from which it may earn revenues and incur expenses
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance
- for which discrete financial information is available

The financial information relating to segments and geographical distribution is presented in note 2.

The internal gain on sales between the various segments is eliminated in the segment reporting.

**Functional currency and presentation currency**

The consolidated financial statements are presented in NOK, which is Visma AS's functional currency.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. All exchange differences are recognised in the income statement. Non-monetary items that are measured at historical cost in foreign currency are translated using the exchange rates at the dates of the initial transactions.

The Group has foreign entities with functional currency other than NOK. At the reporting date, the assets and liabilities of foreign entities with functional currencies other than NOK are translated into NOK at the rate of exchange at the reporting date and their income statements are translated at the average exchange rates for the year. The translation differences arising from the translation are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement.

Exchange differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity, or monetary items that are regarded as a part of the net investments are in the consolidated financial statements recognised as a separate component of other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement. Tax charges and credits attributable to exchange differences on those borrowings are also recorded in other comprehensive income.

**Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and if non-controlling interests are recognised at the proportionate share of the acquiree' s identifiable net assets the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit and loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

#### Impairment

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities are assigned to those units or groups of units. A cash-generating unit to which goodwill has been allocated will be tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit.

Where recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. The recoverable amount of a cash-generating unit is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the cash-generating unit.

### Cash-generating units

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In identifying whether cash inflows from an asset (or group of assets) are largely independent of the cash inflows from other assets (or groups of assets), the management considers various factors including how management monitors the entity's operations (such as by product or service lines, businesses, geographical areas).

### Intangible assets

#### Research and development cost

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use it sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure carried forward is amortised over the period of the expected future sales from the related project. Amortisation starts when the development process is completed.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised but are expensed as occurred.

#### Identifiable intangible assets acquired in business combinations

The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition.

Values related to contracts and customer relationships are identified and recorded as identifiable intangible assets. The fair value of contracts and customer relationships are calculated considering the estimated future recurring revenues from the customers in the acquired operations at the date of the acquisition. The value related to contracts and customer relationships are calculated on a 100 % basis, including the share of any non-controlling interest. The fair value of tax amortizations is considered in the recorded value of contracts and customer relationships. Any deferred tax liabilities related to the recorded contracts and customer relationships are calculated at nominal values and the difference between the fair value of the tax amortizations and the corresponding deferred tax liabilities are recorded as a part of goodwill.

Purchased rights and contracts and customer relationships acquired are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to this class of intangible assets. Purchased rights and contract and customer relationships have 4 – 15 years of useful life and are amortized on a straight-line basis over their useful life. The depreciable amount is determined after deducting its residual value (only where there is an active market for the asset). Useful life and residual value are reviewed at least annually and reflect the pattern in which the benefits associated with the asset are consumed. A change in the useful life or depreciation method is accounted for prospectively as a change in accounting estimate.

Trademark with indefinite lives are not amortised but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The carrying values of intangible assets with finite useful life are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of intangible assets is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the income statement.

An item of intangible assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains or losses on the sale or disposal of intangible assets are recorded as other operating revenues and other operating costs respectively in the year the item is derecognised.

**Current versus non-current classification**

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**Fair value measurement**

The Group measures financial instruments such as derivatives and “available-for-sale investments” at fair value at each balance sheet date as describe in Note 20. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For cash-flow hedges, the Group Management, in conjunction with the Group's external valuers, also compares the change in the fair value of the liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

**Revenue from contracts with customers**

Under IFRS 15, the revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. This new revenue standard is superseding all current revenue recognition requirement under IFRS.

The Group is in the business of providing on-premises software and cloud computing. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangement, because it typically controls the goods or services before transferring them to the customer.

The Group does not have any material bundled contract without separately identifiable market priced services and only have immaterial variable considerations, discounts and service-type warranties.

**Visma Enterprises, SMB and Custom Solution**

The most common types of revenue streams in Visma Enterprise, SMB and Custom Solution are:

*On-premises Software*

- Licenses
- Revenue from recurring agreements
- Software Consulting and Implementation

*Cloud Computing*

- Software as a Service (SaaS) subscription
- SaaS Transactions and start up fees
- SW consulting & implementation on SaaS

Visma applies a high degree of decomposition to each contract, ensuring that separate contract components are accounted for separately and recognized according to when the performance obligation for each separate component is fulfilled.

**Licenses**

Licence fees related to software are recognized as revenue when the software is delivered. A delivery has taken place when the risk and control related to the software in all significant aspects have been transferred to the customer. Risk in this relation means the profit and loss potential related to the software. Control is related to the delivery of the software. At what time a delivery has taken place will therefore depend on the conditions included in the specific sales arrangement.

Initial licence fees are recognised when:

- A non-cancellable licence agreement has been signed;
- The software and related documentation have been shipped;
- No material uncertainties regarding customer acceptance exists;
- Collection of the resulting receivable is deemed probable.

Visma has two separate relationships related to their software licences and related maintenance contracts; one software licence contract and one maintenance contract, which may also include customer support. In addition, Visma and/or the distributor may enter into separate contracts with the end-user regarding installation, implementation, support and other consultancy services related to the software. Most of this work is performed by a distributor and contracted separately.

Visma account for licence fee and maintenance fee separately. License fee is recognised when the customer obtain control over the software license. This is based on the evaluation that the software is functional at the time that the license transfers to the customer, and the customer can direct the of, and obtain substantially all of the remaining benefits from, the software when the license transfers to the customer. Maintenance fees are charged annually and recognised on a straight-line basis over the contract period. Customers normally have the right to cancel their utilization rights prior to the next renewal period. Failing cancellation in due time, customers are obliged to pay for the next period. Such revenue from maintenance is recognised over the lifetime of the contract.

When the software is delivered electronically, the delivery criterion for revenue recognition is met when the customer has the reasonable ability to access the licensed software. This condition is generally met when:

- Visma provides the necessary access codes to the customer to allow the customer to commence download of the licensed software and
- Visma's server is functioning.

When Visma provides right to access the software, the revenue is recognised over time. When Visma provides right to use the software, the revenue is recognised at a point in time.

In some cases, Visma is selling customized software implying development of new functionality. When delivering customised software, the Group determined that the input method is the best method in measuring progress of the services because there is a direct relationship between the Group's effort (i.e., costs incurred) and the transfer of service to the customer. The Group recognises revenue on the basis of the incurred costs relative to the total expected costs to complete the service.

Licences are usually invoiced up front as the system is made available for the customer.

#### Revenue from recurring agreements

Revenue from support agreements is recognised when the support is performed. Fixed price support contracts are recognized on a straight-line basis over the support period. Maintenance agreements are invoiced in advance, primarily on 12 months invoicing cycles, although also 6-month cycles are used in some instances.

#### Software as a Service (SaaS)

Revenue from SaaS solutions may, in some cases, have two components – an up-front payment to cover the set-up fee, and an ongoing service fee equivalent to the maintenance contract, but including the hosting service. Visma recognize the portion of the fee related to the set-up on delivery separately as the SaaS implementation service provides add-value to the customers and so is a separate performance obligation. The portion of the fee related to the maintenance and hosting element is recognized on a straight-line basis over the contract period as the service is provided over time. If the SaaS implementation service is not a separate performance obligation, the total license fee is recognized over the contract period (normally on a straight-line basis). SaaS contracts are invoiced in advanced, a mix of 12, 6, 3, 2- or 1-month invoicing cycles are utilized across the product portfolio.

#### Fintech services

Visma is offering financial services available in the ERP system and invoicing platforms. Revenue from third party financial services are defined with a kick-back bonus according to sales volume to customers. These bonuses are recognised as revenue when earned and invoiced customers a work is performed.

#### Saas Transactions and start up fees

Agreements regarding services to such as for instance invoicing are usually based on a transaction fee. Revenue is normally recognized as they are performed based upon transactions handled and hours used. The usage-based fees are not be recognized as revenue until the later of when the usage occurs, or the performance obligation is satisfied.
Start-up fees (SaaS implementation service) provides add-value to the customers and so is a separate performance obligation in most cases and recognised on delivery. If the SaaS implementation service is not a separate performance obligation, the total license fee is recognized over the contract period (normally on a straight-line basis). SaaS transactions are mainly invoiced in arrears on a monthly basis.

#### Software consulting and implementation in SaaS

Agreements on software consulting are usually based on hours incurred. The hourly based consulting is recognised when services have been provided. It is based on delivered hours and net hourly rates. At the balance sheet date work performed, but not yet invoiced, is recognised and capitalised as accrued income. Work invoiced, but not yet performed, is capitalised as deferred revenue. The Group concluded that there is no significant financing component for these contracts since these projects are typically short-time and agreed invoicing reflect the progression on the work performed.

### Commerce Solution

The most common types of revenue streams in Commerce Solution are:

Cloud Computing

- Software as a Service (SaaS)
- SW consulting & implementation on SaaS
- Fintech services
- Revenue from services in administration and collection of accounts receivables

Refer to description of revenue recognition above under Visma Enterprise, SMB and Customs Solutions.
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### Cloud Infrastructure Services

The most common types of revenue streams in Cloud Infrastructure Services are:

- Cloud infrastructure implementation
- Cloud Infrastructure maintenance
- Sale of hardware

#### Cloud infrastructure implementation and services

Revenue from services related to the implementation of cloud infrastructure. Cloud infrastructure is defined as the mission critical infrastructure utilized by the customer to operate and/ or access public and private cloud systems. Implementation services are defined as own performance obligation and recognised when delivered. Invoicing reflect the progression in work performed.

#### Cloud Infrastructure recurring agreements and hosting

Revenue from services related to the maintenance of cloud infrastructure, and field-service, consultancy, and hosting of servers. Hosting services are recognised on a straight-line basis over the contract period, usually 12 months. Advance payments are recognised as liability (deferred revenue) in the balance sheet.

#### Sale of hardware

Revenue related to hardware acquired in from third parties is earned when the hardware is delivered, and the control has been transferred to the customer at which point the revenue is also invoiced.

### Other types of revenues within the Group

#### Interest income

Revenue is recognised as interest accrues (using the effective interest method). Interest income is included in finance revenue in the income statement.

#### Dividends

Dividend is recognised in the income statement when the shareholders' right to receive dividend has been determined by the general meeting.

### Contract balances

#### Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

#### Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section Financial instruments below.

#### Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

### Cost to obtain a contract

The Group usually does not pay sales commission to its partners on sales to customers. In the few occasions when the Group payed sales commission, the Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions (included as part of cost of sales) because the amortisation period of the asset that the Group otherwise would have used is one year or less.
If the expected amortisation period of the assets is more than one year and Group expects to recover, the Group recognise the incremental costs of obtaining a contract as an asset in its financial statements.

#### Amortization of capitalized contract costs

Any capitalized costs are amortized, with the expense recognised on a systematic basis that is consistent with the Group's transfer of the related services to the customer.

### Leases

#### Identifying a lease

At the inception of a contract, The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### The Group as a lessee

#### Separating components in the lease contract

For contracts that constitute, or contain a lease, the Group separates lease components if it benefits from the use of each underlying asset either on its own or together with other resources that are readily available, and the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract.
The Group then accounts for each lease component within the contract as a lease separately from non-lease components of the contract.

#### Recognition of leases and exemptions

At the lease commencement date, the Group applies a single recognition and measurement approach for all leases, except for short-term leases (defined as 12 months or less) and leases of low-value assets. For leases covered by the exemptions, the Group recognizes the lease payments as other operating expenses in the income statement when they incur.

**Lease liabilities**
The lease liability is recognised at the commencement date of the lease. The Group measures the lease liability at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option either to extend or to terminate the lease when the Group is reasonably certain to exercise this option.

The lease payments included in the measurement of the lease liability comprise of (i) fixed lease payments (including in-substance fixed payments), less any lease incentives receivable, (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date, iii) the exercise price of a purchase option, if the Group is reasonably certain to exercise that option, and (iv) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The Group determines its incremental borrowing rate by obtaining interest rates from the external bank financing. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

The Group does not include variable lease payments in the lease liability. Instead, the Group recognises these variable lease expenses in profit or loss.

The Group presents its lease liabilities as separate line items in the statement of financial position.

**Right-of-use assets**
The Group measures the right-of use asset at cost, less any accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liabilities. The cost of the right-of-use asset comprise (i) the amount of the initial measurement of the lease liability recognized, (ii) any lease payments made at or before the commencement date, less any incentives received, and (iii) any initial direct costs incurred by the Group.

The Group applies the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset.
The Group applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.
The Group presents its right-of-use assets as separate line items in the statement of financial position.

### The Group as a lessor and subleases
The Group does not engage in leases as the primary lessor, however, for some transactions the Group re-leased the underlying asset and acts as an intermediate lessor.

**Recognition of leases and income**
For contracts where the Group acts as an intermediate lessor, it classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

**Operating leases**
For operating leases, the Group recognises lease payments as other income, mainly on a straight-line basis, unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The Group recognises costs incurred in earning the lease income in other operating expenses.

Significant accounting judgements, estimates and assumptions.

**Determining the lease term of contracts with renewal and termination options – Group as lessee**
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Visma has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

### Pensions

The Group have pension schemes where the company's commitment is to contribute to the individual employee's pension scheme (contribution plans). Contributions paid to the pension plans are expensed.

In addition to the defined contribution schemes, the Group has one defined benefit plan in Sweden covering 11 employees.

### Income tax

The tax expense consists of the tax payable and changes to deferred tax.

#### Tax payable

Taxes payable assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. Taxes payable are recognised directly in equity to the extent that they relate to equity transactions.

#### Deferred taxes

Deferred income tax is provided using the liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### Property and equipment

Property and equipment acquired by Group companies are stated at historical cost, except the assets of acquired subsidiaries that were stated at the fair values at the date of acquisition. Depreciation is charged on a straight-line basis over the estimated useful life of the assets. The amount to be depreciated is the carrying amount less the asset's residual value.

Useful life and residual value are reviewed at least annually and reflect the pattern in which the benefits associated with the asset are consumed. A change in the useful life or depreciation method is accounted for prospectively as a change in accounting estimate.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Ordinary repair and maintenance (day-to-day servicing) of tangible assets is recorded as an operating cost, whereas improvements are capitalised and depreciated over its useful life. An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains or losses on the sale or disposal of fixed assets are recorded as other operating revenues or other operating costs respectively in the year the item is derecognised.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property and equipment is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the income statement.

**Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as interest cost.

**Inventories**

Inventories are valued at the lower of cost and net realisable value. The original cost of purchased goods is the purchase price and is based on the FIFO principle. The original cost of work in progress and own manufactured goods are the direct cost of production plus a share of the indirect cost of production based on normal operating capacity but excluding borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Inventories are reduced for estimated obsolescence.

**Cash and cash equivalents**

Cash and cash equivalents comprise bank deposits, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Restricted cash is included as cash and cash equivalents. Bank overdrafts are included within borrowings in current liabilities on the statement of financial position.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net outstanding bank overdraft.

**Earnings per share**

Earnings per share is calculated by dividing the majority shareholders share of the profit/loss for the period by the weighted average number of ordinary shares outstanding over the course of the period. When calculating diluted earnings per share, the average number of shares outstanding is adjusted for all share options that have a potential dilutive effect. Options that have a dilutive effect are treated as shares from the date they are issued.

**Cash flow**

The cash flow statement has been drawn up in accordance with the indirect method and report cash flows during the period classified by operating, investing and financing activities. Cash and cash equivalents consist of cash and cash equivalents as defined under cash and cash equivalents, net outstanding bank overdraft.

**Investment in an associate**

The Group's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The income statement reflects the share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of associates is shown on the face of the income statement outside operating profit. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associates.

The financial statements of the associate are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investment in its associates. The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate' and it's carrying value and recognizes the amount in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investments at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

### Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**
**- Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section Revenue from contracts with customers above.

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In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

**Financial assets**
**- Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

**Financial assets at amortised cost (debt instruments)**

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.
The Group's financial assets at amortised cost includes trade receivables, and the vendor loan note

included under other non-current long-term receivables.

The Group does not have any financial assets at fair value through OCI.

### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

### Financial assets - Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

### Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group is setting provisions based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### Financial liabilities - Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

**Financial liabilities - Subsequent measurement**
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. The Group does not have any financial liabilities at fair value through profit or loss.

**Loans and borrowings**
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.
Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.
This category generally applies to interest-bearing loans and borrowings. For more information, refer to note 20.

**Financial liabilities - Derecognition**
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**Offsetting of financial instruments**
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### Derivative financial instruments and hedge accounting

**Initial recognition and subsequent measurement**
The Group uses derivative financial instruments such as interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

The Group had only cash flow hedges.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

Before 1 January 2018, the documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Beginning 1 January 2018, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:
- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

<u>Cash-flow hedges</u>
The effective portion of the gain or loss

on the hedging instrument is recognized directly as other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the income statement in other operating expenses. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

## Equity

### Equity and liabilities

Financial instruments are classified as liabilities or equity in accordance with the underlying economic realities.

Interest, dividend, gains and losses relating to a financial instrument classified as a liability will be presented as an expense or income. Amounts distributed to holders of financial instruments that are classified as equity will be recorded directly in equity.

### Costs of equity transactions

Transaction costs directly related to an equity transaction are recognized directly in equity after deducting tax expenses.

### Other equity

(a) Reserve

This reserve contains the total net increase in the fair value of non-current assets that have been revalued at an amount which exceeds their cost. The reserve also contains total net changes in the fair value of financial instruments classified as available for sale until the investment has been sold or it has been determined that the investment is of no value.

(b) Translation differences

Translation differences arise in connection with exchange-rate differences of consolidated foreign entities.

Exchange-rate differences in monetary amounts (liabilities or receivables) which are in reality a part of a company's net investment in a foreign entity are also included as translation differences.

If a foreign entity is sold, the accumulated translation difference linked to the entity is reversed and recognized in the income statement in the same period as the gain or loss on the sale is recognized.

## Discontinued operations

The Group classifies non-current assets and disposal groups as held for distribution to equity holders of the parent if their carrying amounts will be recovered principally through a distribution rather than through continuing use. Such non-current assets and disposal groups classified as held for distribution are measured at the lower of their carrying amount and fair value less costs to distribute. Costs to distribute are the incremental costs directly attributable to the distribution, excluding finance costs and income tax expense.

