



Q2

QUARTERLY
REPORT

2018

CONTENTS

The quarter in brief	3
Highlights	
Key figures	
Financial review	
Outlook	
Business areas	
SMB	7
Enterprise	8
Custom Solutions	9
Commerce Solutions	10
Retail	11
Condensed interim financial information	
Consolidated statement of income	12
Consolidated statement of comprehensive income	13
Consolidated statement of financial position	14
Consolidated statement of cash flows	15
Consolidated statement of changes in equity	16
Notes to the consolidated interim financial statements	17

Continued 20%+ Revenue and EBITDA Growth

Annualized Cloud Revenue Reaching NOK 6.9 Billion

HIGHLIGHTS, SECOND QUARTER 2018

- Revenue of NOK 2 734 million, an increase of 26%
- EBITDA of NOK 577 million, an increase of 24%
- SaaS customer contracts grew at a strong 28% year-on-year rate exemplifying the focus and growth of cloud computing within the Visma organization.
- Cloud Annualized Revenue reached NOK 6 882m, a year-on-year growth of 59%
- The monthly level of e-invoice transactions reached 6.65 million
- Five new high-growth software companies were acquired during the quarter

Visma had another strong quarter with excellent top-line revenue and continued profit growth. Total revenue growth was 26.1% while EBITDA grew strongly as well by 23.5% over Q2 2017 to reach NOK 577 million.

Revenues in each of Visma's four largest divisions (representing over 98% of EBITDA) grew well in excess of 20% year-on-year. The SMB Division grew revenues by 21%, Enterprise grew by an impressive 42%, Custom Solutions achieved 39% growth, and Commerce Solutions grew 25% compared to the second quarter a year ago. SaaS and SaaS transactions continue to be the strongest driver of organic growth in Visma and cloud annualized revenue grew by 59% to reach NOK 6 882m.

Visma continues its proactive and high tempo acquisitions activity completing five acquisitions for the quarter. Visma acquired two fast growing pure SaaS companies in Smartdok (a leading time-tracking, WFM solution for the Norwegian construction sector) and Tampurri (the leading Finnish real estate management software). In addition, the Custom Solutions division acquired the leading Danish BI consulting company, Kapacity, and the Finnish leading edge AI company WeOptIT. The fifth company was the Swedish e-commerce company Wikinggruppen, who develops solutions on its own IP platform.

KEY FIGURES

Continuing operations (NOK in millions)	2nd quarter			1st half year			Year
	2018 Actual	2017 * Actual	Growth	2018 Actual	2017 * Actual	Growth	2017 * Actual
Revenue	2 734	2 168	26,1 %	5 398	4 223	27,8 %	9 146
EBITDA	577	467	23,5 %	1 168	922	26,7 %	2 096
<i>EBITDA margin</i>	<i>21,1 %</i>	<i>21,5 %</i>		<i>21,6 %</i>	<i>21,8 %</i>		<i>22,9 %</i>
EBITA	546	443	23,2 %	1 100	876	25,5 %	1 968
EBIT	297	253	17,5 %	592	514	15,3 %	1 124
Net profit	192	143	34,3 %	346	314	10,5 %	722
Operational cash flow (after tax)	67	(76)	-188,2 %	1 355	1 174	15,5 %	1 937

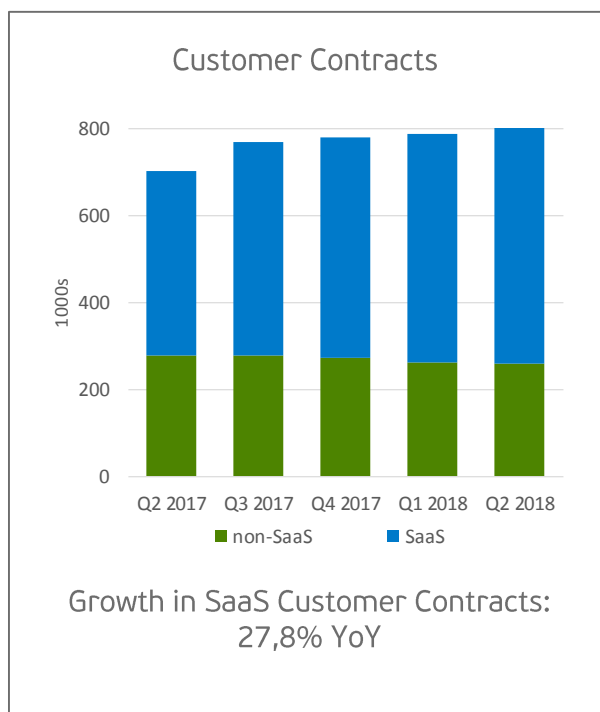
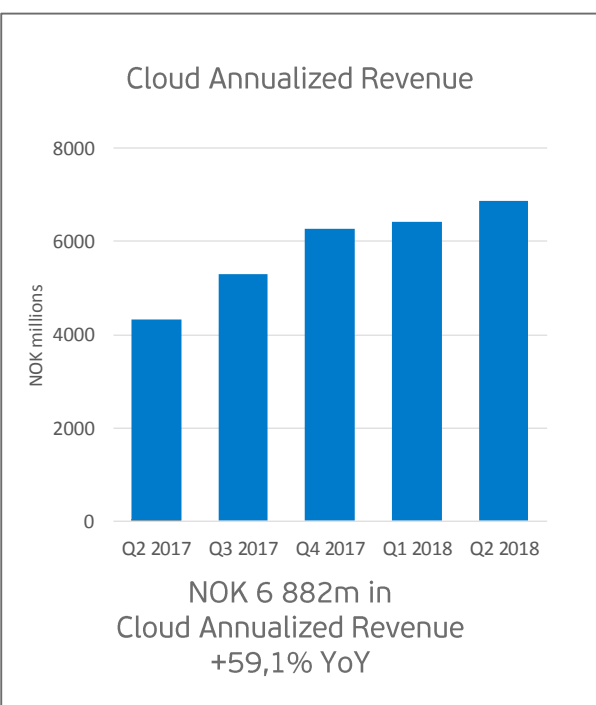
* 2017 has been restated to reflect the sale of Visma Hosting

FINANCIAL REVIEW – GROUP (SECOND QUARTER 2017 IN BRACKETS)

Revenue amounted to NOK 2 734 million (2 168) and EBITDA to NOK 577 million (467) in the second quarter of 2018. Revenue increased 26,1% while EBITDA increased by 23,5% over Q2 2017.

