



# Q3

QUARTERLY  
REPORT

2019

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## Six acquisitions completed during the quarter, continued strong momentum in the Netherlands

### HIGHLIGHTS, third quarter 2019

- Revenue of NOK 3 685 million, an increase of 27,9%
- EBITDA of NOK 1 131 million, an increase of 21,3%
- SaaS customer contracts growth of 27% year-on-year
- Cloud Annualized Revenue reached NOK 11,2 billion, a year-on-year growth of 31%
- The monthly level of e-invoice transactions reached 9,0 million
- Six acquisitions completed during the quarter, three of them in the Netherlands where the rapid expansion continues

Visma continues to deliver excellent top-line revenue and continued profit growth in the third quarter. Total revenue growth was 27,9% while EBITDA grew strongly as well by 21,3% over Q3 2018 to reach NOK 1 131 million.

Each of Visma's four core divisions delivered high, double-digit revenue growth year-on-year. The SMB Division grew revenues by 17%, Enterprise grew by 22%, Custom Solutions grew with an impressive 62% and Commerce Solutions by 30% compared to the third quarter a year ago. SaaS subscriptions and SaaS transactions continue to be the strongest drivers of growth in Visma and cloud annualized revenue grew by 31% to reach NOK 11 200m.

The third quarter saw six new acquisitions for Visma, three of them in the Netherlands where Visma's rapid expansion continues. Among the acquired companies were HR2Day, a fast growing Dutch provider SaaS payroll and HR solutions. Visma also continued to expand the portfolio of mission critical e-government solutions through the acquisition of PlusPort which have strong synergies with the product offering of Visma Roxit. In the Nordics, Visma further strengthened its payroll offering in the Danish SMB segment through the acquisition of ProLøn. In Norway, Visma acquired the innovative company Meglerfront, providing mobile solutions for real estate transactions.

### KEY FIGURES

Continuing operations (NOK in millions)	3rd quarter			First three quarters			Year
	<b>2019</b> Actual	2018 * Actual	Growth	<b>2019</b> Actual	2018 * Actual	Growth	2018 * Actual
Revenue	3 685	2 882	27,9 %	10 831	7 946	36,3 %	11389
EBITDA	1 131	932	21,3 %	2 915	2 283	27,7 %	3 207
<i>EBITDA margin</i>	<i>30,7 %</i>	<i>32,4 %</i>		<i>26,9 %</i>	<i>28,7 %</i>		<i>28,2 %</i>
EBITA	968	771	25,6 %	2 427	1 919	26,4 %	2 648
EBIT	512	453	13,0 %	1 162	1 102	5,4 %	1 481
Net profit	419	268	56,1 %	727	633	14,9 %	920
Operational cash flow (after tax)	734	521	41,1 %	2 669	2 081	28,3 %	3 047

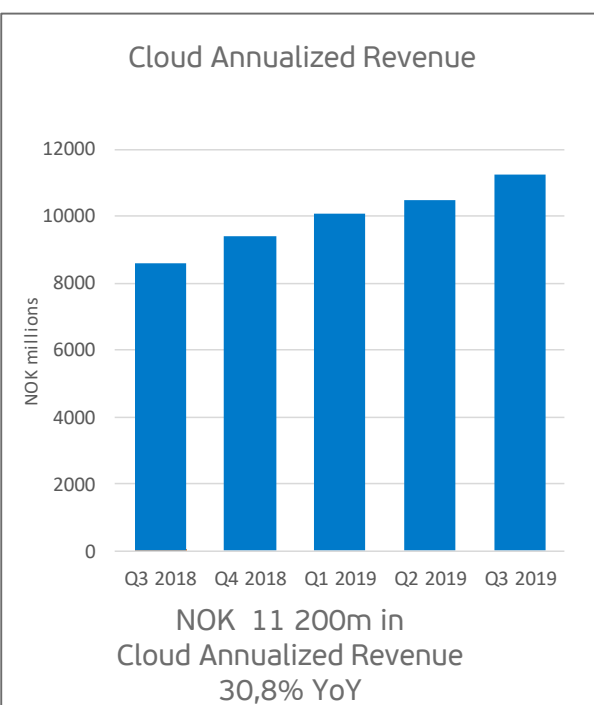
\* 2018 has been restated for the effects of IFRS16.