The criteria for held for distribution classification is regarded as met only when the distribution is highly probable and the asset or disposal group is available for immediate distribution in its present condition. Actions required to complete the distribution should indicate that it is unlikely that significant changes to the distribution will be made or that the decision to distribute will be withdrawn. Management must be committed to the distribution expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for distribution.

Assets and liabilities classified as held for distribution are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

Or
- Is a subsidiary acquired exclusively with a view to resale?

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

The Group has two discontinued operations in 2018 when they have sold the Hosting division and part of the Retail division. There have been no discontinued operations during 2019.

### Adoption of new and amended standards and interpretations

#### IFRS 16 Leases

The Group applied IFRS 16 Leases for the first time in 2019. The implementation of this new accounting standard is described below.

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the full retrospective method of adoption, with the date of initial application of 1 January 2019. In accordance with the full retrospective method of adoption, the Group applied IFRS 16 at the date of initial application as if it had already been effective at the commencement date of existing lease contracts. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option and lease contracts for which the underlying asset is of low value.

The effect of adopting IFRS 16 is presented below:

### IMPACT ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (INCREASE/(DECREASE))

(NOK 1,000)

| Shareholder/Nominee | 31 December 2019 | 31 December 2018 | 1 January 2018 |
|---|---|---|---|
| **Assets** | | | |
| Right of use assets | 1 567 127 | 1 384 682 | 1 303 526 |
| Net Investment in subleases | 13 649 | 9 994 | 6 344 |
| **Total assets** | **1 580 776** | **1 394 676** | **1 309 870** |
| **Equity** | | | |
| Retained earnings | -86 931 | -74 980 | -69 506 |
| **Total equity** | **-86 931** | **-74 980** | **-69 506** |
| **Liabilities** | | | |
| Deferred tax liability | -25 014 | -21 768 | -20 179 |
| Long-term lease liabilities | 1 298 216 | 1 162 746 | 1 147 299 |
| Short-term lease liabilities | 394 505 | 328 678 | 252 256 |
| **Total liabilities** | **1 667 707** | **1 469 655** | **1 379 376** |

## IMPACT ON THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (INCREASE/(DECREASE))

(NOK 1,000)

| **Shareholder/Nominee** | **2019** | **2018** |
|---|---|---|
| **Depreciation and amortisation expenses** | 377 959 | 354 225 |
| Other operating expenses | -474 092 | -412 576 |
| **Total operating expenses** | **96 134** | **58 351** |
| **Operating profit** | **96 134** | **58 351** |
| Financial expenses | 128 712 | 68 130 |
| **Net financial items** | **-128 712** | **-68 130** |
| **Profit before taxes and discontinued operations** | **-32 578** | **-9 779** |
| **Taxes** | -7 813 | -2 201 |
| **Net income from continuing operations** | **-24 765** | **-7 578** |
| **Profit for the year from continuing and discontinued operations** | **-24 765** | **-7 578** |
| **Attributable to:** | | |
| Equity holders of Visma AS | -24 765 | -7 578 |
| Non-controlling interests | 0 | 0 |
| **Earnings pr share in TNOK:** | | |
| Basic earnings per share | -24 765 | -7 578 |
| Diluted earnings per share | -24 765 | -7 578 |

## IMPACT ON CONSOLIDATED STATEMENT OF CASH FLOWS (INCREASE/(DECREASE)):

(NOK 1,000)

| | **2019** | **2018** |
|---|---|---|
| Profit before tax from continuing operations | -32 578 | -9 779 |
| Profit before tax from discontinued operations | | |
| **Ordinary profit before taxes from continuing and discontinued operations** | **-32 578** | **-9 779** |
| Depreciation and amortisation expenses | 377 959 | 354 225 |
| Change in other accruals | 170 093 | 82 334 |
| **Net cash flow from continuing and discontinued operations** | **515 473** | **426 780** |
| Cash outflow from leases (principal portion) | -386 762 | -358 650 |
| Cash outflow from leases (interest portion) | -128 712 | -68 130 |
| **Net cash flows from financing activities** | **-515 473** | **-426 780** |

There is no material impact on other comprehensive income or earnings per share.

**IFRIC Interpretation 23 Uncertainty over Income Tax Treatments**

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation addresses separate consideration of uncertain tax treatments, the assumptions an entity makes about the examination, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and how an entity considers changes in facts and circumstances of tax treatments by taxation authorities.

The EU adopted the interpretation and it is effective from 1 January 2019. The Group has implemented the interpretation, but it has no material impact on the Group.

**Amendment to IFRS 9 Prepayment Features with Negative Compensation**

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019.

The Group has implemented the amendment, but it has no material impact on the Group.

**Annual Improvements 2015-2017 Cycle (issued in December 2017)**

These improvements include:

*• IFRS 3 Business Combinations*

IFRS 3.42A is added to clarify that, when obtaining control of a business that is a joint operation, the acquirer applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation at its acquisition-date fair value.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments will apply on future business combinations of the Group. The Group has implemented the amendment, but it has no material impact on the Group.

*• IAS 12 Income Taxes*

The amendments clarify that the requirements in IAS 12.52B apply to all income tax consequences of dividends.

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

The Group has implemented the amendment, but it has no material impact on the Group.

*• IAS 23 Borrowing Costs*

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted.

The Group has implemented the amendment, but it has no material impact on the Group.

**New and amended IFRSs and IFRICs with future effective dates**

Standards and interpretations that are issued up to the date of issuance of the consolidated financial statements, but not yet effective are disclosed below. The Group's intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued. The Group has considered to list and address only those standards, amendments and interpretations which are relevant and expected to have an impact on the Group's financial position, performance and/or disclosures.

The Group anticipates that all of the below standards, amendments and interpretations will be adopted in the Group's financial statements for the period commencing 1 January 2020 or after.

### Amendments to IFRS 3 Definition of a Business

The amendments will help companies determine whether an acquisition made is of a business or a group of assets. The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the wording of the definition, the Board has provided supplementary guidance.

The amendments must be applied to transactions for which the acquisition date is on or after the first the beginning of the first annual reporting period beginning on or after 1 January 2020. Early application is permitted. The Group does not intend to early adopt the amendments.

No effects are expected from the amendments.

### Amendments to IAS 1 and IAS 8 - Definition of Material

The International Accounting Standards Board has issued amendments to its definition of material to make it easier for companies to make materiality judgements. The definition of material, an important accounting concept in IFRS Standards, helps companies decide whether information should be included in their financial statements. The updated definition amends IAS 1 and IAS 8.

The amendments are a response to findings that some companies experienced difficulties using the old definition when judging whether information was material for inclusion in the financial statements.

The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards.

The changes are effective for annual periods beginning on or after 1 January 2020, but companies can decide to apply them earlier. The Group does not intend to early adopt the amendments.

No effects are expected from the amendments.

### Amendments to IFRS 9, IAS 39 and IFRS 7 due to the IBOR reform

The amendments provide companies with temporary reliefs to certain requirements related to hedge accounting in the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR).

For the hedging relationships where the reliefs are applied, companies are required to disclose additional qualitative and quantitative information. However, the amendments also provide an exemption from the disclosure requirements in IAS 8.28 f related to the adjustment amounts in the current and prior period.

The effective date of the amendments is for annual periods beginning on or after 1 January 2020, with early application permitted. The requirements must be applied retrospectively. The Group does not intend to early adopt the amendments.

No effects are expected from the amendments.

## Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

## Judgements

In the process of applying the Group's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognised in the consolidated financial statements:

### Provision for expected credit losses of trade receivables and contract assets

The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision rates are initially based on the Group's historical observed default rates. The Group will calibrate the provisions to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 6.

#### Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

#### Taxes

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.
Total tax payable is also depending on whether Visma would be allowed to change the Group contributions from previous years as a response to the present judgment. Refer to note 10 for further descriptions.

#### Fair value measurements of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing faire values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 20 for further disclosures.

Contingent consideration (earn-out), resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor (refer Note1 for details).

### Events after the balance sheet date

New information on the company's financial position on the statement of financial position which becomes known after the balance sheet date and which provides evidence of conditions that existed at the balance sheet date is recorded in the annual accounts. Events after the balance sheet date that are indicative of conditions that arose after the balance sheet date and that do not affect the company's financial position on the statement of financial position but which will affect the Company's financial position in the future are disclosed if significant. Refer to Note 25 for events after balance sheet date which are relevant for the current year.

# NOTE 1 - ACQUISITIONS OF BUSINESS, ASSETS AND NON-CONTROLLING INTEREST

(NOK 1,000)

| Name | Description | Acquisition date | Percentage of voting equity instruments acquired [1)] | Cost price | Cost associated with the acquisition [2)] | Consideration total |
|---|---|---|---|---|---|---|
| BrainshareIT z.o.o | Polish SaaS accounting | 21.01.2019 | 100,00 % | 51 542 | 669 | 52 212 |
| Dutch Websolutions BV | Sale to min | 31.01.2019 | | -183 | - | -183 |
| Visma Tampuuri Oy | Acquisition cost | 28.02.2019 | | - | 150 | 150 |
| Admincontrol AS | Distribution rights UK | 28.02.2019 | | 5 067 | - | 5 067 |
| EBPI Holding BV | Dutch SaaS comm. portal | 01.02.2019 | 100,00 % | 966 799 | 2 913 | 969 711 |
| School Thing Limited | Last year earn-out, paid this year | 12.03.2019 | | 20 536 | - | 20 536 |
| IMS A/S | Consulting | 07.03.2019 | 100,00 % | 83 271 | 204 | 83 475 |
| Websystemer AS | Purchase Price Adjustment | 02.04.2019 | | 7 708 | - | 7 708 |
| Avento AS | Consulting | 02.04.2019 | 100,00 % | 85 207 | 308 | 85 515 |
| Mystore.no AS | Last year earn-out, paid this year | 02.04.2019 | | 15 614 | - | 15 614 |
| Visma Smartskill AS | Last year earn-out, paid this year | 02.04.2019 | | 27 229 | - | 27 229 |
| Visma bWise AS | Final deferred | 02.04.2019 | | 32 374 | - | 32 374 |
| Saga Collectors AS | Collecting services | 12.04.2019 | 100,00 % | 850 | - | 850 |
| Mind4IT A/S | Last year earn-out, paid this year | 02.04.2019 | | 19 860 | - | 19 860 |
| Kapacity A/S | Last year earn-out, paid this year | 02.04.2019 | | 25 676 | - | 25 676 |
| CO3 A/S | Last year earn-out, paid this year | 02.04.2019 | | 3 721 | - | 3 721 |
| WGR AB | Last year earn-out, paid this year | 02.04.2019 | | 18 143 | - | 18 143 |
| Optiway AB | Last year earn-out, paid this year | 02.04.2019 | | -9 141 | - | -9 141 |
| Svensk e-Identitet AB | Last year earn-out, paid this year | 26.04.2019 | | 19 258 | - | 19 258 |
| Visma Tampuuri Oy | Seller warranty refund | 02.04.2019 | | -2 456 | - | -2 456 |
| Provad Oy | Chatbots/consulting | 30.04.2019 | 100,00 % | 65 767 | 446 | 66 213 |
| Cox Consulting Oy | Sellers credit | 02.04.2019 | | 5 555 | - | 5 555 |
| Octo3 Oy | Last year earn-out, paid this year | 02.04.2019 | | 23 260 | - | 23 260 |
| Synlig AB | e-Commerce | 02.04.2019 | 100,00 % | 371 | - | 371 |
| PinkWeb BV | BS adjusment | 01.03.2019 | | 1 996 | - | 1 996 |
| Roxit Group | eGovernment Solutions | 23.04.2019 | 100,00 % | 1 100 923 | 15 334 | 1 116 257 |
| Visma Exso AS | Customer contract | 02.04.2019 | | 25 100 | - | 25 100 |
| ASG Group | Accountview partner | 02.04.2019 | 100,00 % | 43 726 | 554 | 44 280 |
| Spendency AB | Sale of stake in joint venture | 31.05.2019 | -50,10 % | -10 590 | - | -10 590 |
| Visma Raet BV | Purchase price adjustment | 12.06.2019 | | 89 160 | 14 060 | 103 220 |
| MeritTarkvara AS | Last year earn-out, paid this year | 03.06.2019 | | 2 749 | - | 2 749 |
| HR2Day BV* | SaaS HRM | 02.07.2019 | 50,10 % | 51 367 | 556 | 51 923 |
| DotWeb BV | SaaS HRM | 02.07.2019 | 100,00 % | 81 688 | 1 155 | 82 843 |
| PinkWeb BV | Last year earn-out, paid this year | 02.07.2019 | | 15 187 | - | 15 187 |
| ProLøn A/S | SaaS Payroll | 02.07.2019 | 100,00 % | 385 371 | 3 594 | 388 965 |
| Meglerfront AS | SaaS Real Estate Sw | 28.08.2019 | 100,00 % | 332 732 | 313 | 333 044 |
| Adepto.as AS | SaaS Real Estate Sw | 28.08.2019 | 100,00 % | 18 855 | - | 18 855 |
| Bluegarden AS | Sale of customer contract | 29.08.2019 | | -4 054 | - | -4 054 |
| Bluegarden AB | Sale of customer contract | 28.08.2019 | | -3 277 | - | -3 277 |
| Visma Bluegarden A/S | Sale of customer contract | 28.08.2019 | | -8 583 | - | -8 583 |
| Smartdok AS | Change in estimated earn-out | 29.08.2019 | | -123 790 | - | -123 790 |
| Scancloud AB | E-invoicing | 31.08.2019 | 100,00 % | 186 861 | 503 | 187 364 |
| Avaintec Oy | A-archiving SaaS | | | 113 977 | 586 | 114 563 |
| PlusPort BV | eGovernment Solutions | 02.09.2019 | 100,00 % | 315 138 | 695 | 315 833 |
| WeOptIt OY | Change in estimated earn-out | 02.09.2019 | | -18 596 | - | -18 596 |
| Visma Sign Oy | Change in estimated earn-out | 01.10.2019 | | -4 973 | - | -4 973 |
| ProActive BV | Change in estimated earn-out | 01.10.2019 | | -14 048 | - | -14 048 |
| MittHjem AS | SaaS Real Estate Sw | 01.10.2019 | 100,00 % | 1 210 | - | 1 210 |
| VerzuimSignaal BV | Absence Mgmt SaaS | 01.10.2019 | 100,00 % | 154 287 | 1 036 | 155 323 |
| Inyett AB | Payment security software | 01.11.2019 | 100,00 % | 208 073 | 545 | 208 619 |
| Addonomy Bulgaria EOOD | Offshoring center | 01.11.2019 | 100,00 % | 1 152 | - | 1 152 |
| PowerOffice AS | SaaS AO | 06.12.2019 | 100,00 % | 2 040 857 | 1 103 | 2 041 960 |
| **Total** | | | | **6 448 526** | **44 722** | **6 493 247** |

*The amount of the non-controlling interest in the acquiree recognised at the acquisition date and the measurement basis for that amount
1) Percentage of voting shares acquired, including voting shares commited to be acquired through deferred mechanisms
2) Costs associated with the acquisition are expensed as "Other operating expenses".

# NOTE 1 CONTINUED

(NOK 1,000)

| | |
|---|---|
| **The cash outflow on acquisition are as follows:** | |
| Cost price (excluded costs associated with the acq.) | 6 209 331 |
| Last year earn-out, paid this year | 239 195 |
| Change in estimated earn-out | 160 814 |
| Deferred payment | (1 482 426) |
| **Cash paid** | **(5 126 913)** |
| Net cash acquired with the acquisitions | 170 003 |
| **Net cash (outflow)/inflow** | **(4 956 910)** |
| Other intangible assets acquired | 93 929 |
| Machinery and equipment acquired | 59 194 |
| **Net investment in businesses** | **(4 803 787)** |

### EPBI Holding BV
On 1 February Visma acquired 100% of the voting shares in EPBI Holding BV (changed name to Visma Connect BV). EPBI Holding BV is a Dutch provider of SaaS communication portals. The primary reason for the business combination is to strengthen Visma product offering in eGovernment solutions.

### Roxit Group BV
On 2 April Visma acquired 100% of the voting shares in Roxit Group BV. Roxit Group BV is a dutch supplier of eGovernment solutions. The primary reason for the business combination is to strengthen Visma product offering in eGovernment solutions.

### Avento AS
On 2 April Visma acquired 100% of the voting shares in Avento AS. Avento AS is a Norwegian supplier of consulting services. The primary reason for the business combination is to strengthen Visma’s offering in the field of IT consulting within relevant markets of its business.

### ProLøn A/S
On 2 July Visma acquired 100 % of the voting shares in ProLøn A/S. ProLøn A/S is a Dannish supplier of SaaS payroll. The primary reason for the business combination is to strengthen Visma offering in the field of payroll software within relevant markets of its business.

### Meglerfront AS
On 2 July Visma acquired 100 % of the voting shares in Meglerfront AS. Meglerfront AS is a Norwegian provider of SaaS Real Estate Software. Through this acquisition Visma entered the market for real estate transactions software.

### PlusPort BV
On 2 September, Visma acquired 100% of the voting shares in PlusPort BV. Plusport BV is a Dutch provider of eGovernment Solutions. The primary reason for the business combination is to strengthen Visma offering within the field of LMS software in Europe.

### ScanCloud AB
On 2 September Visma acquired 100% of the voting shares in Scancloud AB. Scancloud AB is a Swedish supplier of e-invoicing. The primary reason for the business combination is to strengthen Visma product offering within e-invoicing.

### VerzuimSignaal BV
On 1 November Visma acquired 100% of the voting shares in VerzuimSignaal BV. VerzuimSignaal BV is a dutch provider of absence Management SaaS.

### Inyett AB
On 6 December Visma acquired 100% of the voting shares in Inyett AB. Inyett AB is an Swedish provider of payment security software. Through this acqusition Visma has expanded its product offering to payment security software.

### PowerOffice AS
On 13 December Visma acquired 100% of the voting shares in PowerOffice AS. Through this acqusition Visma improved its SaaS product offering to accounting offices.

Consideration for the acquisition includes the acquisition-date fair value of contingent consideration.