Group EBIT amounted to NOK 297 million in the second quarter (253), whereas net gain from associated companies amounted to NOK -5,0 million (-20,7). Net financial items were NOK -45,6 million (-40,0). Consequently, profit before taxes was NOK 246 million (192). Taxes amounted to NOK 54,1 million (49,0), and net income from continuing operations resulted in NOK 192 million (143) in the second quarter. Cash flow from continuing operations after tax amounted to NOK 66,6 million (-75,5) in the second quarter 2018. Cash inflow from investments was NOK 150 million (-497) in the quarter, which is fixed assets and software R&D and investments in acquired businesses. At the end of the second quarter, the cash position of Visma was NOK 3 963 million (4 849).

Equity amounted to NOK 7 911 million at the end of the quarter (7 004), corresponding to an equity ratio of 40,2% (40,1%). Long term interest bearing debt amounted to NOK 6 073 million (5 786). The debt-facilities have maturity dates in the 4th quarter 2021.



COMMENTS ON SELECTED KPIS

Visma is experiencing good traction on the SaaS product portfolio.

It is impressive that Cloud Annualized Revenue has grown by 59% year-on-year in Q2. At the end of Q2, revenue from cloud computing saw an annualized run rate reaching NOK 6 900m. Also SaaS customer contracts have seen a strong, high-growth development. Visma has 800 000 customer contracts, of which ca. 575 000 are for SaaS products. The group's fastest growth is also on the SaaS contracts, which grew by 27.8% year-on-year.

At the end of Q2, 6.65 million monthly e-invoices were transported through Visma's e-invoicing hubs (33% y-on-y growth). The ultimate objective for Visma's software products and solutions is to make the traditional paper invoice redundant. All Nordic countries are eager to do more SaaS invoicing and we have launched an e-invoicing service for our economic customers in Denmark.

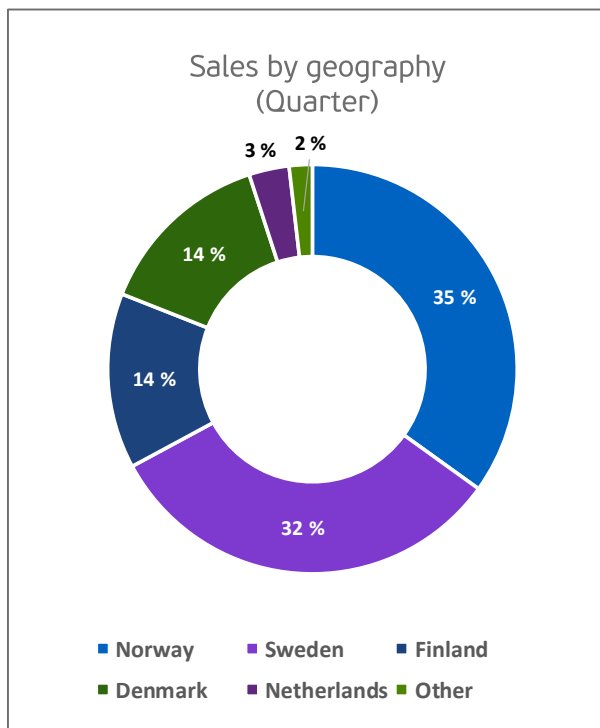
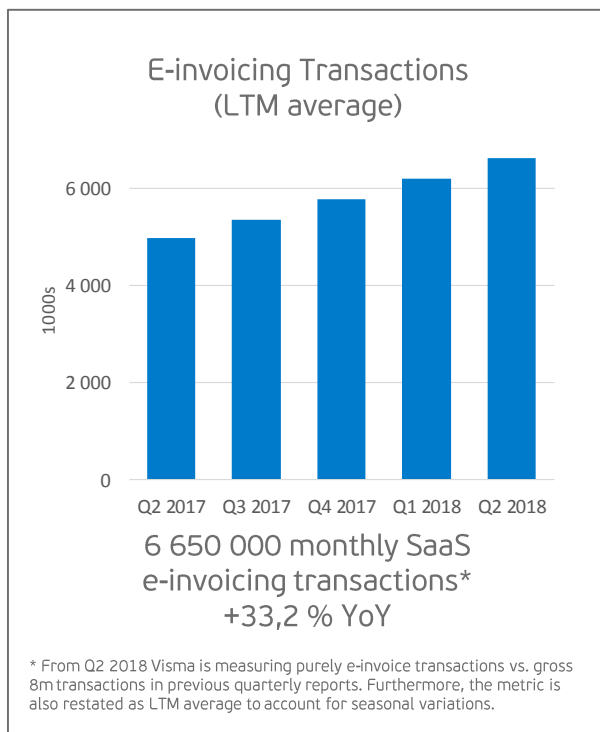
MARKET OUTLOOK

The Nordic markets, where Visma has the vast majority of its revenues, continue to be stable and have above average growth rates compared to Europe overall. The public finances in the markets where Visma operates are in good shape. Norway and Sweden (the two largest Visma markets) have very strong public finances. Norway is benefitting from increasing oil prices and a strengthening economy and Sweden continues its strong growth. Danish, Finnish and Dutch economies are also solid and growing. As with most of Europe, all Visma markets are experiencing positive macroeconomic climates. Regardless of the macroeconomic environment there are plenty of opportunities that will allow Visma to continue to achieve good organic growth. Visma's core businesses in these markets generally continue to take market shares and show solid growth.

The demand for SaaS services is steadily increasing. Visma continues to invest considerably in SaaS and to lead the transition to SaaS in Visma's core SMB Software products and services. Visma is steadily launching new SaaS products. Services like procurement, accounting, payroll, debt collection and software consultancy are increasingly based on SaaS, and Visma is in the middle of a process of moving all our activities to a SaaS model. Our customers increasingly prefer subscription type of cost-models vs. large up-front investments.

Visma's R&D focus and acquisition strategies are concentrated on SaaS. Visma continues its strategy of organic and acquisitive growth and Visma expects to continue the high acquisition pace in the coming quarters.

Visma Software SMB is the largest and most diversified business area, contributing 39% of the Revenue and 56% of the EBITDA in the second quarter of 2018.



OWNERSHIP

Five international private investors own Visma. HgCapital and co-investors 48,9 %, Cinven 17,1 %, GIC 13,6 %, Intermediate Capital Group 7,6 % and Montagu 6,2 %. A broad management group holds approximately 6,6 % of the shareholder equity in Visma. In addition to the stability of the principal owners, key shareholders have co-investors comprised of some larger Nordic and international pension funds. Together this contributes to a very stable ownership situation.

RISKS

Visma is exposed to the general economic climate in the countries where the company operates. However, the business risk is limited by the company's diversified customer base and a reasonably priced, high-quality portfolio of products and services. Although Visma is also involved in some very large IT projects, Visma believes associated risk is well counter-balanced as around 50% of total Visma revenue is generated in the well-diversified SMB segment.