## FINANCIAL REVIEW – GROUP (THIRD QUARTER 2018 IN BRACKETS)

Revenue amounted to NOK 3 685 million (2 882) and EBITDA to NOK 1 131 million (932) in the third quarter of 2019. Revenue increased 27,9% while EBITDA increased by 21,3% over Q3 2018.

Group EBIT amounted to NOK 512 million in the third quarter (453). Net financial items were NOK 28,7 million (-105,1). Consequently, profit before taxes was NOK 540,5 million (349,5). Taxes amounted to NOK 121,6 million (81,1), and net income from continuing operations resulted in NOK 418,9 million (268,4) in the third quarter. Cash flow from continuing operations after tax amounted to NOK 734,5 million (520,5). Cash flow from investments, which are fixed assets, software R&D and investments in acquired businesses, was NOK -908,7 million (3 163,1). At the end of the third quarter, the cash position of Visma was NOK 5 623 million (4 646).

Equity amounted to NOK 11 590 million (9 353), corresponding to an equity ratio of 33,3% (32,7%). Long term interest bearing debt amounted to NOK 11 319 million (8 870). 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 30,8% year-on-year in Q3, boosted by Visma's focus on acquiring leading SaaS companies. At the end of Q3, revenue from cloud computing saw an annualized run rate reaching NOK 11 200m. Furthermore, SaaS customer contracts have seen a strong, high-growth development. Visma has above 900 000 customer contracts, of which more than 700 000 are for SaaS products. This is 33,4% higher than SaaS contracts last year, and is a result of both strategic focus in the business units and targeted acquisitions. Additionally, Visma has a large number of freemium and trial customers not yet paying for the use of the services.

At the end of Q3, Visma processed 9,0 million monthly e-invoices transported through Visma's e-invoicing hubs (27,2% y-on-y growth). One key objective for Visma's software products and solutions is to make the traditional paper invoice redundant. In Q3, Visma expanded its e-invoice offering in Sweden through the acquisition of Scancloud.

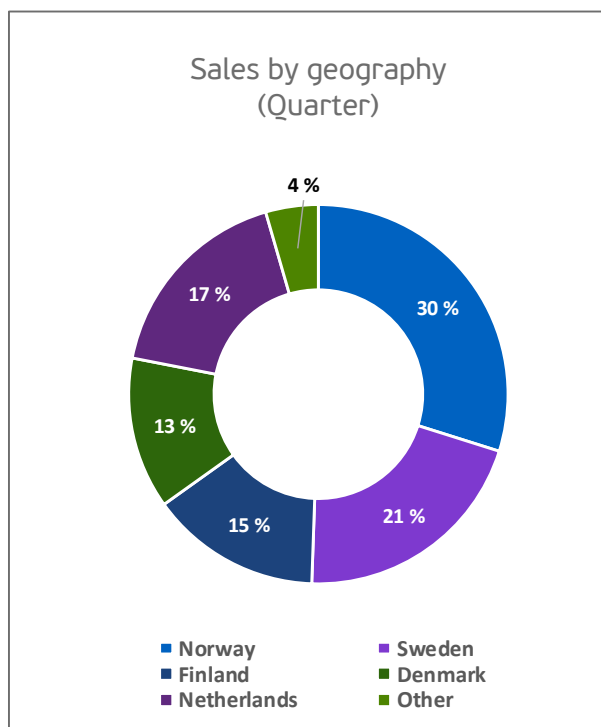
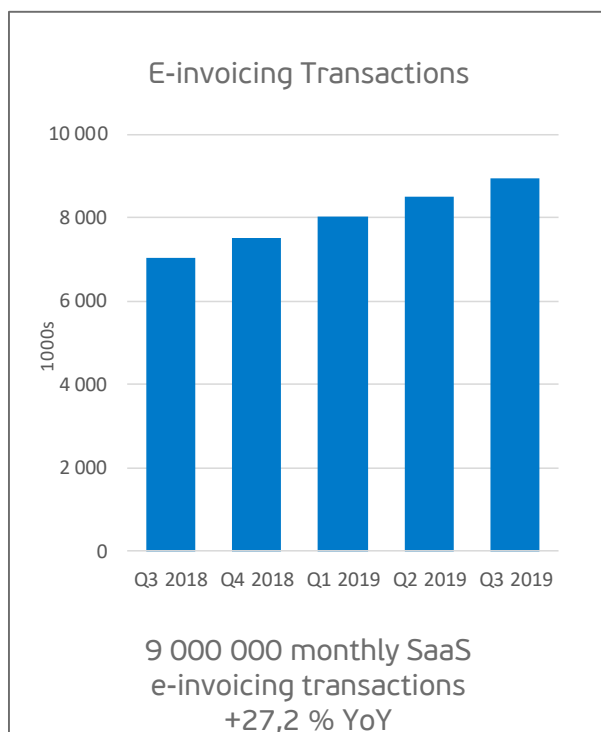
## MARKET OUTLOOK