*Estimated earn out in the balance sheet for most entities, are considered at the best estimate. Adjustments to earn-outs are related to earn-out payments made during 2019 due to revised earn-out conditions and acquisition of the remaining equity stake in certain subsidiaries as specified in the table above. The aggregated effect on investment in purchased rights, goodwill, contracts and customer relationships is shown in note 4.

# NOTE 1 CONTINUED

(NOK 1,000)

The aggregated fair value of identifiable assets and liabilities and the goodwill arising at the date of acquisition for material transactions (acquisition cost over NOK 150m) are:

| (NOK 1,000) | EPBI Holding BV | Roxit Group BV | Avento AS | ProLøn A/S | Meglerfront AS | Plus Port BV | Scan Cloud AB | Verzuim Signaal BV | Inyett AB | PowerOffice AS | Other |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Deferred tax assets | | | 27 | 6 | 2 | | | | | | 1 |
| Shares | | | 1 060 | | | | | | | | - |
| Machinery and equipment | 18 119 | 18 084 | 67 | 622 | 16 | 1 379 | 174 | 5 357 | 1 043 | 6 697 | 8 874 |
| Property | | | | | | | | | | | 4 053 |
| Right of Use Assets | 45 137 | 11 029 | 15 259 | 6 056 | 390 | 592 | 2 626 | 16 528 | 5 944 | 29 605 | 35 464 |
| Other long-term receivables | | | | | 11 406 | | | | 1 838 | | 37 |
| Inventories | | | | | | | | | | | 149 |
| Trade receivables | 3 508 | 64 315 | 12 073 | 141 | 3 213 | 6 612 | 6 946 | 11 069 | 6 613 | 16 684 | 15 508 |
| Other short term receivables | 70 963 | 3 016 | 1 104 | (6) | 814 | | 180 | 144 | 2 045 | 1 234 | 35 634 |
| Cash and cash equivalents | 3 959 | 7 311 | 15 943 | 12 092 | 510 | 16 775 | 10 217 | 5 580 | 5 029 | 54 113 | 31 176 |
| Other intangible assets | 26 592 | 14 977 | 1 365 | 9 290 | 20 | | | 6 722 | | 18 614 | 18 488 |
| **Assets** | **168 277** | **118 731** | **46 897** | **28 200** | **16 371** | **25 358** | **20 143** | **45 399** | **22 512** | **126 947** | **123 097** |
| Other long-term liabilities | | (2) | | 94 785 | | | | | | | 14 165 |
| Deferred tax liability | | 3 639 | | 1 996 | | | | 1 671 | 180 | 960 | 2 660 |
| Lease liabilities | 45 137 | 11 029 | 15 259 | 6 056 | 390 | 592 | 2 626 | 16 528 | 5 944 | 29 605 | 35 464 |
| Bank overdraft | | | | | 390 | (87) | | | | | 4 437 |
| Trade creditors | 8 218 | 11 785 | 2 046 | 1 180 | 3 846 | 126 | 903 | 811 | 1 974 | 1 382 | 7 760 |
| Public duties payable | 9 260 | 7 906 | 10 232 | 1 555 | 1 920 | 1 908 | 2 090 | 1 986 | 1 620 | 10 563 | 13 189 |
| Tax payable | 3 395 | 681 | | 11 417 | 879 | | 256 | | (502) | | 1 743 |
| Other current liabilities | 31 429 | 97 735 | 721 | 3 061 | 6 260 | 3 451 | 2 025 | 6 327 | 1 674 | 6 932 | 55 870 |
| **Liabilities** | **97 437** | **132 773** | **28 258** | **120 050** | **13 684** | **5 990** | **7 900** | **27 323** | **10 889** | **49 442** | **109 000** |
| **Fair value of net assets** | **70 840** | **(14 042)** | **18 638** | **(91 850)** | **2 687** | **19 368** | **12 242** | **18 076** | **11 622** | **77 504** | **14 097** |
| Non-controlling interests | | | | | | | | | | | |
| Minority interests | | | | | | | | | | | -34 085 |
| Goodwill arising on acquisition | 478 795 | 700 282 | 43 307 | 296 867 | 174 326 | 152 635 | 86 495 | 66 134 | 98 324 | 1 543 713 | 228 724 |
| Other intangible assets | 454 395 | 423 104 | | 96 343 | 83 183 | 78 785 | 46 715 | 38 572 | 52 018 | 216 700 | 120 900 |
| Contracts and customer relationship arising on acquisition | 96 680 | 124 694 | 29 823 | 134 880 | 116 456 | 110 298 | 65 401 | 54 001 | 72 826 | 321 300 | 169 260 |
| Deferred tax liability | (133 910) | (133 115) | (6 561) | (50 869) | (43 921) | (45 947) | (23 993) | (22 495) | (26 717) | (118 360) | -65 815 |
| **Total acquisition cost** | **966 799** | **1 100 923** | **85 207** | **385 371** | **332 732** | **315 138** | **186 861** | **154 287** | **208 073** | **2 040 857** | **433 082** |
| Net cash acquired with the subsidiary | (17 214) | (7 311) | (15 943) | (50 815) | (16 555) | 169 033 | (17 076) | (3 458) | (23 993) | (63 208) | (31 176) |
| Cash paid | 199 179 | 1 100 923 | 57 620 | 404 285 | 89 715 | 3 086 444 | 204 149 | 36 909 | 132 000 | 211 283 | 259 000 |
| **Net cash outflow** | **181 966** | **1 093 613** | **41 677** | **353 470** | **73 160** | **3 255 476** | **187 073** | **33 451** | **108 007** | **148 075** | **227 824** |
| Deferred/contingent payment | **217 541** | | **27 587** | | **243 000** | **31 932** | **70 473** | | **57 846** | **700 000** | **135 623** |
| Revenue for the year | 390 778 | 306 080 | 76 799 | 83 646 | 68 834 | 63 317 | 55 624 | 85 290 | 34 054 | 182 570 | 221 682 |
| Revenue for the period before acquisition | 35 572 | 73 510 | 19 087 | 43 147 | 27 124 | 37 626 | 36 618 | 69 699 | 30 607 | 165 369 | 94 169 |
| Revenue contribution to the Visma Group | 355 206 | 232 570 | 57 712 | 40 498 | 41 710 | 25 691 | 19 006 | 15 590 | 3 447 | 17 201 | 127 514 |
| Profit for the year | 29 050 | 4 299 | 5 583 | 13 553 | 2 279 | 5 993 | 5 575 | 16 133 | 735 | 39 720 | (9 578) |
| Profit for the period before acquisition | 10 480 | (24 423) | 3 292 | 20 874 | 4 523 | 6 607 | 8 448 | 13 221 | 2 851 | 51 039 | 6 664 |
| Profit contribution to the Visma Group | 18 570 | 28 723 | 2 291 | (7 321) | (2 244) | (614) | (2 873) | 2 912 | (2 117) | (11 319) | (16 241) |

The goodwill arising on these acquisitions are attributable to the anticipated profitability of the operations and to the anticipated synergies. Goodwill arising on the acquisitions is usually not tax deductible.
For further comments on goodwill arising from acquisitions, please see Note 4.
Deferreded / contingent payment dependent on future financial results and estimated based on current trading, budgets and forecasts, typically paid over a 1 - 4 year period post acquisition.

# NOTE 1 CONTINUED

(NOK 1,000)

### ACQUISITIONS AFTER THE BALANCE SHEET DATE

| Name | Description | Acquisition date | Percentage of voting equity instruments acquired | Cost price | Cost associated with the acquisition | Consideration total |
|---|---|---|---|---|---|---|
| Onestop Reporting AS | BI Software | 07.01.2020 | 100,0 % | 84 000 | | 84 000 |
| Conceptos AS | Consulting | 14.01.2020 | 100,0 % | 99 689 | | 99 689 |
| Circle Software BV | eGovernment software | 15.01.2020 | 100,0 % | 155 971 | 790 | 156 761 |
| OnGuard BV | Credit Management Software | 19.02.2020 | 100,0 % | 286 978 | 837 | 287 815 |
| Fenistra AS | Real Estate Software | 03.02.2020 | 100,0 % | 100 000 | 295 | 100 295 |
| FirstAgenda A/S | Municipality board portals | 26.02.2020 | 100,0 % | 248 194 | | 248 194 |
| 1st Web ApS | eCommerce Software | 28.02.2020 | 100,0 % | 15 712 | | 15 712 |
| Intelligent IT SRL | Saas accounting software | 12.02.2020 | 100,0 % | 326 134 | | 326 134 |
| Specter AB | Cloud ERP for e-commerce | 01.04.2020 | 100,0 % | 74 000 | | 74 000 |
| Drafit AB | HRM/GDPR content portal | 01.04.2020 | 100,0 % | 289 000 | | 289 000 |
| Framsikt AS | Cloud reporting for municipalities | 01.04.2020 | 100,0 % | 190 000 | | 190 000 |
| VisionPlanner BV | AO cloud reporting and practice management | 01.04.2020 | 100,0 % | 690 600 | | 690 600 |
| Intradata BV | Document and archive management software | 01.04.2020 | 100,0 % | 48 342 | | 48 342 |

The initial accounting for the business combination is incomplete at the time these financial statements are authorised for issue. Hence disclosures related to purchase price allocation is not provided.

# NOTE 2 - SEGMENT AND DISAGGREGATED REVENUE INFORMATION

## CONSOLIDATED

The Group's primary reporting format is business areas and its secondary format is geographical distribution.
For management purposes, the Group is organised into business units based on the market their customer operates in with different risk and rates of return. The Group and has five reportable segments as follows:

a) Small and Medium Businesses (SMB)
b) Enterprise
c) Custom Solutions
d) Commerce Solutions
e) Group HQ, Visma IT & Communication, Cloud Infrastructure Services

The SMB division offers small to medium sized businesses a complete range of business admin solutions; including web based ERP and invoicing, CRM solutions, purchasing management and e-commerce solutions
Enterprise provides private enterprises with full-scale ERP and procurement systems along with public sector production systems for areas such as school administration and child protective services.
Custom Solutions offer custom development to Government and Large accounts
Commerce Solutions provide debt collectiong, accounts receivable and other financial services
Cloud Infrastructure Service (CIS) offer cloud enabling solutions for the nordic retail segment industry. Visma AS, national holding companies and internal IT are disclosed under Group HQ + IT + CIS.

Transfer prices between business segments are set at an arm's length basis in a manner similar to transactions with third parties.
Summarised financial information concerning each of the Company's reportable business segments is as follows:

### OPERATING SEGMENTS

| | 2019 | | | | | |
|---|---|---|---|---|---|---|
| (NOK1,000) | SMB | Enterprise | Custom Solutions | Commerce Solutions | Group HQ + IT + CIS | Total |
| **Revenues** | | | | | | |
| **Total segment revenues** | **6 157 640** | **6 287 144** | **2 999 946** | **1 232 670** | **1 616 598** | **18 293 998** |
| Internal revenues | 914 680 | 1 285 944 | 233 136 | 41 724 | 790 733 | 3 266 218 |
| **External revenue on each group of similar products and services** | | | | | | |
| On-premises Software | 1 760 188 | 1 367 608 | 574 592 | 0 | 0 | 3 702 388 |
| Cloud Computing | 3 358 890 | 3 524 657 | 2 158 492 | 1 186 410 | 625 739 | 10 854 189 |
| Other | 123 881 | 108 934 | 33 726 | 4 536 | 200 126 | 471 203 |
| **External revenues** | **5 242 959** | **5 001 199** | **2 766 810** | **1 190 946** | **825 865** | **15 027 780** |
| Growth (external) % | 17,4 % | 39,5 % | 57,8 % | 20,7 % | 37,8 % | 31,9 % |
| **External revenue by timing of revenue recognition** | | | | | | |
| Goods transferred at a point in time | 422 068 | 1 179 613 | 426 984 | 4 020 | 212 380 | 2 245 065 |
| Services provided over time | 4 820 891 | 3 821 587 | 2 339 826 | 1 186 926 | 613 485 | 12 782 714 |
| **External revenues** | **5 242 959** | **5 001 199** | **2 766 810** | **1 190 946** | **825 865** | **15 027 780** |
| **EBITDA** | **1 840 789** | **1 085 372** | **655 736** | **323 377** | **156 141** | **4 061 415** |
| EBITDA margin | 35,1 % | 21,7 % | 23,7 % | 27,2 % | 18,9 % | 27,0 % |
| **Profit before tax** | **1 198 518** | **-7 102** | **209 955** | **130 412** | **-268 823** | **1 262 959** |
| **Assets** | **11 692 956** | **14 418 907** | **5 923 321** | **2 819 710** | **2 751 159** | **37 606 053** |

# NOTE 2 CONTINUED

| (NOK1,000) | SMB | Enterprise | Custom Solutions | Commerce Solutions | Group HQ + IT + CIS | Total |
|---|---|---|---|---|---|---|
| | 2018 * | | | | | |
| **Revenues** | | | | | | |
| **Total segment revenues** | **5 310 822** | **4 576 944** | **1 960 004** | **1 023 893** | **971 498** | **13 843 162** |
| Internal revenues | 846 421 | 991 481 | 207 115 | 36 817 | 372 016 | 2 453 849 |
| **External revenue on each group of similar products and services** | | | | | | |
| On-premises Software | 1 761 082 | 1 249 507 | 527 773 | 0 | 0 | 3 538 363 |
| Cloud Computing | 2 592 180 | 2 211 291 | 1 204 665 | 975 122 | 569 883 | 7 553 142 |
| Other | 111 138 | 124 665 | 20 451 | 11 954 | 29 599 | 297 808 |
| **External revenues** | **4 464 401** | **3 585 464** | **1 752 890** | **987 076** | **599 482** | **11 389 313** |
| **External revenue by timing of revenue recognition** | | | | | | |
| Goods transferred at a point in time | 449 896 | 1 112 973 | 1 533 598 | 35 814 | 54 955 | 3 187 236 |
| Services provided over time | 4 014 505 | 2 472 491 | 219 292 | 951 262 | 544 527 | 8 202 076 |
| **External revenues** | **4 464 401** | **3 585 464** | **1 752 890** | **987 076** | **599 482** | **11 389 313** |
| **EBITDA** | **1 588 269** | **914 216** | **341 779** | **264 648** | **98 584** | **3 207 495** |
| EBITDA margin | 35,6 % | 25,5 % | 19,5 % | 26,8 % | 16,4 % | 28,2 % |
| **Profit before tax** | **1 024 453** | **80 966** | **165 501** | **126 427** | **-281 446** | **1 115 902** |
| **Assets** | **8 745 609** | **14 543 308** | **2 774 214** | **2 122 376** | **2 853 845** | **31 039 352** |

| **Reconciliation** | **2019** | **2018*** |
|---|---|---|
| Profit before taxes and discontinued operations | 1 262 408 | 1 115 902 |
| Net financial items | 384 013 | 362 458 |
| Result from associated companies | 551 | 3 050 |
| Depreciations and amortisations | 2 414 443 | 1 726 085 |
| **EBITDA from operating segments** | **4 061 415** | **3 207 495** |
| **EBITDA** | **4 061 415** | **3 207 495** |

## GEOGRAPHICAL AREAS

| | 2019 | | | 2018* | | |
|---|---|---|---|---|---|---|
| | **Net sales** | **% of net sales** | ****Long lived assets** | **Net sales** | **% of net sales** | ****Long lived assets** |
| Norway | 4 822 730 | 32,1 % | 6 804 183 | 3 879 100 | 34,1 % | 4 647 557 |
| Sweden | 3 236 442 | 21,5 % | 2 595 599 | 3 033 754 | 26,6 % | 2 496 663 |
| Denmark | 1 905 610 | 12,7 % | 3 828 874 | 1 625 240 | 14,3 % | 3 550 622 |
| Finland | 2 223 417 | 14,8 % | 2 214 005 | 1 718 205 | 15,1 % | 2 329 583 |
| Netherlands | 2 839 581 | 18,9 % | 10 694 369 | 1 133 012 | 9,9 % | 8 230 431 |
| **Total** | **15 027 780** | **100,0 %** | **26 137 029** | **11 389 313** | **100,0 %** | **21 254 856** |

* 2018 has been restated for the effects of IFRS16

** Long lived assets is defined as intangible assets, less deffered tax assets.

Assets and liabilities in foreign operations, including goodwill and fair value adjustments, are translated into NOK using the exchange rate applicable at the end of the reporting period. Income and expenses relating to foreign operations are translated into NOK using the average exchange rate. Exchange-rate differences are recognised in other comprehensive income.

# NOTE 3 - PAYROLL AND PERSONNEL EXPENSES

### CONSOLIDATED

| (NOK 1,000) | 2019 | 2018 |
|---|---|---|
| Salaries | 4 844 100 | 3 492 085 |
| Employer's national insurance contributions | 836 032 | 687 194 |
| Pension expenses | 398 496 | 350 823 |
| Other personnel expenses | 946 603 | 791 070 |
| **Total** | **7 025 231** | **5 321 171** |
| **Average number of man-year** | **10 360** | **8 876** |

### Pensions

Visma has contribution-based schemes in Denmark, Finland, Sweden, Netherlands and Norway. The company is for the Norwegian employees required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension (Lov om obligatorisk tjenestepensjon). The company's pension scheme meets the requirements of that law. The annual contribution to the scheme is expensed as the year's pension expenses. Visma has no obligation beyond the annual contribution. Expenses related to the contribution plan were TNOK 398 496 in 2019 and TNOK 350 823 in 2018. In addition to the defined contribution-based schemes, Visma has one defined benefit plan in Sweden covering 11 employees.