CYBER SECURITY

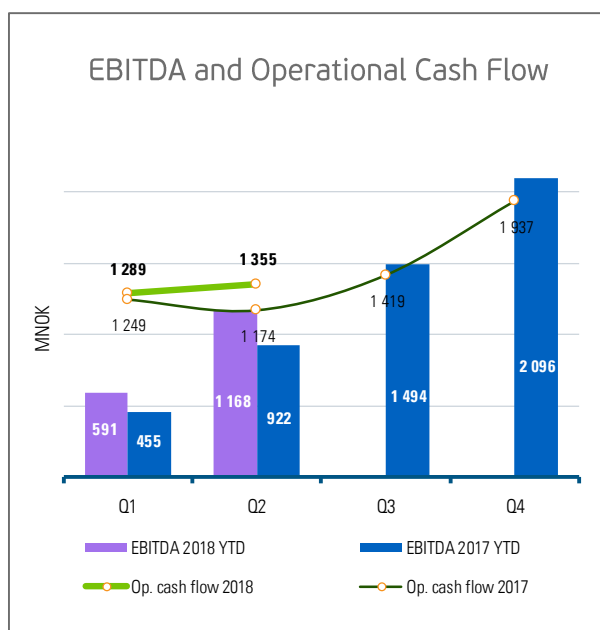
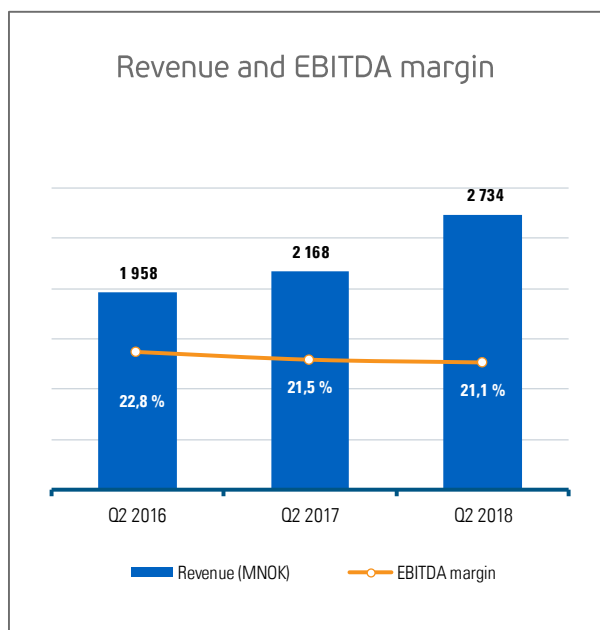
Visma is increasing its investment in cyber security during 2018 by building a broader security organization as well as designing new security features and systems in our IT environments. This goes for both on-premises and cloud environments hosted on our IT infrastructure.

DISCLAIMER

This report contains forward-looking statements that reflect management's current views with respect to future events. All such statements are subject to inherent risks and uncertainties, and many factors can lead to developments deviating from what has been expressed or implied in such statements.

Oslo, July 9, 2018

The Board of Directors of VISMA AS



SMB

Comments on the second quarter

Visma Software SMB experienced strong growth during the second quarter. Visma's entry-level SaaS solutions including Dinero, e-economic, Tripletex, Visma eAccounting and SpeedLedger overall reached over 300 000 customer contracts by acquiring over 10 000 net new contracts in the quarter and to further boost future growth in the segment Visma Spcs signed its largest ever SaaS deal in the segment with KPMG for MNOK 25.

The SaaS mid-range offerings of Visma.net continue the customer, user and revenue growth, with a solid Visma.net Financials and Logistics implementation pipeline. In Sweden we signed the first customer on an integrated combination of Trimma Insikt and Visma.net, furthering future growth in the SaaS BI, budget, reports and analysis segment.

Solid growth for all SaaS products solidifies Visma's Nordic leadership in the SMB SaaS segment. SaaS development investments, delivery capability and margins continue to improve through the expansion of Visma's development centers in central Europe and the Baltics.

An important strategic trend in our segment is integrating SaaS ERP with automated Fintech solutions, and Visma has launched several pilots and partner initiatives for this in Norway, Sweden and Finland.

Operational focus in Q2 has been on assuring GDPR compliance and re-organisation and streamlining of the SMB Division. Onboarding of the latest acquisitions including SmartDok, Wikinggruppen and Agenteq Solutions (Tampuuri software) has also taken place.

Segment at a glance

Target market:

- Small & medium sized businesses
- Accounting Offices

Management:

- Steffen Torp, Director SMB Division

Share of Group



39 %

Operating revenue



56 %

EBITDA

Quarterly Key Figures

Revenue	1 072 MNOK
Growth, YoY	21,1 %

EBITDA	323 MNOK
EBITDA margin	30,1 %

FTE	2 626
Headcount	2 784

Products and services:

- Cloud-based financial solutions
- ERP and financial systems
- CRM
- Cloud-based expense management
- Cloud-based invoicing and payment solutions
- HRM and payroll administration systems
- Solutions for artisans and other industries
- Cloud-based project management
- Non-strategic and administrative purchases
- Training
- Customer collaboration for accounting practices
- Practice management for accounting practices
- Business automation for accounting practices

Enterprise

Comments on the second quarter

During the second quarter we reached several milestones in our cloud transformation journey. With additional key hires, the Product & Development organization is prepared for ramping up its deliveries throughout the year.

We continued to launch our Visma.net HRM platform across selected markets. We launched our SaaS payroll offering for the micro segment in Sweden during May, and the first customers are already on the solution. Work continues on maturing the platform for both Sweden and other markets. Our SaaS investments continue and during the quarter we added several features to our existing workforce management, payroll, HR and talent solutions.

Visma.net Financials was awarded a frame agreement with the Swedish "Ekonomistyrningsverket" (ESV). This is a major milestone for the FMS area and teams, and will support future growth for several years to come. Our tender solution, Visma TendSign, saw a rush of new Norwegian customers in the quarter as a result of regulatory changes and an active sales effort.

In the school area, our new app for the Kindergarten segment experienced strong sales following its Q2 launch. The app gives parents opportunities to interact with the kindergarten and follow their children during the day in a manner that simply was not possible before.

Significant progress has been made on our welfare portfolio along with our next-generation cloud products in this domain. The cloud solution Flyt Secure Case was launched during Q2 and we expect to onboard the first customers already in Q3. The solution allows municipalities to securely store sensitive data. We see significant potential demand for the solution during the coming years.