The Nordic markets remain stable and continues to achieve above average growth rates compared to overall Europe. The economic development in the markets where Visma operates are generally in good shape, as evident by the 25 bps increase in interest rates by the central bank of Norway in September. The Nordic countries are, however, small and open economies and may be affected by a potential hard Brexit or an escalation in the ongoing trade-war. 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. We are steadily launching new SaaS products and have come a long way in moving all our existing activities to a SaaS model. Our customers increasingly prefer subscription payment models over large up-front investments, and revenue from licenses is now less than one percent of total revenues.

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

Visma Software SMB is the largest and most diversified business area, contributing 35% of the Revenue and 46% of the EBITDA in the third quarter of 2019.



## OWNERSHIP

Six international private investors own Visma. HgCapital and co-investors 60.4 %, GIC 15.5 %, Intermediate Capital Group 7.2 %, Montagu 5.8 % and CPPIB 5.0%. A broad management group holds approximately 6,2 % 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.

## CYBER SECURITY

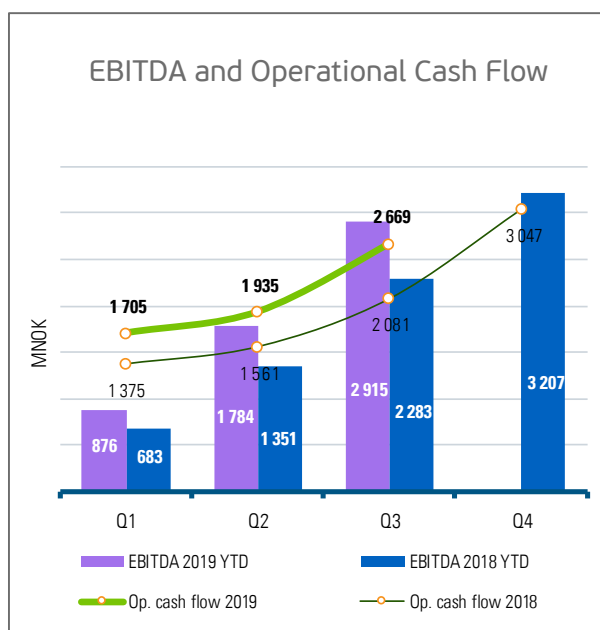
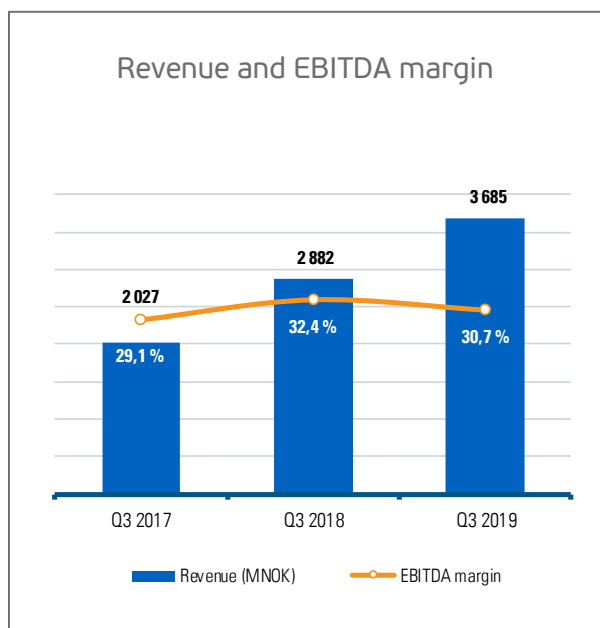
The third quarter was quiet on the security end, with no incidents impacting Visma's customers. Focus has been concentrated on security training for employees and preparing for the European Cyber Security Month (ECSM) in October – an awareness campaign to raise awareness of cyber security threats.

## 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, October 24, 2019

The Board of Directors of VISMA AS



# SMB

## Comments on the third quarter

Visma's cloud entry-level solutions are continuing the positive trend for the segment, with Dinero, e-economic, Tripletex, SpeedLedger, and Visma eAccounting reaching over 352 000 combined customer contracts in Q3 by acquiring over 4 000 net new customers.