# NOTE 4 - GOODWILL AND OTHER INTANGIBLE ASSETS

### CONSOLIDATED

| (NOK 1,000) | Trademark | Technology | Software rights | Capitalized development expenses | Contracts & Customer relationships | Goodwill |
|---|---|---|---|---|---|---|
| **Cost as at 1 January 2018, net of accumulated amortisation** | **0** | **0** | **3 175 755** | **677 784** | **5 357 476** | **12 043 842** |
| Acquisitions | 0 | 0 | 1 611 388 | 93 929 | 1 326 507 | 3 798 465 |
| Additions | 0 | 0 | 0 | 79 447 | 0 | 0 |
| Disposal | 0 | 0 | 0 | 0 | 0 | 0 |
| Amortisation | 0 | 0 | (821 460) | (187 389) | (917 302) | 0 |
| Exchange adjustments | 0 | 0 | 88 880 | (28 826) | (74 774) | (86 692) |
| **Balance at 31 December 2019** | **0** | **0** | **4 054 564** | **634 945** | **5 691 906** | **15 755 615** |
| **Carrying amount at 1 January 2019** | | | | | | |
| Cost | 5 004 | 129 543 | 5 123 327 | 1 176 830 | 8 073 596 | 12 175 045 |
| Accumulated amortisation and impairment | (5 004) | (129 543) | (1 947 572) | (499 046) | (2 716 120) | (131 203) |
| **Carrying amount at 1 January 2019** | **0** | **0** | **3 175 755** | **677 784** | **5 357 476** | **12 043 842** |
| **Carrying amount at 31 December 2019** | | | | | | |
| Cost | 5 004 | 129 543 | 6 823 596 | 1 321 380 | 9 325 328 | 15 886 818 |
| Accumulated amortisation and impairment | (5 004) | (129 543) | (2 769 032) | (686 435) | (3 633 422) | (131 203) |
| **Carrying amount at 31 December 2019** | **0** | **0** | **4 054 564** | **634 945** | **5 691 906** | **15 755 615** |

# NOTE 4 CONTINUED

Contracts and Customer relationships represent intangible assets purchased through the effect of business combinations. The useful lives of these intangible assets were estimated as having a finite life and is amortised under the straight-line method over a period of 4-7 years. These assets are tested for impairment where an indicator on impairment arises.

Purchased rights represent intangible assets purchased through the effect of business combinations. The useful lives of these intangible assets were estimated as having a finite life and is amortised under the straight-line method over a period  of 4-15 years. These assets are tested for impairment where an indicator on impairment arises.

Technology represents intangible assets purchased through the effect of business combinations. The useful lives of these intangible assets were estimated as having a finite life and is amortised by using the declining balance method. Trademark represents intangible assets purchased through the effect of business combinations and is amortised with 12% by using the declining balance method.

Development costs are internally generated and amortised under the straight-line method over a period of 4 years.
Goodwill represents intangible assets purchased through the effect of business combinations. These assets are not amortised, but are anually tested for impairment or if an indicator on impairment arises. Reference is made to Note 23.

### INVESTMENT IN PURCHASED RIGHTS,  GOODWILL, CONTRACTS AND CUSTOMER RELATIONSHIPS

| (NOK 1,000) | Acquired (year) | Software rights | Capitalized development expenses | Contracts & Customer relationships | Goodwill |
|---|---|---|---|---|---|
| BrainshareIT z.o.o | 2019 | 12 487 | 90 | 17 482 | 19 249 |
| Admincontrol AS | 2019 | - | - | 5 067 | - |
| EBPI Holding BV | 2019 | 454 395 | 26 592 | 96 680 | 478 795 |
| IMS A/S | 2019 | 20 818 | 27 | 29 145 | 40 368 |
| Avento AS | 2019 | - | 1 365 | 29 823 | 43 307 |
| Saga Collectors AS | 2019 | - | 6 | 298 | 176 |
| Provad Oy | 2019 | 16 442 | 2 903 | 23 018 | 26 797 |
| Synlig AB | 2019 | 371 | - | - | - |
| Roxit Group | 2019 | 423 104 | 14 991 | 124 694 | 700 282 |
| Visma Exso AS | 2019 | - | - | 25 100 | - |
| ASG Group | 2019 | 10 931 | - | 15 304 | 16 177 |
| HR2Day BV | 2019 | 35 086 | 3 356 | 49 121 | 18 098 |
| DotWeb BV | 2019 | 20 422 | 9 973 | 28 591 | 59 624 |
| ProLøn A/S | 2019 | 96 343 | 9 290 | 134 880 | 296 867 |
| Meglerfront AS | 2019 | 83 183 | - | 116 456 | 174 326 |
| Adepto.as AS | 2019 | 4 714 | - | 6 599 | 9 953 |
| Scancloud AB | 2019 | 46 715 | - | 65 401 | 86 495 |
| Avaintec Oy | 2019 | - | - | - | 56 185 |
| PlusPort BV | 2019 | 78 785 | - | 110 298 | 152 635 |
| MittHjem AS | 2019 | 303 | - | 424 | 634 |
| VerzuimSignaal BV | 2019 | 38 572 | 6 722 | 54 001 | 66 134 |
| Inyett AB | 2019 | 52 018 | - | 72 826 | 98 324 |
| Addonomy Bulgaria EOOD | 2019 | - | - | - | -465 |
| PowerOffice AS | 2019 | 216 700 | 18 614 | 321 300 | 1 543 713 |
| Adjustments* | 2019 | | | | -89 210 |
| **Total** | | **1 611 388** | **93 929** | **1 326 507** | **3 798 465** |

* Adjustmens are primarily related to earn-out payments  and changes to deffered considerations.
For further details and comments on acquisitions, please see Note 1.

# NOTE 4 CONTINUED

| (NOK 1,000) | Trademark | Technology | Software rights | Capitalized development expenses | Contracts & Customer relationships | Goodwill |
|---|---|---|---|---|---|---|
| **Cost as at 1 January 2018, net of accumulated amortisation** | **0** | **0** | **2 031 632** | **404 425** | **2 586 780** | **8 453 324** |
| Acquisitions | 0 | 0 | 1 621 259 | 379 351 | 3 367 662 | 3 971 354 |
| Additions | 0 | 0 | 0 | 103 441 | 0 | 0 |
| Disposal | 0 | 0 | (66 500) | (25 778) | (43 175) | (497 652) |
| Amortisation | 0 | 0 | (508 524) | (144 131) | (658 480) | 0 |
| Exchange adjustments | 0 | 0 | 97 888 | (39 524) | 104 690 | 116 816 |
| **Balance at 31 December 2018** | **0** | **0** | **3 175 755** | **677 784** | **5 357 476** | **12 043 842** |
| | | | | | | |
| **Carrying amount at 1 January 2018** | | | | | | |
| Cost | 5 004 | 129 543 | 3 470 680 | 759 340 | 4 644 419 | 8 584 527 |
| Accumulated amortisation and impairment | (5 004) | (129 543) | (1 439 048) | (354 915) | (2 057 640) | (131 203) |
| **Carrying amount at 1 January 2018** | **0** | **0** | **2 031 632** | **404 425** | **2 586 780** | **8 453 324** |
| | | | | | | |
| **Carrying amount at 31 December 2018** | | | | | | |
| Cost | 5 004 | 129 543 | 5 123 327 | 1 176 830 | 8 073 596 | 12 175 045 |
| Accumulated amortisation and impairment | (5 004) | (129 543) | (1 947 572) | (499 046) | (2 716 120) | (131 203) |
| **Carrying amount at 31 December 2018** | **0** | **0** | **3 175 755** | **677 784** | **5 357 476** | **12 043 842** |

| | 2019 | 2018 |
|---|---|---|
| The Group has incurred the following software research and development expenses | 2 299 190 | 1 686 027 |

Research and development expenses include salaries for employees in the Group's development department and an estimate of the development department's proportional share of the operating expenses. Development expenses have been assessed by the Group in accordance with IAS 38.

# NOTE 5 - TANGIBLE FIXED ASSETS

## CONSOLIDATED

| (NOK 1,000) | Machinery and equipment | Property* | Total |
|---|---|---|---|
| **At 1 January 2019** | 169 327 | 24 063 | 193 390 |
| Investment | 99 115 | 0 | 99 115 |
| Investment from acquisition of subsidiary | 59 194 | 0 | 59 194 |
| Disposal and scrap | 0 | 0 | 0 |
| Impairment | 0 | 0 | 0 |
| Depreciation for the year | (110 333) | 0 | (110 333) |
| Adjustment | 5 186 | (49) | 5 137 |
| **At 31 December 2019** | **222 488** | **24 014** | **246 503** |
| | | | |
| **At 1 January 2019** | | | |
| Cost | 1 009 349 | 34 242 | 1 043 591 |
| Accum. depreciation | (840 022) | (10 178) | (850 201) |
| **At 1 January 2019** | **169 327** | **24 064** | **193 390** |
| | | | |
| **At 31 December 2019** | | | |
| Cost | 1 172 844 | 34 193 | 1 207 037 |
| Accum. depreciation | (950 355) | (10 178) | (960 534) |
| **At 31 December 2019** | **222 488** | **24 015** | **246 503** |
| | | | |
| Depreciation rates (straight line method) | 10-33.33% | 0 - 4% | |

| (NOK 1,000) | Machinery and equipment | Property* | Total |
|---|---|---|---|
| **At 1 January 2018** | **122 384** | **21 718** | **144 101** |
| Investment | 79 778 | 2 346 | 82 124 |
| Investment from acquisition of subsidiary | 36 558 | 0 | 36 558 |
| Disposal and scrap | 0 | 0 | 0 |
| Impairment | 0 | 0 | 0 |
| Depreciation for the year | (60 724) | 0 | (60 724) |
| Adjustment | (8 670) | 0 | (8 670) |
| **At 31 December 2018** | **169 327** | **24 063** | **193 390** |
| | | | |
| **At 1 January 2018** | | | |
| Cost | 901 682 | 31 896 | 933 578 |
| Accum. depreciation | (779 298) | (10 178) | (789 476) |
| **At 1 January 2018** | **122 384** | **21 718** | **144 101** |
| | | | |
| **At 31 December 2018** | | | |
| Cost | 1 009 349 | 34 242 | 1 043 590 |
| Accum. depreciation | (840 022) | (10 178) | (850 201) |
| **At 31 December 2018** | **169 327** | **24 063** | **193 390** |
| | | | |
| Depreciation rates (straight line method) | 10-33.33% | 0 - 4% | |

* Properties that are not depreciated are tested for impairment where an indicator of impairment arise.

# NOTE 6 - TRADE RECEIVABLES, CONTRACT ASSETS AND CONTRACT LIABILITIES

## CONSOLIDATED

| (NOK 1,000) | 2019 | 2018 |
|---|---|---|
| Accounts receivables | 1 942 589 | 1 899 349 |
| Contract assets | 159 492 | 164 563 |
| **Total trade receivables and contract assets** | **2 102 081** | **2 063 912** |
| Provision for expected credit loss | (40 123) | (31 366) |
| **Total trade receivables and contract assets net of provisions** | **2 061 957** | **2 032 546** |
| Net accounts receivables | 1 902 465 | 1 867 982 |
| **Contract liabilities** | **1 445 520** | **1 489 302** |

On a consolidated basis the provision for expected credit loss at 31.12.2019 is TNOK 40 123 while at 31.12.2018 it was TNOK 31 366

## MOVEMENTS IN PROVISIONS FOR EXPECTED CREDIT LOSS

| | 2019 | 2018 |
|---|---|---|
| **Provisions for expected credit loss debt 1 January** | **31 366** | **20 602** |
| Effect from (disposals) and acquisitions of business | (1 552) | 3 450 |
| Expected credit loss recognised as expense (expense reduction) | 13 793 | 10 042 |
| Recovered amounts previously written off | (3 484) | (2 727) |
| **Provisions for expected credit loss 31 December** | **40 123** | **31 366** |

## MOVEMENTS IN CONTRACT ASSET BALANCE

| | 2019 | 2018 |
|---|---|---|
| **Opening balance 1 January** | **164 563** | **134 498** |
| Additions to Balance | 81 893 | 186 848 |
| Amount from opening Balance regocnized in P&L | (150 524) | (239 062) |
| Additions through M&A | 63 687 | 96 540 |
| Disposals | -127 | -14 261 |
| **Closing Balance 31 December** | **159 492** | **164 563** |

## MOVEMENTS IN CONTRACT LIABILITY BALANCE

| | 2019 | 2018 |
|---|---|---|
| **Opening balance 1 January** | **1 489 302** | **1 343 393** |
| Additions to Balance | 1 387 434 | 1 527 735 |
| Amount from opening Balance regocnized in P&L | (1 310 107) | (1 366 141) |
| Additions through M&A | 39 835 | 98 291 |
| Disposals | -160 944 | -113 976 |
| **Closing Balance 31 December** | **1 445 520** | **1 489 302** |

## AGE DISTRIBUTION OF TRADE RECEIVABLES FROM INVOICED DATE

| (NOK 1,000) | Trade receivables | | | | | | |
|---|---|---|---|---|---|---|---|
| | Days past invoicing | | | | | | |
| **31 December 2019** | **Contract assets** | **Current (<31 days)** | **31-60 days** | **61-90 days** | **91-180 days** | **181+ days** | **Total** |
| Expected credit loss rate | 0,24 % | 0,24 % | 1,25 % | 6,04 % | 13,24 % | 36,56 % | 1,91 % |
| Estimated total gross | | | | | | | |
| Carrying amount at default | 159 492 | 1 348 002 | 385 948 | 99 670 | 60 618 | 48 351 | 2 102 081 |
| Expected credit loss | 380 | 3 210 | 4 815 | 6 018 | 8 025 | 17 676 | 40 123 |

| (NOK 1,000) | Trade receivables | | | | | | |
|---|---|---|---|---|---|---|---|
| | Days past invoicing | | | | | | |
| **31 December 2018** | **Contract assets** | **Current (<31 days)** | **31-60 days** | **61-90 days** | **91-180 days** | **181+ days** | **Total** |
| Expected credit loss rate | 0,18 % | 0,18 % | 0,90 % | 8,43 % | 23,16 % | 40,06 % | 1,52 % |
| Estimated total gross | | | | | | | |
| Carrying amount at default | 164 563 | 1 364 080 | 417 883 | 55 821 | 27 084 | 34 482 | 2 063 912 |
| Expected credit loss | 303 | 2 509 | 3 764 | 4 705 | 6 273 | 13 812 | 31 366 |

The expected credit loss provisions is estimated based on historically incurred losses or events. The Group's accounts receivable which have been due for more than 180 days, excluding VAT, amount to TNOK 48 351 (TNOK 34 482 in 2018). Credit days varies between 15 and 45 days. There were no material individual items.

The company considers the provision for expected credit loss to be adequate.

## UNSATISFIED PERFORMANCE OBLIGATIONS

| (NOK 1,000) | 2019 |
|---|---|
| Within one year | 1 133 802 |
| More than one year | 428 902 |
| Total | 1 562 705 |

# NOTE 7 - OTHER CURRENT AND LONG-TERM RECEIVABLES

**CONSOLIDATED**

### OTHER CURRENT RECEIVABLES

| (NOK 1,000) | Note | 2019 | 2018 |
|---|---|---|---|
| Prepaid expenses | | 170 035 | 184 781 |
| Other current receivables | | 148 034 | 127 424 |
| Prepaid taxes | | 15 346 | 16 985 |
| **Total other current receivables** | | **333 416** | **329 191** |

### OTHER LONG TERM RECEIVABLES

| (NOK 1,000) | | 2019 | 2018 |
|---|---|---|---|
| Vendor loan note * | | 493 306 | 461 033 |
| Net investment in subleases | 18 | 13 649 | 9 994 |
| Other long term receivables | | 32 538 | 27 666 |
| **Total other long term receivables** | | **539 492** | **498 693** |

* in 2016, Visma sold its BPO division. Part of the purchase price was paid in kind through the issuance of a NOK 400m Vendor Loan Note accruing 7 % interestand recognized in the balance sheet under long term receivables.

# NOTE 8 - OTHER OPERATING EXPENSES

**CONSOLIDATED**

| (NOK 1,000) | 2019 | 2018* |
|---|---|---|
| Office expenses exc. leasing | 279 908 | 161 467 |
| Telecom, postage and IT | 301 216 | 255 540 |
| Travel expenses | 150 751 | 135 841 |
| Car expenses incl leasing | 32 481 | 65 756 |
| Sales and marketing | 293 377 | 195 981 |
| Audit, lawyers' fees and other consulting services | 471 816 | 290 530 |
| Bad debts | 31 255 | 17 214 |
| **Total other operating expenses** | **1 560 803** | **1 122 329** |

* 2018 has been restated for the effects of IFRS16

# NOTE 9 - FINANCIAL INCOME AND EXPENSES

**CONSOLIDATED**

| (NOK 1,000) | 2019 | 2018* |
|---|---|---|
| **Financial income include:** | | |
| Dividend/transfer from investments | 6 000 | 5 000 |
| Other interest income | 30 708 | 14 255 |
| Other financial revenues (PIK) | 246 229 | 63 246 |
| **Total financial income** | **282 937** | **82 501** |
| **Financial expenses include:** | | |
| Interest expense | 415 951 | 318 483 |
| Interest expense on the lease liability | 128 712 | 68 130 |
| Foreign exchange losses ** | 13 346 | 5 630 |
| Other financial expenses*** | 108 942 | 52 716 |
| **Total financial expenses** | **666 950** | **444 959** |

* 2018 has been restated for the effects of IFRS16

** Foreign exchange losses are in all material respects associated with inter-company items that represent foreign exchange risk for the Group that is not considered part of a net investment.

*** Other financial expenses consists mainly of amend and extend fees amortized in connection with the long term interest bearing loans.