Segment at a glance

Target market:

- Central and local government, institutions and organizations providing education, welfare services and healthcare services. Non-profit and non-government organizations.
- Large enterprises

Management:

- Nils Vold, Division Director Enterprise

Share of Group

25 %

Operating revenue

20 %

EBITDA

Quarterly Key Figures

Revenue	690 MNOK
Growth, YoY	41,7 %
EBITDA	115 MNOK
EBITDA margin	16,6 %
FTE	1 919
Headcount	1 975

Products and services:

- HRM - Human Resource Management
- FMS - Financial Management Systems
- Procurement administration and notification
- Cloud Solutions for schools, childcare and welfare
- Business intelligence and dashboards for municipalities and large accounts
- Internet of Things for access control systems

Custom Solutions

Comments on the second quarter

Custom Solutions delivered another quarter with strong performance. External revenue was 434 MNOK and EBITDA 76 MNOK with a profit margin of 17,6%. The division has performed well, and, especially, Norway has had an exceptionally strong growth. This is expected to be sustained into Q3.

Two acquisitions were completed during the quarter adding two prominent companies to the Visma Group: WeOptIt (FI) and Kapacity (DK). WeOptIt delivers world leading algorithm optimization and AI solutions. Kapacity is a leading blue-chip BI company delivering BI and Management Consulting to top tier private companies in Denmark. All recent acquisitions are performing well and according to plan. Svensk e-Identitet is increasing the amount of customers on the SAMBI (Swedish Healthcare Network) network, which is a commercial success with great potential. Optiway is having success in replacing external data sources in Visma applications and systems.

Custom Solutions signed several important deals during Q2 highlighted by: In Finland, Digital Illustrated closed a large Sharepoint contract with the city of Espoo. Visma Consulting DK signed numerous contracts with the Ministry of Taxation increasing the position as key supplier to the customer. In addition, DK won an application management contract with the Danish National Police over the next 5 years. Consulting in Sweden closed a large EPI-server contract with the region of Uppsala. The SAMBI network holds a large potential for Svensk e-identitet as an agent and momentum picked up in Q2 with a host of new clients added to the network. SEB initiated use of the Optiway solution in their retail banking process with great success. In Norway the BI market is strong and the Norwegian organization is viewed as market leading. We have signed several important deals in Norway, amongst them a contract with Color Line for master data management. The outlook for Q3 is building on substantial work on hand and several large contracts in the pipeline in all countries.

Segment at a glance

Target market:

- Central and local government, institutions and organizations
- Large enterprises

Management:

- Carsten B. Møller, Division Director Custom Solutions

Share of Group



Operating revenue



EBITDA

Quarterly Key Figures

Revenue	419 MNOK
Growth, YoY	39,2 %
EBITDA	75 MNOK
EBITDA margin	17,8 %
FTE	1 255
Headcount	1 310

Products and services:

- System development and integration
- Application management
- E-government solutions
- Case and document management
- E-commerce solutions
- Business intelligence
- Fishery control solutions
- Cloud based GIS (Geographical Information Syst.)
- Cloud based Authentication Services

Commerce Solutions

Comments on the second quarter

Visma Commerce Solutions was established as a new division in Visma in Q2 2018. Visma Commerce Solutions provides customers with efficient, user-friendly, and innovative solutions in the area of cash flow optimization and financial services. In addition, customers save both time and resources by using cost-effective pooled procurement with pre-negotiated agreements and employee benefit programs. For boards and management, we offer board portals and data rooms for a paperless, secure and easy way of collaborating and sharing documents.

Visma will put increased resources and effort into developing the area of credit management and financial services. With the position as the leading cloud ERP supplier in the Nordics, Visma will develop compelling financial products to the underserved Micro and SMB market. Based on Visma's vast cloud ERP customer base, access to real-time accounting data and the opportunity to embed a seamless customer experience, Visma will offer different context driven cash flow optimization solutions and financing solutions for its customers. A number of strategic initiatives throughout the Nordics has been initiated and will be deployed in the quarters to come.

In Q2 we have had strong momentum in the Credit Management segment in all markets. The transaction based businesses had a good uptake of new customers and the growth from within Visma's own customer base was strong.

Board portals/VDD (Virtual Data Rooms) are continuing their strong growth in all markets. The Admincontrol solutions are very attractive for companies that strive for a highly efficient, secure and transparent governance structure.

Segment at a glance

Target market:

- Small and medium sized businesses
- Large enterprises
- Public sector

Management:

- Eivind Gundersen, Division Director Commerce Solutions

Share of Group



Operating revenue



EBITDA

Quarterly Key Figures

Revenue	241 MNOK
Growth, YoY	25,2 %
EBITDA	54 MNOK
EBITDA margin	22,3 %
FTE	537
Headcount	594

Products and services:

- Credit management services
 - Invoicing
 - Account receivable management
 - Collection services
 - Purchased debt
 - Financial services
- Pool Procurement and Employee benefit programs
- Board Portals and Virtual Data Rooms

Retail

Comments on the second quarter

Q2 has been characterized by Retail Suite implementations of our international customers and larger projects in the Nordics.

Projects are going well and our international pipeline is growing as planned. With a preferred supplier status at SPAR, an international grocery chain, we participated in their annual SPAR International Congress in May, showcasing our solutions. We had the opportunity to meet all leaders from SPAR throughout Europe and worldwide. This gave us access to interesting prospects for future business opportunities.

A highlight during the quarter was the win of a new customer, the energy and fuel company St1. The PR work and press release created media attention, especially in industry specific publications.

Segment at a glance

Target market:

- Retail chains in Grocery, Convenience, Pharma and Specialized trade in the Nordics and rest of Europe.

Management:

- Peter Fischer, Division Director Retail

Share of Group



Operating revenue



EBITDA

Quarterly Key Figures

Revenue	286 MNOK
Growth, YoY	6,0 %
EBITDA	8 MNOK
EBITDA margin	2,8 %
FTE	687
Headcount	700

Products and services:

- Retail HQ and back office software
- Retail POS and self-service solutions (self-checkout, self-scanning, self-service-stations)
- Retail mobile solutions (mobile POS, mobile back office, apps)
- Retail hardware and IT infrastructure services
- Customer insights solutions and loyalty systems
- E-commerce solutions
- Warehouse management systems