The Visma.net mid-range pure cloud ERP product line and automation services shows continued high growth in customers, users, and certified partners. A solid flow of Visma.net Financials and Logistics implementations are in the pipeline, and the product is currently the biggest commercial success we have seen in Visma at this stage of the revenue size. Cloud customer contracts now account for over 73% of all the contracts in the SMB Division.

Product development delivery capability is improving through increased activity in Visma's Central Europe and Baltics development and support centers, as well as through improved processes and increased backoffice flexibility.

Operational focus has been on implementing customer satisfaction Net Promoter Score (NPS) measurements and onboarding of the latest acquisitions, including Merit Tarkvara in Estonia, Saldeo SMART in Poland, and ProLøn in Denmark.

Trends of strategic importance in our segment include AI and Machine Learning automation and suggestion features replacing manual tasks, automated financing and collecting services integrated with cloud ERP-systems, cloud HRM, and enabling our customers employees mobile mass consumption of payslips and other HR services. The Visma SMB Division is well positioned for further cloud growth in these segments, with strong feature roadmaps for all product lines for the coming quarters.

## Segment at a glance

### Target market:

- Small & medium sized businesses
- Accounting Offices

### Management:

- Steffen Torp, Director SMB Division

### Share of Group



35 %

### Operating revenue



46 %

### EBITDA

### Quarterly Key Figures

Revenue	1 299 MNOK
Growth, YoY	17,4 %
EBITDA	517 MNOK
EBITDA margin	39,8 %
FTE	2 909
Headcount	3 103

### 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 third quarter

In the third quarter Enterprise's business continued with good growth across our strategic areas.

The product offering in the Netherlands was further strengthened by the acquisition of two cloud HR software providers, HR2Day and Dotweb.

In Finland, our new kindergarten solution is currently running in several pilots. Also, our PPT offering is running pilots, which represents the first step in internationalizing our welfare portfolio outside of Norway. We also moved several of our existing services to public cloud infrastructure during the quarter.

Visma.net HRM is continuing its strong growth and the teams delivered several key enhancements, particularly in the mobile space. Key performance and API improvements benefiting our Netherlands offering were also made. In Denmark we launched our new BI solution in our flagship payroll product, developed in just two months.

In Sweden we made several important improvements to our key HRM offerings. In Norway, we rolled out our new, advanced InSchool offering to over 35,000 users during the quarter. The offering will optimize school administration tasks and enables teachers, parents and children to work more effectively. The roll out will continue this and next year. We also continued modernization of other products.

## 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

32 %

Operating revenue

26 %

EBITDA

### Quarterly Key Figures

Revenue	1 191 MNOK
Growth, YoY	22,4 %
EBITDA	296 MNOK
EBITDA margin	24,9 %
FTE	3 671
Headcount	3 977

### 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 third quarter

Custom Solutions delivered yet another quarter with strong performance. External revenue was 666 MNOK with a YoY growth of a staggering 62,2%, EBITDA of 159 MNOK and a profit margin of 23,9%

In September two additional companies joined Visma Custom Solutions. Avaintec in Finland and Plusport in the Netherlands. Other recent acquisitions are performing well and progressing according to plan. The two recent acquisitions supports the strategy of Visma Custom Solutions by delivering e-government cloud solutions and premium services increasing margins and recurring revenue. We are working on additional acquisitions that will join the division in the coming quarters.

Visma Custom Solutions signed several important deals during Q3 highlighted by winning the largest AI contract ever awarded in Finland. The contract is with the Finnish tax authorities and Visma Custom Solutions will be delivering consulting services over the next 4-6 years worth €40M. In Sweden Visma Consulting AB succeeded in winning a login solution contract for the Swedish social employment services. This contract was only made possible by reaping synergies with Svensk E-Identitet. The number of new contracts signed for the quarter was satisfactory across all regions.

## 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	666 MNOK
Growth, YoY	62,2 %
EBITDA	159 MNOK
EBITDA margin	23,9 %
FTE	1 657
Headcount	1 690

## 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 third quarter

The strong growth continued in Q3 on both revenue and EBITDA. Visma's position in the Invoice Lifecycle Management value chain has improved in all countries with strong growth in number of transactions and a healthy uptake of new customers and contracts. The growth is increasingly fueled by utilizing integrations and embedded solutions with the ERPs and Invoicing platforms. This is an area with high growth potential and will further be developed in all markets.