# NOTE 10 - INCOME TAX

The major components of income tax expense for the years ended 31 December 2019 and 2018 are:

| (NOK 1,000) | 2019 | 2018 |
|---|---|---|
| **Consolidated statement of profit and loss** | | |
| Current income tax charge | 355 289 | 339 341 |
| Changes in deferred taxes | -70 359 | -143 435 |
| **Income tax expense reported in the statment of profit or loss** | **284 930** | **195 906** |
| **Consolidated statement of other comprehensive income (loss)** | | |
| Net gain (loss) on financial hedging instruments | 2 501 | (939) |
| Net /(loss) on actuarial gains and losses | 0 | 0 |
| **Deferred tax charged to OCI** | **2 501** | **(939)** |

Below is an explanation of why the tax expense for the year does not make up 22% of the pre-tax profit, 22% is the tax rate of the parent company Visma AS.

| | 2019 | 2018 |
|---|---|---|
| Ordinary profit before tax from continuing operations | 1 262 408 | 1 125 681 |
| Profit/(loss) before tax from a discontinued operation | 13 268 | 657 627 |
| **Ordinary profit before tax** | **1 275 676** | **1 783 309** |
| 22 % (23%) tax on ordinary profit before tax | 280 649 | 410 161 |
| Adjustments in respect of current income tax of previous years | | |
| Permanent differences | 24 308 | (148 542) |
| Different tax rate in group companies | (14 086) | (12 465) |
| Change in tax rates* | 0 | (48 364) |
| Loss (profit) from associated company | (121) | (702) |
| Non taxable dividend received | (5 820) | (4 850) |
| Recognised previous unrecognised tax loss | 0 | 0 |
| **Tax expense** | **284 930** | **195 239** |
| Income tax expense reported in the statement of profit or loss | 284 930 | 198 107 |
| Income tax attributable to a discontinued operation | 0 | -2 869 |
| Effective tax rate from continuing operations | 22,6 % | 17,6 % |

*No change in next year's tax rates in 2019

# NOTE 10 CONTINUED

### DEFERRED TAX AND DEFERRED TAX ASSETS

| | Consolidated statement of financial position | | Consolidated income statement | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| Current assets/liabilities | 199 510 | 101 852 | 97 658 | 8 537 |
| Fixed assets/long term liabilities | 2 311 964 | 1 994 405 | (172 874) | (185 543) |
| Tax losses carried forward | (28) | (7 386) | 7 358 | 32 632 |
| **Net deferred tax liability / (asset)*** | **2 511 446** | **2 088 871** | **(67 858)** | **(145 312)** |

| | | |
|---|---|---|
| Reflected in the statement of financial position as follows: | | |
| Deferred tax asset | 57 016 | 74 631 |
| Deferred tax liability | 2 568 462 | 2 163 502 |
| **Net deferred tax liability / (asset)** | **2 511 446** | **2 088 871** |

| | **2019** | **2018** |
|---|---|---|
| **Deferred tax opening balance** | **2 088 871** | **1 182 585** |
| Changes due to IFRS 16 implementation | 0 | (21 768) |
| Group contribution related parties | (227 118) | (130 319) |
| Currency effects | 45 623 | 32 180 |
| Changes due to acquisitions | 671 928 | 1 197 666 |
| Changes due to disposals* | 0 | (27 099) |
| Taken to other comprehensive income including currency effects | 2 501 | (939) |
| Taken to profit and loss | (70 359) | (143 435) |
| **Deferred tax closing balance** | **2 511 446** | **2 088 871** |

*The tax losses carried forward relate in all material respect to acquisitions made. The losses are available indefinitely to offset against future taxable profits in the companies in which the losses arose and through realistic tax planning strategies within different tax regimes.

# NOTE 11 - RELATED PARTY DISCLOSURES

## CONSOLIDATED

| Visma AS | Registered office | Holding%** | Book value*** |
|---|---|---|---|
| Visma Danmark Holding A/S * | Copenhagen | 100,00 % | 794 960 997 |
| Visma Romania Holding SRL * | Sibiu | 100,00 % | 95 652 400 |
| Visma Finland Holding OY * | Helsinki | 100,00 % | 244 789 512 |
| Visma Nederland Holding BV * | Amsterdam | 100,00 % | 1 923 613 552 |
| Visma Norge Holding AS * | Oslo | 100,00 % | 3 990 825 408 |
| Visma Sverige Holding AB * | Växjö | 100,00 % | 6 080 187 |
| Visma International Holding AS* | Oslo | 100,00 % | 628 988 569 |
| Visma Latvia Holding SIA* | Riga | 100,00 % | 53 416 300 |
| Visma Treasury AS | Oslo | 100,00 % | 5 000 000 |
| **Total (NOK)** | | | **7 743 326 926** |

| Visma Norge Holding AS | | | |
|---|---|---|---|
| Visma Software International AS* | Oslo | 100,00 % | 519 718 353 |
| Visma Software AS | Oslo | 100,00 % | 562 783 454 |
| Tripletex AS | Oslo | 100,00 % | 59 018 636 |
| Visma Enterprise AS | Oslo | 100,00 % | 233 215 250 |
| Websystemer AS | Bergen | 100,00 % | 253 767 179 |
| Visma IT & Communications AS | Oslo | 100,00 % | 66 326 991 |
| Visma Financial Solutions AS* | Trondheim | 100,00 % | 184 585 963 |
| Visma Smartskill AS,N | Sarpsborg | 100,00 % | 137 425 024 |
| Visma Commerce AS | Oslo | 100,00 % | 12 845 694 |
| Visma Advantage AS | Oslo | 100,00 % | 34 997 737 |
| Visma Labs s.r.o | Bratislava | 100,00 % | 13 222 |
| Avento AS | Ålesund | 100,00 % | 85 514 930 |
| Visma Exso AS | Baråker | 100,00 % | 266 234 526 |
| Visma Consulting AS | Oslo | 100,00 % | 214 663 481 |
| Visma bWise AS | Oslo | 100,00 % | 118 987 999 |
| Meglerfront AS | Oslo | 100,00 % | 332 044 167 |
| Visma Software Labs AS | Oslo | 100,00 % | 677 472 926 |
| Visma Mamut AS* | Oslo | 100,00 % | 38 509 839 |
| Mystore.no AS | Tromsø | 100,00 % | 106 089 872 |
| Visma Digital Commerce AS | Sandnes | 100,00 % | 89 250 242 |
| Power Office AS | Bodø | 100,00 % | 2 041 391 336 |
| Admincontrol AS | Oslo | 100,00 % | 396 226 573 |
| Smartdok AS | Alta | 100,00 % | 168 067 987 |
| Raet Belgium NV | Brussels | 0,00 % | 1 |
| Raet Argentina SA | Buenos Aires | 0,00 % | 329 711 |
| Raet Peru SAC | Lima | 0,10 % | 7 447 |
| Raet Mexico | Mexico City | 0,03 % | 383 |
| Sugra NV | Brussels | 0,07 % | 1 |
| Conceptos AS | Oslo | 0,00 % | 348 500 |
| **Total (NOK)** | | | **6 599 837 424** |

# NOTE 11 CONTINUED

| **Visma Sverige Holding AB** | **Registered office** | **Holding%**** | **Book value***** |
|---|---|---|---|
| Visma Software AB | Malmø | 100,00 % | 166 488 771 |
| InExchange Factorum AB | Skövde | 100,00 % | 210 637 668 |
| Visma Spcs AB | Växjö | 100,00 % | 920 299 345 |
| Visma Esscom AB | Bromman | 100,00 % | 141 817 328 |
| Visma Financial Solutions AB | Helsingborg | 100,00 % | 250 386 195 |
| Visma Advantage AB | Stockholm | 100,00 % | 77 115 381 |
| VSH dormant | Stockholm | 100,00 % | 1 384 387 |
| Visma Finans AB | Växjö | 100,00 % | 54 997 792 |
| Visma Optiway AB | Uppsala | 100,00 % | 92 312 163 |
| Visma Enterprise AB | Stockholm | 100,00 % | 590 804 120 |
| Visma Labs AB | Stockholm | 100,00 % | 531 841 238 |
| Visma IT & Communications AB | Växjö | 100,00 % | 2 220 000 |
| Visma Commerce AB* | Stockholm | 100,00 % | 252 689 765 |
| Optivasys AB | Gothenburg | 100,00 % | 57 857 357 |
| Visma Lindhagen AB | Stockholm | 100,00 % | 4 000 000 |
| Visma Consulting AB* | Kista | 100,00 % | 293 862 026 |
| Trimma AB | Umeå | 100,00 % | 164 083 286 |
| Speedledger AB | Gothenburg | 100,00 % | 238 405 562 |
| Visma Digital Commerce AB | Norrköping | 100,00 % | 25 252 525 |
| WGR Data AB | Stockholm | 100,00 % | 85 919 122 |
| Visma Comenius AB* | Kalmar | 100,00 % | 162 090 852 |
| Svensk e-identitet AB | Uppsala | 100,00 % | 85 658 269 |
| Admincontrol Sweden AB | Stockholm | 100,00 % | 24 264 483 |
| Scancloud AB | Östersund | 100,00 % | 201 791 860 |
| Inyett AB | Helsingborg | 100,00 % | 216 746 621 |
| **Total (SEK)** | | | **4 852 926 116** |

| **Visma Danmark Holding A/S** | | | |
|---|---|---|---|
| LogBuy Danmark ApS | Copenhagen | 100,00 % | 32 805 826 |
| Visma Software A/S | Copenhagen | 100,00 % | 58 946 298 |
| IMS A/S | Aarhus | 100,00 % | 63 643 545 |
| Visma Consulting A/S | Copenhagen | 100,00 % | 264 252 041 |
| Co3 A/S | Ikast | 100,00 % | 58 943 441 |
| Kapacity A/S | Copenhagen | 100,00 % | 118 681 334 |
| ProLøn A/S | Randers | 100,00 % | 299 702 400 |
| Dinero Regnskab ApS | Copenhagen | 100,00 % | 156 391 784 |
| Visma e-conomic A/S | Copenhagen | 100,00 % | 1 095 355 010 |
| Visma Digital Commerce ApS | Copenhagen | 100,00 % | 720 863 |
| Visma Bluegarden A/S | Copenhagen | 100,00 % | 1 127 185 531 |
| Admincontrol A/S | Copenhagen | 100,00 % | 3 174 078 |
| Visma Enterprise A/S | Copenhagen | 100,00 % | 25 132 615 |
| Visma Rating ApS | Copenhagen | 100,00 % | 1 500 000 |
| **Total (DKK)** | | | **3 306 434 766** |

# NOTE 11 CONTINUED

| Visma Finland Holding OY | Registered office | Holding%** | Book value*** |
|---|---|---|---|
| Visma Financial Solutions Oy | Turku | 100,00 % | 26 517 595 |
| Visma Labs Oy | Helsinki | 100,00 % | 2 700 |
| Visma Software Oy | Espoo | 100,00 % | 48 146 844 |
| Visma Enterprise Oy | Helsinki | 100,00 % | 49 600 383 |
| Megaflex Oy | Helsinki | 100,00 % | 13 366 676 |
| Visma Consulting Oy | Helsinki | 100,00 % | 25 541 859 |
| Provad Oy | Espoo | 100,00 % | 6 865 351 |
| Digital Illustrated Finland Oy | Helsinki | 100,00 % | 5 286 682 |
| Weoptit Oy | Helsinki | 100,00 % | 3 833 098 |
| Visma Solutions Oy | Lappeenranta | 100,00 % | 55 841 182 |
| Visma Passeli Oy | Pori | 100,00 % | 20 334 663 |
| Visma Public Oy | Espoo | 100,00 % | 41 468 388 |
| Visma Tampuuri Oy | Helsinki | 100,00 % | 22 532 548 |
| **Total (EUR)** | | | **319 337 969** |

| Visma Nederland BV* | | | |
|---|---|---|---|
| Visma Software BV* | Schiphol-Rijk | 100,00 % | 99 425 022 |
| Visma Teleboekhouden BV | Schiphol-Rijk | 100,00 % | 5 223 626 |
| Davilex Software BV | Houten | 100,00 % | 5 357 973 |
| Visma Connect Holding BV | Gravenhage | 100,00 % | 100 298 881 |
| Visma Labs BV | | 100,00 % | 1 |
| ProActive International BV* | Haarlem | 100,00 % | 29 857 807 |
| Account Software BV | Amersfoort | 100,00 % | 4 526 678 |
| HR2DAY BV | Amstelveen | 100,00 % | 14 568 659 |
| Visma Raet BV | Amersfoort | 100,00 % | 520 956 585 |
| Raet Care BV | Amersfoort | 100,00 % | 10 512 |
| Raet International BV | Amersfoort | 100,00 % | 3 364 291 |
| Dotweb BV | Schiphol-Rijk | 100,00 % | 8 565 685 |
| Pinkweb BV | Amersfoort | 100,00 % | 9 010 423 |
| Verzuimsignaal BV | Utrecht | 100,00 % | 15 287 489 |
| Idella BV | Almere | 100,00 % | 93 192 464 |
| Piramide Automatisering BV | Emersfoort | 100,00 % | 4 230 288 |
| Cloudnexxt BV | Almere | 100,00 % | 3 224 441 |
| Idella Groep BV | Almere | 100,00 % | 1 |
| Roxit BV | Zwolle | 100,00 % | 126 091 752 |
| Plusport BV | Gravenhage | 100,00 % | 31 650 394 |
| **Total (EUR)** | | | **1 074 842 970** |

| Visma Latvia Holding SIA* | | | |
|---|---|---|---|
| Visma Enterprise SIA | Riga | 100,00 % | 6 131 369 |
| Visma Software Labs SIA | Riga | 100,00 % | 350 000 |
| Visma Consulting SIA | Riga | 100,00 % | 250 000 |
| **Total (EUR)** | | | **6 731 369** |

| Visma Romania Holding SRL* | | | |
|---|---|---|---|
| Visma Software SRL | Sibiu | 100,00 % | 18 500 000 |
| **Total (RON)** | | | **18 500 000** |

# NOTE 11 CONTINUED

| Visma International Holding AS* | Registered office | Holding%** | Book value*** |
|---|---|---|---|
| BrainSHARE IT sp.z o.o. | Krakow | 100,00 % | 51 544 434 |
| KBOSS.hu KFT | Budapest | 100,00 % | 182 443 232 |
| Visma Labs s.r.o | Bratislava | 100,00 % | 6 305 285 |
| School Thing Limited | Dublin | 100,00 % | 81 772 601 |
| Visma Software Spa | Karkow | 100,00 % | 15 713 108 |
| Visma Lietuva UAB | Vilnius | 100,00 % | 69 952 295 |
| Visma Labs Ltd | Cork | 100,00 % | 6 007 724 |
| Visma Financial Solutions Spa z.o.o | Warszawa | 100,00 % | 5 858 281 |
| Mamut Software Ltd | London | 100,00 % | 16 478 858 |
| Merit Tarkvara AS | Pärna | 100,00 % | 84 513 673 |
| Comenius Talent Management Ltd | Luton | 100,00 % | 17 887 561 |
| Raet Iberia SL | Madrid | 100,00 % | 22 510 302 |
| Raet Chile SpA | Santiago | 100,00 % | 5 031 198 |
| Raet Argentinga SA | Buenos Aires | 100,00 % | 47 939 003 |
| Raet Columnbia SAS | Bogota | 100,00 % | 409 731 |
| Raet Peru SAC | Lima | 99,90 % | 9 288 919 |
| Raet Mexico S. De R.L de C.V. | Mexico city | 99,97 % | 1 326 320 |
| Addonomy Bulgaria EOOD | Sofia | 100,00 % | 1 198 084 |
| **Total (NOK)** | | | **546 706 281** |

* Parent company in subgroup.
** For all Group companies, the holding is equal to the proportion of voting capital. The holding includes voting instruments commited to be acquired through deferred mechanisms
*** Book value in the company accounts of the individual company in the Group. In the company accounts shares in subsidiaries are recognized according to the cost method.

Reference is made to Note 24 for an overview of the equity interest in each of the related companies.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

| (NOK 1,000) | Sales to related parties | Purchases from related parties | Amounts owed by related parties | Amounts owed to related parties | Loans to related parties | Loans from related parties |
|---|---|---|---|---|---|---|
| **Associates:** | | | | | | |
| SuperInvest AS - Group | 31 228 | 2 298 | 4 313 | 30 | 0 | 0 |
| Key managment personnel of the group: | 0 | 0 | 0 | 0 | 0 | 0 |

Reference is made to Note 16 for information about compensation of key management personnel of the group
Reference is made to the “Statement of changes in equity” note for information about group contribution to Archangel AS and Visma Group Holding AS.

### The ultimate parent

Metatron AS is the ultimate parent entity of the group.
Other than administrative services, there were no transactions between the Visma group and Metatron AS during the financial year.

### Terms and conditions of transactions with related parties.

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm’s length transactions. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

# NOTE 12 - BANK DEPOSITS AND LOANS

The consolidated accounts include cash and bank deposits of TNOK 6 571 888 (TNOK 5 148 003 in 2018).
Of this, restricted cash amounts to TNOK 95 498 (TNOK 144 837 in 2018), whereof TNOK 36 304 relates to guarantee liabilities.

## Group account facilities

Visma Treasury AS has a group facility with Danske Bank, in which all units in the Nordics and Netherlands participate. The group account facility has been established to promote optimal cash flow management. In the agreement with Danske Bank, a cash-pool agreement is included were all affiliated entities accounts are zero-balanced. A tool for cash management and interest simplifies the financial control of the groups capital. The agreement gives an opportunity to enter limit appertaining to an entities account, which gives detailed control on unit level.

## Interest bearing loans

The debt facilities were re-structured in November 2019. Related to this the senior debt facilities were extended. The financing benefits Visma with increased operational flexibility.