CONDENSED INTERIM FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF INCOME

(NOK in thousands)	2nd quarter		1st half year		Year
	2018	2017 *	2018	2017 *	2017 *
CONTINUING OPERATIONS					
OPERATING REVENUE					
Sales revenue	2 734 101	2 167 676	5 398 307	4 222 572	9 145 583
Total operating revenue	2 734 101	2 167 676	5 398 307	4 222 572	9 145 583
OPERATING EXPENSES					
Sales and distribution costs (COGS)	465 549	369 635	909 041	694 672	1 490 577
Gross profit	2 268 552	1 798 040	4 489 266	3 527 900	7 655 006
Payroll and personnel expenses	1 319 254	1 051 319	2 606 144	2 051 783	4 305 043
Bad debts	8 719	3 811	13 665	7 091	18 504
Other operating expenses	361 886	273 944	698 824	542 763	1 205 668
Total operating expenses	1 689 858	1 329 074	3 318 634	2 601 637	5 529 215
EBITDA before M&A expenses	578 694	468 967	1 170 632	926 262	2 125 792
M&A expenses	1 641	1 905	2 415	3 896	29 919
EBITDA	577 053	467 061	1 168 217	922 367	2 095 872
Depreciation tangible assets and capitalised R&D	31 102	23 741	68 293	46 127	128 347
EBITA	545 952	443 320	1 099 924	876 240	1 967 525
Amortisation intangible assets	248 878	190 479	507 605	362 694	843 618
Operating profit EBIT	297 073	252 841	592 319	513 546	1 123 907
Result from associated companies	(5 041)	(20 680)	(6 090)	(19 463)	(7 840)
FINANCIAL ITEMS					
Financial income	23 194	44 545	26 256	50 566	71 877
Financial expenses	(68 805)	(84 537)	(163 652)	(131 595)	(298 878)
Net financial items	(45 611)	(39 992)	(137 395)	(81 029)	(227 000)
Profit before taxes from continuing operations	246 421	192 169	448 834	413 054	889 066
Taxes	54 114	48 955	102 358	99 479	166 644
Net income from continuing operations	192 307	143 213	346 476	313 575	722 422
DISCONTINUED OPERATIONS					
Net income from discontinued operations	644 776	6 471	654 443	20 204	30 967
Net income from continuing and discontinued operations	837 083	149 684	1 000 919	333 779	753 389
ATTRIBUTABLE TO:					
Equity holders of Visma AS	836 806	149 291	1 000 327	333 342	751 933
Non-controlling interests	277	393	592	437	1 457
EARNINGS PR SHARE					
Basic earnings per share (NOK in thousands)	836 806	149 291	1 000 327	333 342	751 933
Diluted earnings per share (NOK in thousands)	836 806	149 291	1 000 327	333 342	751 933
EBITDA margin	21,1 %	21,5 %	21,6 %	21,8 %	22,9 %

* 2017 has been restated to reflect the sale of Visma Hosting

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(NOK in thousands)	2nd quarter		1st half year		Year
	2018	2017	2018	2017	2017
Net income from continuing and discontinued operations	837 083	149 684	1 000 919	333 779	753 389
Net gain (loss) on financial hedging instruments, net of tax	(10 564)	5 249	13 477	14 123	27 927
Exchange differences on translation of foreign operations, net of tax	(156 853)	148 951	(255 450)	180 901	273 569
Net gain (loss) on defined benefit plan, net of tax	0	(169)	0	(226)	5 164
Other comprehensive income (loss) for the period, net of tax	(167 417)	154 030	(241 973)	194 797	306 660
Total comprehensive income for the period	669 666	303 715	758 946	528 576	1 060 049
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Equity holders of Visma AS	669 389	303 322	758 354	528 139	1 058 593
Non-controlling interests	277	393	592	437	1 457

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(NOK in thousands)	30 June 2018	30 June 2017	31 March 2 018	31 December 2017
ASSETS				
Deferred tax assets	73 351	59 372	69 448	77 563
Patents and other intangible assets	1 922 616	1 701 799	1 904 221	2 031 632
Capitalised R&D cost own software	356 861	299 416	392 842	404 425
Contracts and customer relationships	2 490 869	1 580 199	2 432 642	2 586 780
Goodwill	8 249 537	6 914 496	8 328 788	8 453 324
Property, land and buildings	23 827	21 335	23 626	21 718
Machinery and equipment	122 316	98 618	140 267	122 384
Financial assets/Shares	42 648	43 441	39 338	43 642
Investment in associated companies	69 987	64 454	75 028	76 076
Other long-term receivables	473 011	431 774	454 384	454 886
Total non-current assets	13 825 023	11 214 904	13 860 584	14 272 429
Inventory	51 999	55 148	59 852	60 084
Accounts receivables	1 270 652	939 700	1 332 168	1 353 106
Other current receivables	550 197	386 263	553 109	354 947
Cash and cash equivalents	3 963 302	4 849 163	3 646 170	3 665 241
Total current assets	5 836 151	6 230 274	5 591 299	5 433 378
TOTAL ASSETS	19 661 174	17 445 178	19 451 883	19 705 807
EQUITY AND LIABILITIES				
Paid-in capital	627 952	627 952	627 952	627 952
Other reserves	210 611	340 722	378 029	452 585
Retained earnings	7 062 051	6 018 998	6 225 173	6 437 283
Equity attributable to equity holders of Visma AS	7 900 614	6 987 672	7 231 153	7 517 819
Non-controlling interests	11 245	16 376	16 511	16 244
Total equity	7 911 858	7 004 048	7 247 664	7 534 063
Pension liabilities	0	(9 987)	0	0
Deferred tax liability	1 250 039	977 090	1 155 230	1 260 148
Financial hedging Instruments	65 502	100 818	51 871	82 891
Long-term interest bearing bank loans	6 072 527	5 785 807	6 180 966	5 820 376
Accrued funding fees	(12 044)	(20 118)	(14 052)	(16 059)
Other long-term non interest bearing liabilities	416 717	250 688	262 021	354 602
Long-term liabilities to group companies	0	0	8 967	0
Total non-current liabilities	7 792 741	7 084 297	7 645 003	7 501 958
Bank overdraft	237 788	(0)	(0)	793 080
Short-term interest bearing bank loans	100 000	100 000	100 000	100 000
Trade creditors	485 478	349 759	448 087	468 322
Public duties payable	373 636	308 679	624 604	431 092
Tax payable	18 131	(27 886)	41 024	80 696
Deferred revenue	1 598 820	1 504 636	2 088 247	1 343 393
Other current liabilities	1 142 723	1 121 643	1 257 253	1 453 203
Total current liabilities	3 956 575	3 356 831	4 559 215	4 669 786
Total liabilities	11 749 316	10 441 129	12 204 219	12 171 744
TOTAL EQUITY AND LIABILITIES	19 661 174	17 445 177	19 451 882	19 705 807