In Q3, two new companies were acquired; Meglerfront in Norway and Scancloud in Sweden. Meglerfront delivers a cloud application for the real-estate industry and contributes well in expanding the Visma eco-system vertically. Scancloud, a cloud-based scanning and invoice distributor, fits well into Commerce Solution's vision of becoming a full-blown invoice lifecycle provider.

Commerce Solutions continues its efforts towards establishing financial services as an integrated part of the Visma customer journey. Through Q3 the running initiatives with partners have progressed well with good customer uptake and strong confirmatory feedback from customers. At the end of September, Visma Finance AB, Visma's own financing initiative, launched its first product: Spot factoring in eAccounting Sweden.

## 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	314 MNOK
Growth, YoY	30,4 %
EBITDA	104 MNOK
EBITDA margin	33,1 %
FTE	543
Headcount	577

## 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

## CONDENSED INTERIM FINANCIAL INFORMATION

## CONSOLIDATED STATEMENT OF INCOME

(NOK in thousands)	3rd quarter		First three quarters		Year
	2019	2018 *	2019	2018 *	2018 *
<b>CONTINUING OPERATIONS</b>					
<b>OPERATING REVENUE</b>					
Sales revenue	3 684 885	2 881 811	10 831 015	7 946 405	11 389 313
Total operating revenue	3 684 885	2 881 811	10 831 015	7 946 405	11 389 313
<b>OPERATING EXPENSES</b>					
Sales and distribution costs (COGS)	592 627	419 079	1 694 483	1 161 714	1 738 317
Gross profit	3 092 258	2 462 732	9 136 533	6 784 690	9 650 995
Payroll and personnel expenses	1 588 833	1 265 806	5 088 671	3 731 173	5 321 171
Bad debts	10 638	6 345	27 168	15 273	17 214
Other operating expenses	352 989	250 616	1 066 536	745 263	1 081 100
Total operating expenses	1 952 459	1 522 767	6 182 374	4 491 709	6 419 485
EBITDA before M&A expenses	1 139 799	939 965	2 954 159	2 292 981	3 231 510
M&A expenses	8 900	7 614	39 415	10 029	24 015
EBITDA	1 130 899	932 351	2 914 744	2 282 952	3 207 495
Depreciation tangible assets and capitalised R&D	69 196	63 654	207 982	128 479	204 855
Depreciation right of use assets	93 336	97 777	280 133	235 230	354 225
EBITA	968 367	770 920	2 426 628	1 919 243	2 648 415
Amortisation intangible assets	456 579	318 161	1 264 750	817 317	1 167 005
Operating profit EBIT	511 788	452 759	1 161 878	1 101 927	1 481 410
Result from associated companies	0	1 789	686	(4 301)	(3 050)
<b>FINANCIAL ITEMS</b>					
Financial income	227 572	36 776	258 142	62 513	82 501
Financial expenses	(198 853)	(141 856)	(482 226)	(341 883)	(444 959)
Net financial items	28 719	(105 080)	(224 084)	(279 370)	(362 458)
Profit before taxes from continuing operations	540 507	349 468	938 480	818 255	1 115 902
Taxes	121 614	81 056	211 004	185 074	195 906
Net income from continuing operations	418 893	268 412	727 476	633 181	919 995
<b>DISCONTINUED OPERATIONS</b>					
Net income from discontinued operations	0	120 954	13 268	660 030	660 496
Net income from continuing and discontinued operations	418 893	389 366	740 744	1 293 211	1 580 491
<b>ATTRIBUTABLE TO:</b>					
Equity holders of Visma AS	418 893	388 787	741 058	1 292 040	1 578 217
Non-controlling interests	0	579	( 314)	1 171	2 274
<b>EARNINGS PR SHARE</b>					
Basic earnings per share (NOK in thousands)	418 893	388 787	741 058	1 292 040	1 578 217
Diluted earnings per share (NOK in thousands)	418 893	388 787	741 058	1 292 040	1 578 217
EBITDA margin	30,7 %	32,4 %	26,9 %	28,7 %	28,2 %