Senior facility loans are nominated in NOK, SEK, EUR and DKK

No form of compliance certificates is established on the Visma Group level. Form of compliance were established 05.09.2013 on the Visma Group Holding Group level. There were no breach of these covenants in 2019. The group is expected to pass all covenant-hurdles in the future.

| (NOK 1 000) | Interest* | Interest margin | Interest | | Interest accrued | Nominal value 31.12.2019 | Due in 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Senior visma AS | 0,88 % | 1,14 % | 2,02 % | NOK | 5 308 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior visma sverige holding AB | 0,07 % | 3,25 % | 3,32 % | SEK | 20 602 | 1 907 073 | 100 000 | 100 000 | 100 000 | 100 000 | 100 000 | 1 407 073 |
| Senior visma finland holding OY | -0,45 % | 3,25 % | 2,80 % | EUR | 1 261 | 138 479 | 0 | 0 | 0 | 0 | 0 | 138 479 |
| Senior visma nederland BV TLB5 | -0,38 % | 3,25 % | 2,87 % | EUR | 681 | 130 000 | 0 | 0 | 0 | 0 | 0 | 130 000 |
| Senior visma danmark holding AS | -0,36 % | 3,25 % | 2,90 % | DKK | 16 620 | 1 950 000 | 0 | 0 | 0 | 0 | 0 | 1 950 000 |
| Senior visma nederland BV | -0,45 % | 3,25 % | 2,80 % | EUR | 1 796 | 197 170 | 0 | 0 | 0 | 0 | 0 | 197 170 |
| Senior visma nederland BV TLB3 | -0,45 % | 3,25 % | 2,80 % | EUR | 2 277 | 250 000 | 0 | 0 | 0 | 0 | 0 | 250 000 |
| Senior visma nederland BV TLB4 | -0,45 % | 3,25 % | 2,80 % | EUR | 1 693 | 175 000 | 0 | 0 | 0 | 0 | 0 | 175 000 |
| **Total Visma group translated to NOK** | | | | **NOK** | **122 727** | **13 160 232** | **94 420** | **94 420** | **94 420** | **94 420** | **94 420** | **12 688 132** |
| Expected interests to be paid | | | | NOK | | | 442 371 | 439 233 | 436 094 | 432 956 | 429 817 | 426 679 |
| | | | | | | | | | | | | |
| Interest swap Visma Sverige Holding AB | | | | SEK | 2 931 | 500 000 | | | | | | |
| Interest swap Visma Sverige Holding AB | | | | SEK | 938 | 650 000 | | | | | | |
| Interest swap Visma Finland Holding OY | | | | EUR | 304 | 75 000 | | | | | | |
| Interest swap Visma Danmark Holding A/S | | | | DKK | 1 876 | 460 000 | | | | | | |
| Interest swap Visma Danmark Holding A/S | | | | DKK | 713 | 300 000 | | | | | | |
| Interest swap Visma Danmark Holding A/S | | | | DKK | 0 | 250 000 | | | | | | |
| Interest swap Visma Nederland BV | | | | EUR | 158 | 26 000 | | | | | | |
| Interest swap Visma Nederland BV | | | | EUR | 6 | 30 000 | | | | | | |
| Interest swap Visma Nederland BV | | | | EUR | 99 | 100 000 | | | | | | |
| Interest swap Visma Nederland BV | | | | EUR | 103 | 60 000 | | | | | | |
| Interest swap Visma Nederland BV | | | | EUR | 56 | 50 000 | | | | | | |
| **Total Visma group translated to NOK** | | | | **NOK** | **14 230** | **5 782 788** | | | | | | |

* Interest; For loans in NOK NIBOR - SEK STIBOR - EUR EURIBOR - DKK CIBOR

Reference is made to Note 20 for information about termination date and interest rate on interest swap agreements.

# NOTE 12 CONTINUED

| Average effective interest rate on financial instruments | 2019 | 2018 |
|---|---|---|
| Interest bearing deposits | 0,52 % | 0,32 % |
| Revolving credit facility | 2,83 % | 3,23 % |
| Acquisition facility | 2,83 % | 3,23 % |
| Loan secured by mortgage | 3,36 % | 3,66 % |

| | | |
|---|---|---|
| Acquisition financing Visma AS | 2019 | 2 018 |
| Acquisition financing national holding companies | 13 065 812 | 9 329 003 |
| Capitalised borrowing cost | (18 326) | (8 030) |
| Other non interest bearing long term borrowings | 1 899 181 | 2 444 003 |
| Long-term lease liabilities | 1 298 216 | 1 162 746 |
| **Total** | **16 244 883** | **12 927 723** |

Reference is made to note 20 for information about interest risk and interest hedging instruments.
Trade payables are non-interest bearing and are normally settled on terms between 15 and 60 days.

| Changes in Liabilities arising from financing activities | 1 January 2019 | Cash Flows | Foreign exchange movement | Changes in fair values | Other | 31 December 2019 |
|---|---|---|---|---|---|---|
| Short-term interest bearing bank loans | 97 010 | -97 010 | 0 | 0 | 94 420 | 94 420 |
| Revolving credit facility | 1 442 504 | -1 508 009 | 65 505 | 0 | 0 | 0 |
| Long term interest bearing loans and borrowings | 9 320 973 | 3 977 415 | -156 482 | 0 | -94 420 | 13 047 486 |
| Financial Hedging instruments | 83 812 | 0 | 0 | -11 442 | 0 | 72 370 |
| **Total liabilities from financing activities** | **10 944 299** | **2 372 397** | **-90 977** | **-11 442** | **0** | **13 214 276** |

The 'Other' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings.

| Changes in Liabilities arising from financing activities | 1 January 2018 | Cash Flows | Foreign exchange movement | Changes in fair values | Other | 31 December 2018 |
|---|---|---|---|---|---|---|
| Short-term interest bearing bank loans | 100 000 | -100 000 | 0 | 0 | 97 010 | 97 010 |
| Revolving credit facility | 793 080 | 626 651 | 22 773 | 0 | 0 | 1 442 504 |
| Long term interest bearing loans and borrowings | 5 804 317 | 3 433 997 | 175 299 | 0 | -92 639 | 9 320 973 |
| Financial Hedging instruments | 82 891 | 0 | 0 | 920 | 0 | 83 812 |
| **Total liabilities from financing activities** | **6 780 288** | **3 960 648** | **198 072** | **920** | **4 371** | **10 944 299** |

# NOTE 13 - OTHER RESERVES

| **CONSOLIDATED** (NOK 1,000) | Financial hedging instruments (net of tax) | Exchange differences on translation of foreign operations (net of tax) | Other changes | Total other reserves |
|---|---|---|---|---|
| **As at 1 January 2018** | **(94 725)** | **495 598** | **51 712** | **452 585** |
| Changes in 2018 | (713) | 66 554 | - | 65 841 |
| **At 31 December 2018** | **(95 438)** | **562 152** | **51 712** | **518 426** |
| Changes in 2019 | 8 867 | (23 706) | - | (14 839) |
| **At 31 December 2019** | **(86 571)** | **538 446** | **51 712** | **503 587** |

### The following describes the nature of the equity component of other reserves:

#### Financial hedging instruments
This includes fair value changes of interest swap contracts (net of tax, ref. note 20).

#### Exchange differences on translation of foreign operations
Foreign currency translation includes exchange differences arising from the translation of the financial statements of foreign subsidiaries (net of tax).

# NOTE 14 - SHARE CAPITAL AND SHAREHOLDER ISSUES

**CONSOLIDATED**

At 31.12.2019, the company's share capital consists of 1 share with a nominal value of NOK 187,000,000 fully paid. One share entitles the holder to one vote. No changes to the number of shares has taken place in 2019.

| Shareholders at 31.12.2019 | Holding (%) |
|---|---|
| Archangel AS | 100 % |
| **Total** | **100 %** |

# NOTE 15 - SHARES OWNED BY THE BOARD AND EXECUTIVE EMPLOYEES

**CONSOLIDATED**

At the end of the financial year, members of the Board and executive employees owned the following shares in the ultimate parent company, Metatron AS.

| | Holding |
|---|---|
| Board of Directors: | 0,91% |
| **Executive employees:** | |
| Øystein Moan (CEO) | 0,90 % |
| Tore Bjerkan (CFO) | 0,28 % |
| **Total** | **1,19 %** |

**METATRON AS**

| Shareholder/Nominee | Ordinary A-shares | Preference B-shares | Total # Shares | % |
|---|---|---|---|---|
| Trio Debtco S.a.r.l. - Hg Capital funds | 24 920 842 | 6 205 290 074 | 6 230 210 916 | 39,7% |
| Fenrir Bidco S.à r.l. - Hg funds | 6 943 466 | 1 728 923 379 | 1 735 866 845 | 11,1% |
| CPP Investment Board Europe S.à r.l. - CPPIB funds | 3 126 976 | 778 617 326 | 781 744 302 | 5,0% |
| Hornbeam Investment Pte Ltd - GIC funds | 9 761 162 | 2 430 529 352 | 2 440 290 514 | 15,5% |
| Trio Co-Invest 2 S.a.r.l. - ICG funds | 4 498 664 | 1 120 167 261 | 1 124 665 925 | 7,2% |
| Vesuvius Luxco S.a.r.l. - Montagu funds | 3 665 934 | 912 817 569 | 916 483 503 | 5,8% |
| Jounce Debtco S.a.r.l. - Hg funds | 4 090 383 | 1 018 505 293 | 1 022 595 676 | 6,5% |
| Emerald New Holdco S.a.r.l - Hg funds | 2 026 193 | 504 522 300 | 506 548 493 | 3,2% |
| VMIN 2 AS | 8 201 139 | 713 475 992 | 721 677 131 | 4,6% |
| Other management | 5 758 985 | 212 425 496 | 218 184 481 | 1,4 % |
| **Total** | **72 993 744** | **15 625 274 042** | **15 698 267 786** | **100,0%** |

Only ordinary A-shares have voting rights.

During 2019, there was two share issues in Metatron AS. 26.04.2019 shares were issued to Emerald Holdings S.a.r.l (487 248 335 shares). 16.10.2019 the share capital was increased through the issuance of 2 273 243 new ordinary shares.

# NOTE 16 - COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

## CONSOLIDATED

| (NOK 1,000) | 2019 | 2018 |
|---|---|---|
| **CEO SALARY AND OTHER REMUNERATION** | | |
| Salaries and benefits in kind | 7 117 | 6 395 |
| Bonus | 9 000 | 7 000 |
| Other | 136 | 160 |
| **Total remuneration** | **16 253** | **13 554** |

The CEO's contract of employment provides for a termination payment equivalent to 18 months' salary.
The CEO has a bonus agreement that is subject to achieved revenue and EBTIDA.
Payment to the pension contribution plan amounted to NOK 30 302 in 2019.

| (NOK 1,000) | 2019 | 2018 |
|---|---|---|
| **REMUNERATION TO THE MANAGEMENT (does not include CEO)** | | |
| Salaries and benefits in kind | 26 407 | 24 798 |
| Bonus | 12 606 | 8 798 |
| Other | 1 389 | 1 252 |
| **Total remuneration** | **40 401** | **34 848** |

The executive management contract of employment provides for a termination payment between 6 and 12 months' salary.
The executive management has a bonus agreement that is subject to achieved EBITDA.
No loans have been granted to or security pledged for members of the management group.

### Loans to employees

In some countries, employees are entitled to loans from the Group. The interest on loans to employees is not lower than the market interest rate. The other borrowing terms and conditions are generally the same as normal market terms and conditions. Loans to employees comprised in 2019 to TNOK 98,6 compared to TNOK 225 in 2018.

### Remuneration to the board of directors

The Board will propose to the general meeting that the Board's remuneration for 2019 is set at TNOK 750 (TNOK 750) to the chairman of the Board. This is paid by Visma AS.

| **REMUNERATION TO THE AUDITORS** | 2019 | | | | 2018 | | | |
|---|---|---|---|---|---|---|---|---|
| (NOK 1,000) | Visma AS | Other Group companies | Other Auditors | Total | Visma AS | Other Group companies | Other Auditors | Total |
| Audit services | 1 641 | 17 082 | 1 429 | 20 152 | 954 | 13 801 | 1 374 | 16 128 |
| Other attestation services | 0 | 1 460 | 0 | 1 460 | 475 | 801 | 0 | 1 276 |
| Tax services | 242 | 2 657 | 0 | 2 899 | 169 | 597 | 0 | 766 |
| Other services | 1 141 | 7 270 | 0 | 8 411 | 6 009 | 2 392 | 0 | 8 401 |
| **Total** | **3 024** | **28 469** | **1 429** | **32 922** | **7 606** | **17 591** | **1 374** | **26 571** |

All fees are exclusive of VAT.

# NOTE 17 - SECURED DEBT AND GUARANTEE LIABILITIES

## CONSOLIDATED

| Debtor | Actual guarantee debtor | Creditor | Type of guarantee | | Guarantee limit |
|---|---|---|---|---|---|
| Visma AS | Visma Software BV, NL | Van Lanschot Bankiers N.V, NL | liability | TEUR | no limit |
| Visma AS | Visma IT&C AS, NO | Dell Products, Dublin, IR | liability | TEUR | no limit |
| Visma AS | Visma Lindhagen AB, SE | Remulus Svealand 2AB, Stockholm, SE | lease of premises | TSEK | 326 880 |
| Visma AS | Visma Lindhagen AB, SEE | AB Remulus Bassängkajen Malmö, Malmö, SE | lease of premises | TSEK | 90 216 |
| Visma AS | Visma Exso AS, NO | Dell AS, NO | liability | TNOK | 100 |
| Visma AS | Visma Finland Holding Oy | Sponda Oyj | lease of premises | TEUR | 73 |
| Visma Danmark Holding AS | Visma Consulting A/S, DK | PFA Eiendomme A/S | lease of premises | TDKK | 5 |
| Visma Finland Holding Oy | Visma Consulting Oy | Tamro Oyj | liability | TEUR | no limit |
| Visma Norge Holding AS | Visma Exso AS, NO | Narviga 10 AS | lease of premises | TNOK | 0 |
| Visma Norge Holding AS | Visma Exso AS, NO | Nils Hansensvei 3 AS | lease of premises | TNIK | 1 |
| Visma Norge Holding AS | Visma IT&C AS, NO | Digiplex Rosenholm AS, Oslo | lease of premises | TNOK | 1 |
| Visma Norge Holding AS | Visma Software International AS, NO | Fram Eiendom AS, Oslo | lease of premises | TNOK | 36 304 |
| Visma Norge Holding AS | Visma Software International AS, NO | Dikeveien 54 Eiendom AS | lease of premises | TNOK | 6 |
| Visma Romania Holding Srl | Visma Software Srl | S.C Timisoara Office Building Srl | lease of premises | TEUR | 185 |
| Visma Romania Holding Srl | Visma Software Srl | S.C. Hattrick Office SRL | lease of premises | TEUR | 179 |
| Visma Sverige Holding AS | Visma EssCom AB | Gårdsfogdevägen 5-7, Bromma, SE | lease of premises | TSEK | 2 |
| Visma Nederland BV | ProActive Software Nederland B.V | Richard Holade 9, 2033 PX Harleem | lease of premises | TEUR | 7 600 |
| Visma Nederland BV | ProActive Software Nederland B.V | Behoud van Natuurmonumenten in Nederland | liability | TEUR | 1 500 |
| Visma Software International AS | Visma Software Sp.zoo | Pawia 23, Krakow | lease of premises | TEUR | 5 000 |
| Visma AS | Visma Connect BV | KPMG Staffing & Facility Services BV | lease of premises | TEUR | 204 |
| **Total guarantees** | | | | **TNOK** | **587 677** |

**Security is granted for loans as described in note 12 as follows:**

### Shares
Visma AS has pledged shares in the respective national holding companies. The national holding companies have pledged it’s share holdings in subsidiaries. Refer to note 11 which describe the group structure.

### Account receivables
Pledges on account receivables are established in most countries. In Finland and Sweden floating charge is established on some subsidiaries.

### Operating assets
Pledges on operating assets are established in certain companies.
All securities granted will always be subject to local law.

# NOTE 18 - COMMITMENTS

## CONSOLIDATED

### Leases
The Visma Group has applied IFRS16 using the retrospective approach.
For details and impact of changes, please refer to the group IFRS accounting policies.

The Group has entered into commercial leases on certain motor vehicles and IT machinery. These leases have an average duration of between 1 and 5 years with no renewal options included in the contracts. There are no restrictions placed upon the lessee by entering theses leases”. “In addition the Group has entered into commercial property leases related to the Group’s office buildings. These leases have remaining terms of between 1 and 10 years. In certain cases, Visma may sublease part of the office space to a third party.

# NOTE 18 - CONTINUED

**Right of use assets recognized in the Balance sheet**

| | **2019** | **2018*** |
|---|---|---|
| Right of use assets | 1 567 127 | 1 384 682 |
| Net Investment in subleases | 13 649 | 9 994 |

| (NOK 1,000) | **Buildings** | **Machinery, equipment and vehicles** | **Total** |
|---|---|---|---|
| **At 1 January 2019** | 1 222 252 | 162 430 | 1 384 682 |
| Investment of right-of-use assets | 415 576 | 18 251 | 433 828 |
| Investment of right-of-use assets from acquisition of subsidiary | 94 995 | 47 347 | 142 342 |
| Dispolsals and scrap | -942 | -125 | -1 067 |
| Depreciation of the year | -333 622 | -44 337 | -377 959 |
| Exchange adjustments | -14 963 | 265 | -14 698 |
| **At 31 December 2019** | **1 383 294** | **183 832** | **1 567 127** |
| | | | |
| **At 1 January 2019** | | | |
| Cost | 1 534 924 | 203 983 | 1 738 907 |
| Accum. Depreciation | -312 673 | -41 552 | -354 225 |
| **At 1 December 2019** | **1 222 252** | **162 430** | **1 384 682** |
| | | | |
| **At 31 December 2019** | | | |
| Cost | 2 029 589 | 269 721 | 2 299 310 |
| Accum. Depreciation | -646 295 | -85 889 | -732 184 |
| **At 31 December 2019** | **1 383 294** | **183 832** | **1 567 127** |
| Depreciation rates (straight line method) | 1-10 years | 1-5 years | |
| | | | |
| **At 1 January 2018** | 1 150 616 | 152 910 | 1 303 526 |
| Investment of right-of-use assets | 244 033 | 32 431 | 276 464 |
| Investment of right-of-use assets from acquisition of subsidiary | 141 354 | 18 785 | 160 140 |
| Dispolsals and scrap | -21 | -3 | -24 |
| Depreciation of the year | -312 673 | -41 552 | -354 225 |
| Exchange adjustments | -1 057 | -141 | -1 198 |
| **At 31 December 2018** | **1 222 252** | **162 430** | **1 384 682** |
| | | | |
| **At 1 January 2018** | | | |
| Cost | 1 150 616 | 152 910 | 1 303 526 |
| Accum. Depreciation | - | - | - |
| **At 1 December 2018** | **1 150 616** | **152 910** | **1 303 526** |
| | | | |
| **At 31 December 2018** | | | - |
| Cost | 1 534 924 | 203 983 | 1 738 907 |
| Accum. Depreciation | -312 673 | -41 552 | -354 225 |
| **At 31 December 2018** | **1 222 252** | **162 430** | **1 384 682** |
| | | | |
| Depreciation rates (straight line method) | 1-10 years | 1-5 years | |

# NOTE 18 - CONTINUED

**Lease liabilities recognized in the Balance sheet**

| | 2019 | 2018* |
|---|---|---|
| Long-term lease liabilities | 1 298 216 | 1 162 746 |
| Short-term lease liabilities | 394 505 | 328 678 |
| | | |
| **At 1 January** | 1 491 424 | 1 399 555 |
| New lease liabilities recognised in the year | 433 828 | 276 464 |
| Lease liabilities recognised in the year due to acquisitions of subsidiaries | 142 342 | 160 140 |
| Cash payments for the lease liability | -515 473 | -426 780 |
| Interest expense for the lease liability | 128 712 | 68 130 |
| Transfer and reclassifications | 26 588 | 15 112 |
| Currency exchange differences | -14 698 | -1 198 |
| **Total lease liabilities at 31 December** | **1 692 721** | **1 491 424** |
| | | |
| **Maturity analysis - undiscounted contractual cashflows** | | |
| Within one year | 394 505 | 328 678 |
| After one year but no more than four years | 996 640 | 880 611 |
| More than five years | **1 655 965** | **1 463 178** |

**Expenses related to the right of use assets and lease liabilities recognized in the P&L**

| | | |
|---|---|---|
| Total lease expenses included in other operating expenses** | 64 831 | 62 134 |
| Depreciation | 377 959 | 354 225 |
| Interest on lease liabilities | 128 712 | 68 130 |
| **Total expenses from leases recognized in the P&L** | **571 502** | **484 490** |

* 2018 has been restated for the effect of IFRS16

** Variable lease payments as well as lease payments for leases of low value of short term leases are recognized in other operating expenses

# NOTE 19 - INFORMATION ON CALCULATION OF EARNINGS PER SHARE

## CONSOLIDATED

The calculation is based on the following information:

| (NOK 1,000) | **2019** | **2018*** |
|---|---|---|
| Majority's share of the Group's profit/loss for the year | | |
| – Continuing operations | 980 447 | 917 721 |
| – Discontinued operations | 13 268 | 660 496 |
| **Majority's share of the Group's profit/loss for the year (NOK 1,000)** | **993 715** | **1 578 217** |
| Time-weighted average number of shares 31 December | 1,00 | 1,00 |
| **Earnings per share (NOK)** | **993 714 992** | **1 578 217 175** |
| | | |
| **Effect of dilution:** | | |
| Share options | - | - |
| Time-weighted average number of shares 31.12 including options | 1,00 | 1,00 |
| **Diluted earnings per share (NOK)** | **993 714 992** | **1 578 217 175** |

* 2018 has been restated for the effects of IFRS16

Earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year plus the effect of all dilutive potential ordinary shares.