CONSOLIDATED STATEMENT OF CASH FLOWS

(NOK in thousands)	2nd quarter		1st half year		Year
	2018	2017	2018	2017	2017
Ordinary profit before tax from continuing and discontinued operations	246 421	200 572	448 834	427 561	917 909
Depreciation tangible assets	11 367	11 840	25 817	23 632	54 707
Depreciation capitalised R&D cost	17 979	13 370	42 476	25 537	80 224
Amortisation patents and other intangible assets	111 116	90 389	225 821	171 076	402 105
Amortisation contracts and customer relationships	132 480	103 917	281 784	199 167	458 760
Amortisation Goodwill	0	0	0	0	0
Tax paid	(40 294)	(49 640)	(100 542)	(97 010)	(169 194)
Changes in debtors	61 516	22 258	82 454	162 492	(250 914)
Changes in inventory and trade creditors	45 243	(18 565)	25 240	(92 057)	21 570
Changes in public duties payable	(250 968)	(215 360)	(57 456)	(31 691)	90 721
Changes in deferred revenue	(489 427)	(337 586)	255 427	420 301	259 058
Changes in other accruals	229 428	113 551	140 340	(20 155)	138 983
Net cash flow from continuing and discontinued operations	74 862	(65 253)	1 370 195	1 188 853	2 003 928
Net cash flow from continuing operations	66 612	(75 531)	1 355 317	1 173 907	1 937 188
Net cash flow from discontinued operations	8 250	10 277	14 878	14 946	66 740
Sale of (investment in) tangible fixed assets	(5 144)	(14 762)	(37 193)	(20 908)	(63 093)
Sale of (investment in) R&D own software	(17 075)	(18 013)	(41 090)	(32 217)	(68 532)
Net cash flow from investments	(22 220)	(32 775)	(78 283)	(53 125)	(131 625)
Investment in tangible fixed assets related to business combinations	(5 860)	(863)	(6 988)	(4 196)	(10 808)
Investment in R&D software related to business combinations	(751)	(1 163)	(751)	(9 114)	(144 718)
Sale of (investment in) businesses	(613 613)	(458 369)	(936 005)	(917 174)	(3 308 434)
Sale of (investment in) shares	(3 310)	(4 146)	994	(3 766)	(3 967)
Net proceeds from divestiture of discontinued operations	795 255	0	795 255	274 248	274 248
Net cash flow from investments related to business combinations	171 721	(464 541)	(147 496)	(660 002)	(3 193 679)
Repayments of interest bearing loans	0	0	(218 018)	(184 011)	(234 011)
Net proceeds from interest bearing loans	0	744 375	772 040	744 375	744 375
Changes in bank overdraft	237 533	(164 444)	(538 388)	(164 444)	584 296
Changes in long term receivables/payables	(4 178)	55	(3 676)	3 220	(5 203)
Payment of Group contribution	(8 967)	0	(494 252)	(2 042 179)	(2 043 218)
Cash inflow from dividends	5 000	23 400	5 000	23 400	23 400
Net cash flow from share issues	0	94 000	0	94 000	94 000
Cash inflow from interest	3 370	8 042	6 807	14 813	22 859
Cash outflow from interest and fees	(56 204)	(18 561)	(211 917)	(125 418)	(251 007)
Net cash flow from financing activities	176 552	686 866	(682 403)	(1 636 245)	(1 064 509)
Net cash flow	400 916	124 296	462 013	(1 160 518)	(2 385 885)
Cash and cash equivalents, beginning of period	3 646 170	4 611 514	3 665 241	5 866 935	5 866 935
Net foreign exchange differences	(83 786)	113 352	(163 955)	142 746	184 192
Cash and cash equivalents, end of period	3 963 300	4 849 163	3 963 300	4 849 163	3 665 241
EBITDA to net cash flow from operations	11,5 %	-16,2 %	116,0 %	127,3 %	92,4 %

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(NOK in thousands)	Attributable to equity holders of Visma AS				Non-controlling interests	Total equity
	Paid-in share capital	Other reserves	Retained earnings	Majority's share of equity		
Equity as at 01.01.2017	1 991 726	145 925	6 092 291	8 229 942	21 971	8 251 913
Issue of share capital	94 000		0	94 000		94 000
Profit for the period			751 933	751 933		4 201 120
<i>Net gain (loss) on financial hedging instruments, net of tax</i>		27 927		27 927		27 927
<i>Exchange differences on translation of foreign operations, net of tax</i>		273 569		273 569		273 569
<i>Net gain (loss) on defined benefit plan, net of tax</i>		5 164		5 164		5 164
Total comprehensive income for the period		306 660	751 933	1 058 593	0	4 507 780
Group contribution	(1 457 774)		(406 941)	(1 864 715)		(1 864 715)
Changes to non-controlling interest; acquisition and arising on business combination			0	0	(5 728)	(5 728)
Equity at end of period	627 952	452 585	6 437 283	7 517 820	16 244	7 534 063
Equity as at 01.01.2018	627 952	452 585	6 437 283	7 517 820	16 244	7 534 063
Issue of share capital			0	0		0
Profit for the period			1 000 327	1 000 327	592	1 000 919
<i>Net gain (loss) on financial hedging instruments, net of tax</i>		13 477		13 477		13 477
<i>Exchange differences on translation of foreign operations, net of tax</i>		(255 450)		(255 450)		(255 450)
<i>Net gain (loss) on defined benefit plan, net of tax</i>		0		0		0
Total comprehensive income for the period		(241 973)	1 000 327	758 354	592	758 946
Group contribution			(375 631)	(375 631)		(375 631)
Changes to non-controlling interest; acquisition and arising on business combination			69	69	(5 591)	(5 522)
Equity at end of period	627 952	210 611	7 062 048	7 900 611	11 245	7 911 856

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

NOTE 1 – ORGANISATION AND BASIS OF PREPARATION

General information and organisation

Visma (the Group) consists of Visma AS (the Company) and its subsidiaries. Visma AS is a limited liability company, incorporated in Norway. The address of its registered office is Karenslyst allé 56, N-0214 Oslo, Norway.

Visma's condensed interim financial statements for the second quarter of 2018 were authorised for issue by the board of directors on July 9th 2018.

Basis of preparation

These condensed interim financial statements are prepared in accordance with International Reporting Standard IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). The condensed interim financial statements do not include all the information and disclosures required by Financial Reporting Standards (IFRSs) for a complete set of financial statements, and these condensed interim financial statements should be read in conjunction with the Visma annual financial statements. A description of the significant accounting policies applied is included in the Visma annual financial statements for 2016 and applies to these condensed interim financial statements, except for the adoption of new standards and interpretations as of January 1, 2017.

The condensed interim financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the financial position, results of operations and cash flows for the dates and interim periods presented. Interim period results are not necessarily indicative of results of operations or cash flows for an annual period. Certain amounts in the comparable periods have been restated to conform to current period presentation.

The condensed interim financial statements are unaudited.