\* 2018 has been restated for the effects of IFRS16.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(NOK in thousands)	3rd quarter		First three quarters		Year
	2019	2018	2019	2018	2018
Net income from continuing and discontinued operations	418 893	389 366	740 744	1 293 211	1 580 491
Net gain (loss) on financial hedging instruments, net of tax	412	(1 272)	(14 337)	12 642	( 713)
Exchange differences on translation of foreign operations, net of tax	49 488	(21 603)	(98 399)	(180 111)	66 554
Other comprehensive income (loss) for the period, net of tax	49 900	(22 875)	(112 736)	(167 469)	65 841
Total comprehensive income for the period	468 793	366 491	628 008	1 125 742	1 646 332
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>					
Equity holders of Visma AS	468 793	365 912	628 322	1 124 572	1 644 058
Non-controlling interests	0	579	( 314)	1 171	2 274

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(NOK in thousands)	<b>30 September 2019</b>	<b>30 September 2018</b>	30 June 2019	31 December 2018
<b>ASSETS</b>				
Deferred tax assets	56 729	74 187	56 606	52 863
Patents and other intangible assets	4 120 183	3 354 879	3 363 621	3 175 755
Capitalised R&D cost own software	642 624	684 622	635 646	677 784
Contracts and customer relationships	5 514 282	4 487 376	5 615 353	5 357 476
Goodwill	14 033 906	11 191 219	12 997 911	12 043 842
Property, land and buildings	24 014	23 819	24 014	24 063
Machinery and equipment	233 534	135 934	231 136	169 327
Financial assets/Shares	7 876	42 645	46 482	42 967
Investment in associated companies	73 712	71 776	73 712	73 026
Other long-term receivables	512 096	472 625	502 123	488 699
Right of use assets	1 559 840	1 402 845	1 647 443	1 384 682
Net Investment in subleases	16 543	4 489	19 481	9 994
<b>Total non-current assets</b>	<b>26 795 340</b>	<b>21 946 416</b>	<b>25 213 529</b>	<b>23 500 477</b>
Inventory	55 319	29 902	42 728	29 136
Accounts receivables	1 631 633	1 406 877	1 694 465	1 867 982
Other current receivables	650 886	585 073	717 762	493 753
Cash and cash equivalents	5 622 869	4 646 239	5 402 512	5 148 003
<b>Total current assets</b>	<b>7 960 708</b>	<b>6 668 091</b>	<b>7 857 467</b>	<b>7 538 874</b>
<b>TOTAL ASSETS</b>	<b>34 756 048</b>	<b>28 614 507</b>	<b>33 070 996</b>	<b>31 039 351</b>
<b>EQUITY AND LIABILITIES</b>				
Paid-in capital	3 241 978	1 769 512	3 241 978	1 769 512
Other reserves	471 770	285 116	355 789	518 426
Retained earnings	7 875 754	7 286 363	7 456 861	7 572 540
<b>Equity attributable to equity holders of Visma AS</b>	<b>11 589 502</b>	<b>9 340 990</b>	<b>11 054 628</b>	<b>9 860 477</b>
Non-controlling interests	0	11 782	0	1 058
<b>Total equity</b>	<b>11 589 502</b>	<b>9 352 772</b>	<b>11 054 628</b>	<b>9 861 535</b>
Deferred tax liability	2 679 203	2 214 585	2 337 265	2 141 734
Financial hedging Instruments	102 311	66 579	102 843	83 812
Long-term interest bearing bank loans	11 319 234	8 869 751	11 159 419	9 329 003
Accrued funding fees	(11 623)	(10 037)	(14 740)	(8 030)
Long-term lease liabilities	1 334 450	1 179 986	1 385 279	1 162 746
Other long-term non interest bearing liabilities	1 385 522	1 769 091	1 077 474	2 444 003
<b>Total non-current liabilities</b>	<b>16 809 097</b>	<b>14 089 955</b>	<b>16 047 540</b>	<b>15 153 268</b>
Bank overdraft	1 750 244	946 650	969 380	1 442 504
Short-term interest bearing bank loans	92 520	91 830	91 770	97 010
Trade creditors	541 292	458 385	603 742	614 475
Public duties payable	645 061	503 111	554 509	621 632
Tax payable	(23 216)	(60 693)	26 944	123 647
Deferred revenue	1 668 480	1 436 305	1 934 184	1 489 302
Short-term lease liabilities	384 328	321 752	388 855	328 678
Other current liabilities	1 298 740	1 474 441	1 399 442	1 307 302
<b>Total current liabilities</b>	<b>6 357 449</b>	<b>5 171 781</b>	<b>5 968 827</b>	<b>6 024 549</b>
<b>Total liabilities</b>	<b>23 166 546</b>	<b>19 261 736</b>	<b>22 016 368</b>	<b>21 177 817</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>34 756 048</b>	<b>28 614 508</b>	<b>33 070 996</b>	<b>31 039 351</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