# NOTE 20 - FINANCIAL INSTRUMENTS

**CONSOLIDATED**

### Market and technology risks

As all companies, Visma is exposed to general economical fluctuations and GDP developments in the different countries where Visma is selling its products and services. As a technology company, Visma is also exposed to risks associated with dramatic shifts in technology, and resulting changes in the competitive landscape. Competition have been present in our markets for many years and although Visma is used the competition it remains a constant challenge to preserve and gain market shares.

The market and technology risk exposure is however limited by the following factors:

- The products and services provided cater to a large degree to requirements that are mandatory and necessary regardless of the economical cycle.
- Visma has a significant customer base spread across several countries and verticals. This lowers the exposure to events affecting a single country or vertical market. Visma's portfolio of small and medium size customers simplifies project execution and lower implementation risks.
- Visma has a wider range of products and services than its competitors, which provides more opportunities for cross-selling, more product sales to each customer, and less churn.

### Financial risk

The Group's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has loan and other long-term receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The Group has also entered into derivative instruments for hedging purposes, these derivates have the same principal terms as the bank loans - December 3rd 2025. The Group does not use financial instruments, including financial derivatives, for trading purposes. The Group's senior management oversees the management of these risks.
Guidelines for risk-management have been approved by the board.
The most significant financial risks for the Group are interest rate risk, liquidity risk, credit risk and exchange rate risk. The board and Management continuously evaluate these risks and determine policies related to how these risks are to be handled within the Group.

### Credit risk

The Group are exposed to credit risk primarily related to accounts receivable and other current assets. The Group has no significant credit risk linked to an individual customer or several customers that can be regarded as a group due to similarities in the credit risk. The risk is limited due to the large number of customers and small amounts beeing invoiced to each customer.
The Group has guidelines for ensuring that sales are only made to customers that have not experienced any significant payment problems, and that outstanding amounts do not exceed certain credit limits.
The Group has not provided any guarantees for third parties liabilities.
The maximum risk exposure is represented by the carrying amount of the financial assets in the balance sheet. The Group regards its maximum credit risk exposure to the carrying amount of trade receivables (see Note 6) and other current assets (see Note 7).

### Interest-rate risk

The Group is exposed to interest-rate risk through its funding activities (see Note 12). All of the interest bearing debt has floating interest rate conditions which make the Group influenced by changes in the market rate.
The objective for the interest rate management is to minimize interest costs and at the same time keep the volatility of future interest payments within acceptable limits. The Group has loans in NOK, DKK, SEK and EUR giving a natural hedge for the interest rate risk to the underlying cash flow in the companies.

# NOTE 20 CONTINUED

| | Adjustment in interest rates | Effect on profit before tax, TNOK |
|---|---|---|
| **2019** | ± 50bps | ± 36 811 |
| **2018** | ± 50bps | ± 33 673 |

### Derivative instruments designated as cash flow hedging instruments

Parts of the groups cash flow are related to interest rate risk. Parts of the groups cash flow are related to interest rate risk. The group has entered into interest rate contracts covering approximately 50%of the loan amounts. Interest rate contracts were amended in 2019 to reflect the the fourtenth amendment to the loan facilities. Interest rate for loans with floating rate has been hedged using interest rate swaps, where the group receives floating rate and pays fixed rate. The hedge is expected to exactly offset changes in expected cash flows due to fluctuations in the interest rate over the term of the debt. The effectiveness of the hedge relationship will be periodically assessed during the life of the hedge by comparing the current terms of the swap and the debt to assure they continue to coincide.

The table below shows the fair value of the interest swap contracts.

| (NOK 1,000) | Fixed interest | | Nominal value | Fair value* |
|---|---|---|---|---|
| Visma Sverige Holding AB from 14.03.16 to 03.12.25 | 0,52 % | SEK | 650 000 | (2 860) |
| Visma Sverige Holding AB from 05.09.13 to 03.12.25 | 0,98 % | SEK | 500 000 | (15 953) |
| Visma Finland Holding OY from 07.09.15 to 03.12.25 | 0,27 % | EUR | 75 000 | (15 823) |
| Visma Danmark Holding A/S from 07.09.15 to 03.12.25 | 0,37 % | DKK | 460 000 | (12 286) |
| Visma Nederland BV from 07.09.15 to 03.12.25 | 0,47 % | EUR | 26 000 | (8 793) |
| Visma Nederland BV from 05.09.18 to 03.12.25 | 0,07 % | EUR | 30 000 | (2 973) |
| Visma Nederland BV from 05.09.18 to 03.12.25 | 0,03 % | EUR | 100 000 | (4 555) |
| Visma Nederland BV from 05.09.18 to 03.12.25 | 0,10 % | EUR | 60 000 | (6 045) |
| Visma Nederland BV from 05.09.18 to 03.12.25 | -0,03 % | EUR | 50 000 | (1 255) |
| Visma Danmark Holding AS from 27.03.18 to 03.12.25 | 0,24 % | DKK | 300 000 | (2 678) |
| Visma Danmark Holding AS from 05.03.20 to 03.12.25 | 0,05 % | DKK | 250 000 | 851 |
| **Total in NOK** | | | | **(72 370)** |

* Fair value adjustment as market to market value at year end 2019, for the remaining life of the contracts.

# NOTE 20 CONTINUED

### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due (reference is made to Note 12 for the loan repayment schedule). The Groups approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Groups reputation. Surplus liquidity is primarily invested in bank deposits.

### Exchange rate risk

The Group is exposed to changes in the value of NOK relative to other currencies (SEK, DKK and EUR), due to production and sales operations in foreign entities with different functional currencies. The net income of the Group is also affected by changes in exchange rates, as the profit and loss from foreign operations are translated into NOK using the weighted average exchange rate for the period. The Group has loans denominated in SEK, DKK and EUR to reduce the cash flow risk in foreign currency

The following table sets the Group's sensitivity for potential adjustments in NOK exchange rate, with all the other variables kept constant. The calculation is based on equal adjustments towards all relevant currency. The effect in the profit is a result of adjustments in monetary items.

| | Adjustment in interest rates | Effect on profit before tax, TNOK |
|---|---:|---:|
| **2019** | ± 5% | ± 24 452 |
| **2018** | ± 5% | ± 31 014 |

### Capital structure and equity

The primary focus of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholders value. The group manages its capital structure and makes adjustment to it, in ligth of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives policies or processes during the financial year. The Group monitors capital according to covenants described in note 12, and a measure of the ratio of net debt divided by total capital plus net debt as shown below.

| | 2019 | 2018 |
|---|---:|---:|
| Interest-bearing debt | 13 160 232 | 10 868 517 |
| Less cash and cash equivalents | 6 571 888 | 5 148 003 |
| **Net debt** | **6 588 344** | **5 720 514** |
| Majority's equity | 13 774 025 | 9 860 477 |
| **Total equity and net debt** | **20 362 369** | **15 580 991** |
| Debt ratio | 32 % | 37 % |

### Determination of fair value

The fair value of financial assets classified as "available for sale" is determined by reference to published price quotations in an active market. For unquoted financial assets the fair value has been estimated using a valuation technique based on assumptions that are not supported by observable market prices. The following of the Group's financial instruments are not measured at fair value: cash and cash equivalents, trade receivables, other current receivables, overdraft facilities and long-term debts. The carrying amount of cash and cash equivalents and overdraft facilities is approximately equal to fair value since these instruments have a short term to maturity. Similarly, the carrying amount of trade receivables and trade payables is approximately equal to fair value since they are entered into on "normal" terms and conditions.

The fair value of loan notes have been calculated using market interest rates.

# NOTE 20 CONTINUED

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments.

| | 2019 | | 2018 | |
|---|---|---|---|---|
| (NOK 1,000) | **Carrying amount** | **Fair value** | **Carrying amount** | **Fair value** |
| **Financial assets** | | | | |
| Cash and cash equivalents | 6 571 888 | 6 571 888 | 5 148 003 | 5 148 003 |
| Trade receivables | 1 902 465 | 1 902 465 | 1 867 982 | 1 867 982 |
| Available-for-sale investments | 4 954 | 4 954 | 42 967 | 42 967 |
| Other non-current assets | 539 492 | 539 492 | 488 699 | 488 699 |
| **Financial liabilities** | | | | |
| Revolving credit facility | 0 | 0 | 1 442 504 | 1 442 504 |
| Short-term interest bearing bank loans | 94 420 | 94 420 | 97 010 | 97 010 |
| Trade and other payables | 590 812 | 590 812 | 614 475 | 614 475 |
| Financial hedging instruments | 72 370 | 72 370 | 83 812 | 83 812 |
| **Interest-bearing loans and borrowings** | | | | |
| Bank loans | 13 065 812 | 13 065 812 | 9 329 003 | 9 329 003 |

Fair value and carrying amounts of bank loans are not materialy different because of variable interest rates and low credit spreads.

### Fair value hierarchy

As at 31 December 2019, the Group held the following financial instruments measured at fair value:

| (NOK 1,000) | **31 Dec. 2019** | **Level 1** | **Level 2** | **Level 3** |
|---|---|---|---|---|
| **Assets measured at fair value** | | | | |
| Available-for-sale investments | 4 954 | | | 4 954 |
| **Liabilities measured at fair value** | | | | |
| Financial hedging instruments | 72 370 | | 72 370 | |

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

# NOTE 21 - AVAILABLE-FOR-SALE FINANCIAL ASSETS

**CONSOLIDATED**

| (NOK 1,000) | **Fair value 01.01.2019 IFRS** | **Additions and reductions** | **2019** |
|---|---|---|---|
| **Shares unlisted** | | | |
| Project X International Ltd | 38 723 | (38 723) | 0 |
| Other | 4 244 | 710 | 4 954 |
| **Total** | **42 967** | **(38 013)** | **4 954** |

Available-for-sale financial assets consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.
The fair value of the unlisted shares has been estimated using a valuation technique based on assumptions that are not supported by observable market prices or rates. Management believes the estimated fair values resulting from the valuation technique which are recorded in the statement of financial position are reasonable and the most appropriate at the balance sheet date.

During 2019 Visma sold its shares in Project X Ltd. Gain on sale of shares is accounted for as financal income.
ref financial income note 9.

# NOTE 22 - CURRENT LIABILITIES

**CONSOLIDATED**

| (NOK 1,000) | **2019** | **2018** |
|---|---|---|
| **Other current liabilities** | | |
| Accrued interests | 136 957 | 125 273 |
| Deferred payment | 374 127 | 210 746 |
| Institutional deferred payment | 0 | 1 465 186 |
| Other short-term liabilities | 1 068 621 | 1 080 662 |
| **Total other current liabilities** | **1 579 704** | **2 881 867** |

Ref. note 17 for security to guarantee short term debt

| (NOK 1,000) | **2019** | **2018** |
|---|---|---|
| **Other non-current liabilities** | | |
| Deferred payment | 1 748 765 | 823 850 |
| Other non-current liabilities | 150 416 | 45 588 |
| **Total other non-current liabilities** | **1 899 181** | **869 438** |

# NOTE 23 - IMPAIRMENT TESTING OF GOODWILL

**CONSOLIDATED**

Goodwill acquired through business combinations has been allocated to 6 cash generating units (CGU) for impairment testing as follows:

1 Visma Software SMB
2 Visma Enterprise
3 Visma Cloud Infrastructure Services
4 Visma Custom Solutions
5 Visma Commerce Solutions
6 Visma IT & HQ

### Key assumptions used in value-in-use calculations

The recoverable amount of the segments units has been determined based on a value in use calculation. Cash flow projections are based on budget for 2020 approved by management. For the period 2021-2024, management assumes an annual nominal increase in revenues of 3% and an annual EBITDA improvement of 0,5 %. In a limited number of instances, where company caracteristics deviate materially, different assumptions have been applied. Management expects the Group's share of the market to be stable over the budget period. The discount rate applied to cash flow is 6,0 % (2018: 7,0 %) and cash flows beyond year 2024 are extrapolated using a 1 % growth rate (2018: 1 %). Based upon the similarity of market conditions within the Nordic and Dutch markets, the same method for determining recoverable amounts has been applied across the different countries.

### Carrying amount of goodwill

| (NOK 1,000) | 2019 | 2018 |
|---|---|---|
| Visma Software SMB | 5 791 546 | 5 066 491 |
| Visma Enterprise | 5 731 432 | 5 510 439 |
| Visma Cloud Infrastructure Services | 301 912 | 304 814 |
| Visma Custom Solutions | 2 632 109 | 1 147 496 |
| Visma Commerce Solutions | 1 284 013 | 0 |
| Visma IT & HQ | 14 602 | 14 602 |
| **Total** | **15 755 615** | **12 043 842** |

The recoverable amounts for the different cash generating units are higher than the carrying amounts and no impairment loss is recognised in 2019. With regard to the assessment of value-in-use of the different cash generating units above, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the units to materially exceed its recoverable amounts. Estimated cash flows and growth rates used in determining the value in use exclude any estimated future cash inflows or outflows expected to arise from future restructuring or from improving or enhancing the asset's performance.

# NOTE 24 - INVESTMENTS IN ASSOCIATED COMPANIES

## CONSOLIDATED

Investments in associates are accounted for under the equity method. These are investments of a strategic nature in companies in which the Group has significant influence by virtue of its ownership interest.

### Visma AS has the following investments in associates:

| Entity | Country | Registered Office | Ownership interest | Carrying amount 31.12.2018 | Investments and reductions | Net profit (loss) 2019 | Carrying amount 31.12.2019 | Fair value |
|---|---|---|---|---|---|---|---|---|
| SuperInvest AS - Group* | Norway | Oslo | 22,2 % | 73 026 | 0 | -551 | 72 475 | 72 475 |
| **Total** | | | | **73 026** | **0** | **-551** | **72 475** | **72 475** |

*Unaudited numbers 2019

A summary of the financial information on the individual associated companies, based on 100% figures:

| Entity | Assets | Liabilities | Equity | Revenues | Profit (loss) for the year |
|---|---|---|---|---|---|
| SuperInvest AS - Group* | 699 457 | 384 053 | 315 404 | 449 334 | 17 601 |
| **Total** | **699 457** | **384 053** | **315 404** | **449 334** | **17 601** |

* Unaudited numbers 2019

# NOTE 25 - EVENTS AFTER THE BALANCE SHEET DATE

## CONSOLIDATED

Significant events after the balance sheet date that occur before the Board of Directors has approved the financial statements may make it necessary to change the annual financial statements or to disclose the matter in the notes to the financial statements. If new information emerges regarding a matter that existed on the balance sheet date, and the matter is significant, the financial statements must be changed. If events concern matters that arose after the balance sheet date, the matters may have to be disclosed in a note.

Visma has in 2020 acquired the following companies: Onestop Reporting AS, Conceptos AS, Circle Software BV, OnGuard BV, Fenistra AS, FirstAgenda A/S, 1st Web ApS, Intelligent IT SRL, Specter AB, DraftIt AB, Framsikt AS, Visionplanner BV, Intradata BV.
Please refer to note 1 for more information. In 2020, Visma has entered into an agreement to sell its minority stake in SuperInvest AS.

### Extraordinary risk factor - impact of Covid-19

In the beginning of 2020, the global economy, including Visma's core markets have seen heavy impact from the novel Coronavirus, Covid-19. The ongoing outbreak was characterized as a global Pandemic by the World Health Organization on 11 March 2020.

At the date of this report, extraordinary measures to prevent exponential spread of the virus have been taken in all of Visma's core markets. The measures includes closure of schools and Kindergartens as well as travel restrictions.

The coronavirus pandemic will have an extraordinary, negative impact on the overall economy which may in turn have a negative effect on the demand for Visma's products and increased risk of bankruptcies among Visma's customer base. Visma provides need-to-have products for businesses, has a well diversified customer portfolio with close to 1 million customer contracts and a significant portion of Visma's revenues are contracted, recurring and repeatable revenues. All of these factors provide Visma with downside protection in the event of a recession. Nonetheless, the company is taking measures to manage cost and liquidity risk during the pandemic and economic downturn that is predicted to follow.