Changes to significant accounting policies in the current period

Visma has implemented IFRS 15 with effect from 2018. The group had a high level of decomposition under the existing practice, and the impact on group revenue recognition of IFRS 15 is limited. Additional disclosures on revenue recognition will be provided in the annual report.

Use of estimates

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis, considering the current and expected future market conditions. A change in an accounting estimates is recognised in the period in which the estimate is revised if the revision affect only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTE 2 — SEGMENT INFORMATION

Visma reports its business through five reporting segments, Small and Medium Business (SMB), Enterprise, Retail, Custom Solutions, Commerce Solutions and Group HQ + IT. These aggregations has its basis in similar economic characteristics, the nature of products, services and the type and class of customers and the market their customer operates in.

Transfer prices between segments are set at an arm's length basis in a manner similar to transactions with third parties. Visma AS and national holding companies are disclosed under Group HQ.

NOTE 2 — SEGMENT INFORMATION continued

Segment data for the second quarter of 2018 and 2017 are presented below. The measurement basis of segments profit is Net operating income. Deferred tax assets, pension assets and non-current financial assets are not allocated to the segments.

OPERATING SEGMENTS

(NOK in thousands)	2018							2017						
	SMB	Enterprise	Custom Solutions	Commerce Solutions	Retail	Group HQ + IT	TOTAL	SMB	Enterprise	Custom Solutions	Commerce Solutions	Retail	Group HQ + IT	TOTAL
Revenue														
Total segment revenue	1 295 679	918 865	476 744	253 221	365 386	82 648	3 392 544	1 100 769	651 340	320 496	188 207	346 149	68 040	2 675 001
Internal revenue	223 240	228 995	57 679	11 959	79 855	56 715	658 442	185 401	164 409	36 231	8 595	76 788	35 902	507 326
External revenue on each group of similar products and services														
On-premises software	436 182	304 849	122 487	0	79 977	0	943 495	462 754	271 310	188 252	0	94 723	0	1 017 038
Cloud Computing	611 546	355 184	292 314	239 929	146 525	24 795	1 670 294	428 204	192 177	87 809	177 959	129 723	27 796	1 043 668
Other	24 711	29 837	4 264	1 333	59 029	1 138	120 312	24 410	23 444	8 204	1 653	44 916	4 343	106 969
External revenue	1 072 439	689 871	419 065	241 262	285 531	25 933	2 734 101	915 368	486 932	284 264	179 612	269 361	32 139	2 167 676
Actual growth (external) %	17,2 %	41,7 %	47,4 %	34,3 %	6,0 %	-19,3 %	26,1 %							
EBITDA	323 066	114 690	74 505	53 860	8 019	2 914	577 053	272 427	103 667	36 461	33 023	17 428	4 056	467 061
EBITDA margin	30,1 %	16,6 %	17,8 %	22,3 %	2,8 %	11,2 %	21,1 %	29,8 %	21,3 %	12,8 %	18,4 %	6,5 %	12,6 %	21,5 %

(NOK in thousands)	2018							2017						
	SMB	Enterprise	Custom Solutions	Commerce Solutions	Retail	Group HQ + IT	TOTAL	SMB	Enterprise	Custom Solutions	Commerce Solutions	Retail	Group HQ + IT	TOTAL
Revenue														
Total segment revenue	2 553 319	1 818 703	922 389	587 779	722 164	169 151	6 773 506	2 167 538	1 263 025	632 284	343 474	690 762	135 555	5 232 639
Internal revenue	431 941	441 677	110 563	110 563	162 939	117 517	1 375 199	377 775	320 944	78 137		161 619	71 592	1 010 067
External revenue on each group of similar products and services														
On-premises software	875 943	602 392	248 670	0	161 300	0	1 888 306	917 575	536 686	359 523	0	184 884	1	1 998 669
Cloud Computing	1 196 078	709 396	555 587	473 791	291 480	49 700	3 276 032	824 551	359 665	183 319	341 550	255 441	55 458	2 019 985
Other	49 357	65 238	7 569	3 426	106 445	1 935	233 969	47 637	45 729	11 306	1 924	88 819	8 505	203 919
External revenue	2 121 378	1 377 026	811 826	477 216	559 225	51 635	5 398 307	1 789 763	942 081	554 147	343 474	529 143	63 963	4 222 572
Actual growth (external) %	18,5 %	46,2 %	46,5 %	38,9 %	5,7 %	-19,3 %	27,8 %							
EBITDA	641 408	264 447	143 602	102 139	10 985	5 637	1 168 217	536 922	204 554	83 976	64 835	29 706	2 374	922 367
EBITDA margin	30,2 %	19,2 %	17,7 %	21,4 %	2,0 %	10,9 %	21,6 %	30,0 %	21,7 %	15,2 %	18,9 %	5,6 %	3,7 %	21,8 %

Reconciliation	2nd quarter		1st half year	
	2018	2017	2018	2017
Profit before taxes	246 421	192 169	448 834	413 054
Net financial items	45 611	39 992	137 395	81 029
Result from associated companies	5 041	20 680	6 090	19 463
Depreciations and amortisations	279 980	214 221	575 898	408 821
EBITDA	577 053	467 061	1 168 217	922 367
EBITDA in operating segments	577 053	467 061	1 168 217	922 367

GEOGRAPHICAL AREAS

(NOK in thousands)	2018			2017		
	Net sales	%	Long lived assets	Net sales	%	Long lived assets
Norway	1 999 745	37,0 %	4 030 966	1 708 031	40,5 %	3 061 245
Sweden	1 672 863	31,0 %	2 602 473	1 398 728	33,1 %	2 627 376
Denmark	784 535	14,5 %	3 618 633	365 408	8,7 %	1 935 512
Finland	771 964	14,3 %	2 002 122	593 565	14,1 %	2 038 415
Netherlands	169 200	3,1 %	765 689	156 840	3,7 %	833 362
Total	5 398 307	100,0 %	13 019 883	4 222 572	100,0 %	10 495 909

* 2017 has been restated to reflect the sale of Visma Hosting

NOTE 3 — BUSINESS COMBINATION

During the second quarter of 2018, Visma had a net cash outflow from investment in businesses of NOK 613,6m

Custom Solutions

Visma broadened its solution offering within the Custom Solutions division through the acquisition of two fast growing companies in the second quarter: Kapacity A/S, a Danish blue-chip BI provider and WeOptIt, a Finnish optimization and algorithm company with world leading competence.

SMB

Visma strengthened its product offering with the SMB division through three acquisitions this quarter: Smartdok AS, Norwegian provider of SaaS solutions for the construction industry. Agenteq Solutions Oy (to be renamed Visma Tampuuri Oy, a Finnish provider of SaaS solutions for real estate management and Wikinggruppen, a Swedish company specializing in e-commerce.