(NOK in thousands)	3rd quarter		First three quarters		Year
	2019	2018	2019	2018	2018
Ordinary profit before tax from continuing and discontinued operations	540 507	349 468	938 480	818 255	1 115 902
Depreciation right of use assets	93 336	97 777	280 133	235 230	354 225
Depreciation tangible assets	25 228	15 133	76 339	40 950	60 724
Depreciation capitalised R&D cost	43 967	45 054	131 644	87 530	144 131
Amortisation patents and other intangible assets	248 569	136 689	597 918	362 510	508 524
Amortisation contracts and customer relationships	208 010	173 023	666 832	454 806	658 480
Amortisation Goodwill	0	0	0	0	0
Tax paid	( 71 798)	( 30 341)	( 226 648)	( 130 883)	( 226 501)
Changes in debtors	62 832	( 136 225)	236 349	( 53 772)	( 514 876)
Changes in inventory and trade creditors	( 75 040)	( 4 995)	( 99 365)	20 245	177 100
Changes in public duties payable	90 552	129 475	23 430	72 019	190 540
Changes in deferred revenue	( 265 704)	( 162 515)	179 178	92 912	145 909
Changes in other accruals	( 165 995)	( 101 948)	( 135 114)	97 600	448 752
<b>Net cash flow from continuing and discontinued operations</b>	<b>734 465</b>	<b>510 594</b>	<b>2 669 174</b>	<b>2 097 403</b>	<b>3 062 910</b>
<b>Net cash flow from continuing operations</b>	<b>734 465</b>	<b>520 533</b>	<b>2 669 174</b>	<b>2 081 158</b>	<b>3 046 665</b>
Net cash flow from discontinued operations	0	( 9 939)	0	16 245	16 245
Sale of (investment in) tangible fixed assets	( 20 016)	( 10 804)	( 74 100)	( 47 997)	( 82 124)
Sale of (investment in) R&D own software	( 21 417)	( 31 018)	( 56 547)	( 72 109)	( 103 441)
<b>Net cash flow from investments</b>	<b>( 41 433)</b>	<b>( 41 822)</b>	<b>( 130 646)</b>	<b>( 120 105)</b>	<b>( 185 565)</b>
Investment in tangible fixed assets related to business combinations	( 1 730)	( 17 369)	( 46 093)	( 24 357)	( 36 558)
Investment in R&D software related to business combinations	( 22 619)	( 371 226)	( 68 593)	( 371 977)	( 379 351)
Sale of (investment in) businesses	(1 078 535)	(3 161 067)	(3 221 251)	(4 097 072)	(4 901 418)
Sale of (investment in) shares	235 622	3	232 107	997	675
Net proceeds from divestiture of discontinued operations	0	428 383	13 268	1 223 638	1 224 101
<b>Net cash flow from investments related to business combinations</b>	<b>( 867 262)</b>	<b>(3 121 276)</b>	<b>(3 090 563)</b>	<b>(3 268 772)</b>	<b>(4 092 551)</b>
Repayments of interest bearing loans	( 50 001)	( 50 000)	( 347 001)	( 268 018)	( 268 018)
Net proceeds from interest bearing loans	0	2 829 974	2 428 621	3 602 014	3 602 014
Changes in bank overdraft	751 526	730 820	300 878	192 433	626 651
Cashflow from leases	( 145 735)	( 87 938)	( 365 369)	( 304 552)	( 426 780)
Changes in long term receivables/payables	159	386	512	( 3 290)	( 3 732)
Payment of Group contribution	0	0	( 507 767)	( 494 252)	( 494 252)
Cash inflow from dividends	0	0	6 000	5 000	5 000
Cash inflow from interest	6 286	3 092	17 079	9 899	14 255
Cash outflow from interest and fees	( 226 733)	( 98 212)	( 424 603)	( 310 129)	( 313 334)
<b>Net cash flow from financing activities</b>	<b>335 502</b>	<b>3 328 122</b>	<b>1 108 350</b>	<b>2 429 107</b>	<b>2 741 807</b>
<b>Net cash flow</b>	<b>161 273</b>	<b>675 617</b>	<b>556 315</b>	<b>1 137 632</b>	<b>1 526 601</b>
Cash and cash equivalents, beginning of period	5 402 512	3 963 302	5 148 003	3 665 241	3 665 241
Net foreign exchange differences	59 085	7 320	( 81 449)	( 156 635)	( 43 840)
<b>Cash and cash equivalents, end of period</b>	<b>5 622 869</b>	<b>4 646 239</b>	<b>5 622 869</b>	<b>4 646 239</b>	<b>5 148 003</b>
EBITDA to net cash flow from operations	64,9 %	55,8 %	91,6 %	91,2 %	95,0 %