No other events have taken place after the reporting period that would have affected the financial statements or any assessments carried out.

# PARENT COMPANY ANNUAL ACCOUNTS

# PROFIT AND LOSS STATEMENT – 1 JAN. - 31 DEC.

**VISMA AS**

| (NOK 1,000) | Note | NGAAP 2019 | NGAAP 2018 |
|---|---|---|---|
| **OPERATING REVENUE** | | | |
| Other revenue | 1 | 238 985 | 153 855 |
| **Total operating revenue** | | **238 985** | **153 855** |
| **OPERATING EXPENSES** | | | |
| Cost of goods sold | 1 | 95 000 | 39 000 |
| Payroll and personnel expenses | 2 | 72 331 | 75 711 |
| Depreciation and amortisation expenses | | 1 452 | 1 464 |
| Other operating expenses | 3 | 29 874 | 21 370 |
| **Total operating expenses** | | **198 657** | **137 545** |
| **Operating profit** | | **40 328** | **16 310** |
| **FINANCIAL ITEMS** | | | |
| Financial income | 4 | 1 110 440 | 1 330 502 |
| Financial expenses | 4 | (39 899) | (50 407) |
| **Net financial items** | | **1 070 541** | **1 280 095** |
| **Profit before taxes** | | **1 110 869** | **1 296 405** |
| Taxes | | 243 792 | 170 604 |
| **Profit for the year** | | **867 077** | **1 125 801** |
| **Transfers and allocations** | | | |
| Transferred to / (from) retained earnings | 6 | 867 077 | 1 125 801 |
| **Total transfers and allocations** | | | |
| Group contribution paid (net after tax) | | 867 077 | 1 125 801 |

# BALANCE SHEET – 31 DEC

**VISMA AS**

| (NOK 1,000) | Note | NGAAP 2019 | NGAAP 2018 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| **Intangible assets** | | | |
| Deferred tax assets | 5 | 234 | 262 |
| **Total intangible assets** | | **234** | **262** |
| | | | |
| **Tangible fixed assets** | | | |
| Property | | 23 807 | 23 807 |
| Machinery and equipment | | 3 700 | 3 415 |
| **Total tangible fixed assets** | | **27 507** | **27 222** |
| | | | |
| **Financial assets** | | | |
| Shares in subsidiaries | 8 | 8 255 970 | 4 177 705 |
| Investment in associated companies | 8 | 62 000 | 100 723 |
| **Total financial fixed assets** | | **8 317 970** | **4 278 427** |
| **Total non-current assets** | | **8 345 711** | **4 305 911** |
| | | | |
| **Current assets** | | | |
| Inter-company receivables | 7,8 | 1 543 576 | 966 029 |
| Other current receivables | 8 | 1 226 | 0 |
| **Total receivables** | | **1 544 803** | **966 029** |
| Cash and cash equivalents | 7 | 84 577 | 77 236 |
| | | | |
| **Total current assets** | | **1 629 380** | **1 043 265** |
| **TOTAL ASSETS** | | **9 975 091** | **5 349 176** |

| (NOK 1,000) | Note | NGAAP 2019 | NGAAP 2018 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Equity attributable to equity holders of the parent** | | | |
| **Paid-in capital** | | | |
| Share capital | | 187 000 | 186 701 |
| Share premium reserve | | 4 541 914 | 1 230 560 |
| Other paid-in capital | | 413 113 | 413 113 |
| **Total paid-in capital** | **6** | **5 142 027** | **1 830 373** |
| **Retained earnings** | | | |
| Retained earnings | | 3 220 128 | 2 689 288 |
| **Total equity** | **6** | **8 362 155** | **4 519 661** |
| **Non-current liabilities** | | | |
| Other long-term interest bearing loans and borrowings | | 0 | 20 536 |
| **Total non-current liabilities** | | **0** | **20 536** |
| **Current liabilities** | | | |
| Short term liabilities to group companies | | 1 570 138 | 771 196 |
| Trade creditors | | 0 | 4 555 |
| Public duties payable | | 1 796 | 1 298 |
| Taxes payable | | 4 337 | 0 |
| Other current liabilities | 8 | 36 665 | 31 930 |
| **Total current liabilities** | | **1 612 936** | **808 979** |
| **Total liabilities** | | **1 612 936** | **829 515** |
| **TOTAL EQUITY AND LIABILITIES** | | **9 975 091** | **5 349 176** |
| **Secured liabilities and guarantees** | **8** | | |

Oslo, 23 April 2020

ØYSTEIN MOAN
Executive Chairman of the Board

NICHOLAS JAMES HUMPHRIES
Director

JEAN BAPTISTE VINCENT
ROGER ROBERT BRIAN
Director

MADS HANSEN
Director

VINIT NAGARAJAN
Director

TIMO LARJOMAA
Director

EDWARD SHUCKBURGH
Director

Merete Hverven

MERETE HVERVEN
Director and CEO

# CASH FLOW STATEMENT - 1 JAN. - 31 DEC.

**VISMA AS**

| (NOK 1,000) | NGAAP 2019 | NGAAP 2018 |
|---|---|---|
| **Ordinary profit / loss before tax** | **1 110 869** | **1 296 405** |
| Depreciation and amortisation expenses | 1 452 | 1 464 |
| Cash inflow from interest | (5 548) | (3 677) |
| Cash outflow from interest | 39 774 | 50 407 |
| Group contribution received | (898 452) | (769 354) |
| Dividend received from group companies | 0 | (550 500) |
| Dividend/transfer from investments | (6 000) | (5 000) |
| Gain on sales of shares | (199 805) | 0 |
| **Cash flow from operations** | **42 290** | **19 744** |
| Changes in debtors | (4 555) | 3 910 |
| Changes in public duties payable | 498 | (548) |
| Non-cash related financial items | 0 | (13 414) |
| Change in intercompany receivables/payables | (45 548) | (191 055) |
| Change in other accruals | (143 552) | 111 881 |
| **Net cash flow from operations** | **(150 867)** | **(69 483)** |
| Investment in tangible fixed assets | (1 737) | (6 268) |
| Sale of (investment in) businesses | (2 145 747) | (643 064) |
| Sale of (investment in) shares | 238 527 | (0) |
| **Net cash flow from investments** | **(1 908 957)** | **(649 331)** |
| Net cash flow from share issues | 1 900 048 | 0 |
| Received dividend/group contribution | 854 097 | 1 232 167 |
| Payment of dividend/group contribution | (771 196) | (792 846) |
| Cash inflow from interest | 5 548 | 3 677 |
| Cash outflow from interest and fees | (39 774) | (21 435) |
| **Net cash flow from financing activities** | **1 948 723** | **421 564** |
| **Net cash flow for the year** | **(111 101)** | **(297 250)** |
| Cash and cash equivalents 1.1 | 195 169 | 490 448 |
| Net foreign exchange difference | 510 | 1 971 |
| **Cash and cash equivalents 31.12** | **84 577** | **195 169** |

# ACCOUNTING PRINCIPLES

The annual accounts for Visma AS are prepared according to the Norwegian Accounting Act 1998, generally accepted accounting principles and apply for the period 1January to 31 December 2019.

**REVENUE RECOGNITION**
The revenue consists of revenue from providing management services and marketing and branding activity provided to group companies. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made.

**SUBSIDIARIES AND INVESTMENT IN ASSOCIATES**
Subsidiaries and investments in associates are valued by the cost method in the company accounts. The investment is valued as cost of acquiring shares in the subsidiary, providing that write down is not required. Write down to fair value will be carried out if the reduction in value is caused by circumstances which may not be regarded as incidental, and deemed necessary by generally accepted accounting principles. Write downs are reversed when the cause of the initial write down are no longer present.

Dividends and group contributions are recognized in the same year as appropriated in the subsidiary accounts. If dividends exceed withheld profits after acquisition, the exceeding amount represents reimbursement of invested capital, and the distribution will be subtracted from the value of the acquisition in the balance sheet.

**BALANCE SHEET CLASSIFICATION**
Net current assets comprise creditors due within one year, and entries related to goods circulation. Other entries are classified as fixed assets and/or long term creditors. Current assets are valued at the lower of acquisition cost and fair value. Short term creditors are recognized at nominal value. Fixed assets are valued by the cost of acquisition, in the case of non incidental reduction in value the asset will be written down to the fair value amount. Long term creditors are recognized at nominal value.

**TRADE AND OTHER RECEIVABLES**
Trade receivables and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful debts. Provisions for doubtful debts are calculated on the basis of individual assessments. In addition, for the remainder of accounts receivables outstanding balances, a general provision is carried out based on expected loss.

**FOREIGN CURRENCY TRANSLATION**
Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using the year end exchange rates. All exchange differences are recognised in the income statement.

**SHORT TERM INVESTMENTS**
Short term investments (stocks and shares are valued as current assets) are valued at the lower of acquisition cost and fair value at the balance sheet date. Dividends and other distributions are recognized as other investment income.

**PROPERTY, PLANT AND EQUIPMENT**
Property, plant and equipment is capitalized and depreciated over the estimated useful economic life. Direct maintenance costs are expensed as incurred, whereas improvements and upgrading are assigned to the acquisition cost and depreciated along with the asset. If carrying value of a non current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value.

**INCOME TAX**
Tax expenses in the profit and loss account comprise both tax payable for the accounting period and changes in deferred tax. Deferred tax is calculated at 22 percent on the basis of existing temporary differences between accounting profit and taxable profit together with tax deductible deficits at the year end. Temporary differences both positive and negative are balanced out within the same period. Deferred tax assets are recorded in the balance sheet to the extent it is more likely than not that the tax assets will be utilized.

To what extent group contribution not is registered in the profit and loss, the tax effect of group contribution is posted directly against the investment in the balance.

**CASH FLOW STATEMENT**
The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term highly liquid placement with original maturities of three months or less.

**USE OF ESTIMATES**
The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts in the profit and loss statement, the measurement of assets and liabilities and the disclosure of contingent assets and liabilities on the balance sheet date. Actual results can differ from these estimates.

Contingent losses that are probable and quantifiable are expensed as occurred.

# NOTE 1 - REVENUE

**VISMA AS**

| (NOK 1,000) | 2019 | 2018 |
|---|---|---|
| Management service fee invoiced to group companies* | 138 859 | 114 855 |
| Invoiced marketing/branding expenses to group companies** | 100 126 | 39 000 |
| **Total** | **238 985** | **153 855** |

* The company has chosen to centralize certain management activities in order to provide them at a lower cost and at higher quality compared to what each of the companies would be able to achieve on a separate basis. Central activities are strategic business development, finance and treasury, organizing of audit, legal activities.

** All companies in the Visma Group are obliged to use the Visma brand and logo. Thus all marketing activities performed by business units are to be done according to the Visma brand code. The companies pay a fee to the marketing department.

# NOTE 2 - PAYROLL AND PERSONNEL EXPENSES

**VISMA AS**

| (NOK 1,000) | 2019 | 2018 |
|---|---|---|
| Salaries | 47 121 | 44 010 |
| Salaries to employees other group units* | 1 520 | 14 344 |
| Employer's national insurance contributions | 6 891 | 6 343 |
| Pension expenses | 996 | 948 |
| Other personnel expenses | 15 803 | 10 067 |
| **Total** | **72 331** | **75 711** |
| **Average number of man-years** | **19** | **18** |

For further information regarding compensation of key management, loans to employees and pensions, see note 3 and 16 in the consolidated accounts.
* Invoiced salary expenses regarding group management and management trainees hired in other group units.

# NOTE 3 - OTHER OPERATING EXPENSES

**VISMA AS**

| (NOK 1,000) | 2019 | 2018 |
|---|---|---|
| Rent | 4 226 | 4 709 |
| Other office expenses | 9 057 | 7 898 |
| Telecom, postage and IT | 243 | 231 |
| Travel expenses | 2 241 | 2 530 |
| Car expenses incl leasing | 120 | 149 |
| Sales and marketing | 6 697 | 1 117 |
| Audit, lawyers' fees and other consulting services * | 7 289 | 4 736 |
| **Total other operating expenses** | **29 874** | **21 370** |

* Reference is made to note 16 in the consolidated financial statement.

# NOTE 4 - FINANCIAL INCOME AND EXPENSES

**VISMA AS**

| (NOK 1,000) | 2019 | 2018 |
|---|---|---|
| **Financial income includes the following items:** | | |
| Dividend/transfer from investments and asscociated companies | 6 000 | 5 000 |
| Dividend from group companies | 0 | 550 500 |
| Gain on sale of shares | 199 805 | 0 |
| Other interest income | 5 548 | 3 677 |
| Foreign exchange gains | 636 | 1 971 |
| Group contribution | 898 452 | 769 354 |
| **Total financial income** | **1 110 440** | **1 330 502** |
| **Financial expenses include:** | | |
| Interest expense | 22 453 | 21 435 |
| Write-down of shares | 0 | 0 |
| Foreign exchange losses | 126 | 0 |
| Other financial expenses | 17 320 | 28 972 |
| **Total financial expenses** | **39 899** | **50 407** |

# NOTE 5 - TAX ON ORDINARY PROFITS

**VISMA AS**

Deferred tax liabilities and assets are calculated on the basis of the temporary differences between book values and tax-related values in the balance sheet. All calculations are based on a nominal tax rate in respective tax-area.

| (NOK 1,000) | 2019 | 2018 |
|---|---|---|
| Tax payable (tax effect of Group contribution) | 243 819 | 170 688 |
| Changes in deferred taxes | (28) | (84) |
| Adjustments in respect of current income tax of previous years | 0 | 0 |
| **Income tax expense** | **243 792** | **170 604** |

**SUMMARY OF TEMPORARY DIFFERENCES MAKING UP THE BASIS FOR THE DEFERRED ASSET/DEFERRED TAX LIABILITY**

| (NOK 1,000) | | |
|---|---|---|
| Current assets/liabilities | 0 | 0 |
| Fixed assets/long term liabilities | (1 065) | (1 191) |
| **Net temporary differences** | **(1 065)** | **(1 191)** |
| Net deferred tax liability / (asset) | -234 | -262 |

# NOTE 5 CONTINUED

**VISMA AS'S TAX PAYABLE FOR THE YEAR HAS BEEN COMPUTED AS FOLLOWS:**

| (NOK 1,000) | 2019 | 2018 |
|---|---|---|
| Ordinary profit before tax | 1 110 869 | 1 296 405 |
| Permanent differences | 3 097 | 1 084 |
| Change in temporary differences | (125) | 9 573 |
| Non taxable dividend received from subsidiaries | 0 | (550 500) |
| Non taxable dividend received from Norwegian associated companies | (5 820) | (4 850) |
| Net taxable group contribution received / (paid) | (1 088 307) | (751 712) |
| **Taxable profit** | **19 713** | **(0)** |
| **Tax payable** | **4 337** | **(0)** |

**EXPLANATION OF WHY THE TAX EXPENSE FOR THE YEAR DOES NOT MAKE UP 23% OF THE PRE-TAX PROFIT**

| (NOK 1,000) | 2019 | 2018 |
|---|---|---|
| Ordinary profit before tax | 1 110 869 | 1 296 405 |
| 22% (23%) tax on ordinary profit before tax | 244 391 | 298 173 |
| Adjustments in respect of current income tax of previous years | 0 | (262) |
| Permanent differences | (599) | (880) |
| Effect change in corporate tax | 0 | 188 |
| Non taxable dividend received from foreign subsidiaries | 0 | (126 615) |
| **Tax expense** | **243 792** | **170 604** |
| Effective tax rate | 21,95 % | 13,16 % |

# NOTE 6 - MOVEMENT IN EQUITY

**VISMA AS**

| (NOK 1,000) | Paid-in share capital | Share premium reserve | Other paid-in capital | Retained earnings | Total equity |
|---|---|---|---|---|---|
| **Equity as at 01.01.2019** | **186 701** | **1 230 560** | **352 251** | **2 748 789** | **4 518 300** |
| Correction for PY misstatement | | | 60 862 | (59 502) | 1 361 |
| Profit (loss) for the period | | | | 867 077 | 867 077 |
| Group contribution from/(to) parent company | | | | (336 236) | (336 236) |
| Issue of share capital | 300 | 3 311 354 | | | 3 311 654 |
| **Equity as at 31.12.2019** | **187 000** | **4 541 914** | **413 113** | **3 220 128** | **8 362 156** |

For further information regarding share capital, shareholder isssues and shares owned by the board and executive employees, see note 14 and 15 in the consolidated accounts.

For further information regarding notes, see notes 5,7,11,12,17 and 21 to the consolidated accounts.

# NOTE 7 - DEPOSITS

Visma AS has pr 31.12.2019 bank deposits of TNOK 84 577 (77 236)

**GROUP CASH POOL FACILITIES**
In addition to own cash deposits, Visma AS have deposits in the Group Cash pool facility.
As at 31.12.2019, Visma AS had deposits in the cash pool facility of TNOK 163 251 (117 933)

Formally, the deposits in the cash pool facility is regarded as a short term receivable between Visma AS and Visma Treasury AS.

# NOTE 8 - OTHER MATTERS

**VISMA AS**

For further information regarding share capital, shareholder isssues and shares owned by the board and executive employees, see note 14 and 15 in the consolidated accounts. Decrease in shares in subsidiaries are explained by group contribution and sale of shares

For further information regarding notes, see notes 5,7,11,12,17, 18, 21 and 24 to the consolidated accounts.

Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske revisorforening

**INDEPENDENT AUDITOR'S REPORT**

To the Annual Shareholders' Meeting of Visma AS

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of Visma AS comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the balance sheet as at 31 December 2019, the profit and loss statement and the cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the statement of financial position as at 31 December 2019, the income statement, statement of cash flows and the statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations
- the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway
- the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU

### Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Building a better working world



## Report on other legal and regulatory requirements

### Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

### Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 24 April 2020
ERNST & YOUNG AS

Thomas Embretsen

Thomas Embretsen
State Authorised Public Accountant (Norway)

# OUR PRESENCE

**We operate across the entire Nordic region along with Benelux, Central and Eastern Europe, and Latin America. We have a wide network of distributors and partners and maintain a virtual development organisation (R&D) across borders.**