The fair value of the identifiable assets and liabilities as at the date of acquisition were:

	Kapacity A/S	MyOpt Consulting Oy	Smartdok AS	Agenteq Solutions Oy
(NOK in thousands)	25.04.18	26.04.18	01.06.18	20.06.18
Deferred tax assets				
Shares		(887)	86	
Other intangible assets		751		216
Machinery and equipment	1 709		467	3 460
Property			125	
Other long-term receivables			2 693	
Inventories				
Trade receivables	20 232	1 950	3 376	9 867
Other short term receivables	2 473	2 329	1 131	951
Cash and cash equivalents	4 814	1 537	16 555	63 208
Assets	29 228	5 679	24 432	77 702
Other long-term liabilities				
Deferred tax liability			20	
Bank overdraft				
Trade creditors	2 665	257	535	452
Public duties payable	11 714	9	4 302	2 541
Tax payable	1 420	385	738	
Other current liabilities		6 030	18 331	29 118
Liabilities	15 799	6 682	23 926	32 110
Fair value of net assets	13 429	-1 003	506	45 592
Non-controlling interests				
Goodwill arising on acquisition	93 024	58 420	47 760	65 131
Other intangible assets	50 025	27 604	22 429	53 232
Contracts and customer relationship arising on acquisition	70 034	38 646	31 400	74 525
Deferred tax liability	(26 413)	(13 250)	(12 381)	(25 552)
Total acquisition cost	200 098	110 417	89 715	212 930
Net cash acquired with the subsidiary	(4 814)	(1 537)	(16 555)	(63 208)
Cash paid	91 203	33 010	89 715	212 930
Net cash outflow	86 389	31 473	73 160	149 722
Deferred payment	108 895	77 407	0	0

NOTE 4 — Discontinued operations

On June 18th 2018, Visma sold its Hosting division to Axcel. Visma Hosting is the leading mass hosting provider in Sweden and the Czech Republic with a strong presence in several other markets across Europe through the brand names Loopia and Active 24. The net consideration for the sale was NOK 914,5million, paid in cash upon closing.

In Visma AS' consolidated financial statement, the gain from the sale is 638,6 million. The Hosting division is presented in the consolidated financial statement under discontinued operations.

Condensed Statement of Income from discontinued operations

(NOK 1,000)	2018	2017
Revenue	95 072	200 071
Total operating expenses	66 741	143 927
Depreciation tangible assets and capitalised R&D	3 096	6 583
Amortisation intangible assets	8 667	17 246
Operating profit EBIT	16 569	32 314
Net financial items	-1 304	-3 471
Profit before taxes from discontinued operations	15 265	28 843
Taxes	-609	6 910
Profit for the year from discontinued operations	15 874	21 933
Net gain on sale of discontinued operations	638 569	
Net income from discontinued operations	654 443	21 933

Condensed Statement of Cash Flows from discontinued operations	2018	2017
Operating	14 878	66 740
Investing	(7 235)	(36 187)
Financing	301	(36 017)
Net Cash (outflow)/inflow	7 944	(5 463)

Earnings per share	2018	2017
Basic, profit/(loss) for the year from discontinued operations (NOK)	654 443 015	21 933 083
Diluted, profit/(loss) for the year from discontinued operations (NOK)	654 443 015	21 933 083

Recorded value of assets and liabilities as at the date of disposal were:

(NOK 1,000)	18.06.2018
ASSETS	
Deferred tax assets	-
Shares	-
Other intangible assets	230 426
Machinery and equipment	22 252
Property	-
Other long-term receivables	2 494
Inventories	-
Trade receivables	7 976
Other short term receivables	4 573
Cash and cash equivalents	113 456
Assets	381 178
LIABILITIES	
Other long-term liabilities	-
Deferred tax liability	13 730
Bank overdraft	-
Trade creditors	8 809
Public duties payable	4 547
Tax payable	-2 605
Other current liabilities	80 745
Liabilities	105 226
Value of net assets	275 951
Net consideration	914 521
Gain on sale Visma Hosting	638 569

ALTERNATIVE PERFORMANCE MEASSURES

General information

Visma's condensed interim financial statements are prepared in accordance with International Reporting Standard IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). Additionally, selected alternative performance measures are provided by the management in this report to allow the reader to gain a better understanding of the Group's underlying performance. The alternative performance measures provided may be defined or calculated differently than for other companies.

EBITDA / EBITA / EBIT

EBITDA is defined as Earnings Before Interests, Tax, Depreciation and Amortization and is an indicator of the performance of the underlying operations in Visma Group. EBITDA margin is presented as EBITDA as a percentage of Operating Revenues. In addition to EBITDA, management also present EBITA which is defined as EBITDA less Depreciation as well as EBIT / operating profit defined as EBITA less amortization.

EBITDA growth is presented for the current quarter, defined as the percentage growth over EBITDA in the same quarter last year. EBITDA growth is also presented on a year-to-date basis, defined as the percentage growth over EBITDA for the corresponding period last year.

Cloud Annualized Revenue

Revenue from Software-as-a-Service ("SaaS") solutions and other cloud computing is an important growth area for Visma. Unlike traditional on-premises solutions that are locally installed, SaaS Solutions are centrally installed in datacentres run by either Visma or third party providers, and made accessible to the customer through a "thin client" such as a web browser or mobile app. Cloud computing includes SaaS solutions as well as related services such as consulting and implementation on SaaS solutions, cloud infrastructure services and Fin-tech services.

Cloud Annualized revenue measures the run rate of revenue derived from cloud computing. It is a forward looking indicator of future revenue from cloud computing. The monthly revenue generated from cloud computing at the end of the quarter is multiplied by 12 to arrive at an annualized value.

Customer Contracts

The number of customers that have a support, subscription or maintenance agreement. A customer may be counted several times between licensing systems, due to acquisitions.

Number of e-invoicing transactions

The number of e-invoicing transactions processed through Visma's e-invoicing hubs. SaaS e-invoices is an important growth area for Visma. To account for seasonal variations, monthly e-invoices is measured as the last twelve month average.

On-premises software

Revenue from On-premises software is revenue related to software installed on the customers premises, typically windows based software and similar. Revenue from consulting and implementation of on-premises software is also included here.

Cloud Computing

Revenue from cloud computing is revenue derived from SaaS and SaaS related services, such as for instance consulting on SaaS solutions or cloud infrastructure services. Unlike traditional on-premises solutions that are locally installed, SaaS Solutions are centrally installed in datacentres run by either Visma or third party providers, and made accessible to the customer through a "thin client" such as a web browser or mobile app.

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