## 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 01.01.2018	627 952	452 585	6 369 884	7 517 819	16 244	7 534 063	
Issue of share capital	1 141 560		0	1 141 560		1 141 560	
Profit for the period			1 578 217	1 578 217		1 578 217	
<i>Net gain (loss) on financial hedging instruments, net of tax</i>		( 713)		( 713)		( 713)	
<i>Exchange differences on translation of foreign operations, net of tax</i>		66 554		66 554		66 554	
Total comprehensive income for the period		65 841	1 578 217	1 644 058	0	1 644 058	
Group contribution			( 375 631)	( 375 631)		( 375 631)	
Changes to non-controlling interest; acquisition and arising on business combination			69	69	(15 186)	(15 117)	
Equity at end of period	1 769 512	518 426	7 572 539	9 860 477	1 058	9 861 535	
Equity as at 01.01.2019	1 769 512	518 426	7 572 539	9 860 477	1 058	9 861 535	
Issue of share capital	1 411 605		0	1 411 605		1 411 605	
Profit for the period			741 058	741 058	( 314)	740 744	
<i>Net gain (loss) on financial hedging instruments, net of tax</i>		(14 337)		(14 337)		(14 337)	
<i>Exchange differences on translation of foreign operations, net of tax</i>		(98 399)		(98 399)		(98 399)	
Total comprehensive income for the period		(112 736)	741 058	628 322	( 314)	628 008	
Group contribution	60 861		( 437 843)	( 376 982)		( 376 982)	
Changes to non-controlling interest; acquisition and arising on business combination			0	0	( 744)	( 744)	
Equity at end of period	3 241 978	405 690	7 875 754	11 523 422	0	11 523 422	

# 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 third quarter of 2019 were authorised for issue by the board of directors on 24 October 2019.

### 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 2018 and applies to these condensed interim financial statements, except for the adoption of new standards and interpretations as of 1 January 2019.

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 16 with effect from 1 January 2019. Operating leases previously included as operating expenses in the P&L are now capitalized and put on the balance sheet as Right-of-Use assets and lease liabilities, and will be depreciated over time. This has significant effect on the group EBITDA, and 2018 figures have been restated for comparability.

### 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 four core divisions, Small and Medium Business (SMB), Enterprise, Custom Solutions, Commerce Solutions. Group HQ + IT + Cloud Infrastructure Services are reported as other. 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 third quarter of 2019 and 2018 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)	2019						2018					
	SMB	Enterprise	Custom Solutions	Commerce Solutions	Group HQ + IT + CIS	TOTAL	SMB	Enterprise	Custom Solutions	Commerce Solutions	Group HQ + IT + CIS	TOTAL
<b>Revenue</b>												
Total segment revenue	1 518 852	1 498 217	720 873	323 754	422 450	4 484 147	1 330 195	1 257 558	474 110	245 501	249 393	3 556 758
Internal revenue	220 045	307 428	54 714	9 866	207 208	799 262	223 887	284 342	63 452	4 872	98 393	674 947
<b>External revenue on each group of similar products and services</b>												
On-premises software	426 234	306 324	142 525	0	0	875 083	419 374	282 438	107 582	0	(570)	808 824
New software licences	7 482	5 285	9 345	0	0	22 113	8 677	5 438	8 978	0	(570)	22 523
Annual agreements	393 810	226 488	55 336	0	0	675 635	386 100	206 095	19 304	0	0	611 499
Software Consulting and Implementation	24 941	74 550	77 844	0	0	177 335	24 598	70 905	79 300	0	0	174 802
Cloud Computing	827 041	689 011	450 549	312 938	156 538	2 436 077	657 791	664 535	297 460	238 967	147 354	2 006 106
SaaS Subscriptions	587 343	298 956	104 140	65 251	4 317	1 060 007	468 805	196 433	28 386	48 151	9 191	750 967
SaaS Transactions and sign up fees	221 006	331 190	7 241	58 671	2 317	620 424	163 484	298 646	3 292	26 295	7 060	498 777
Cloud Infrastructure and Hosting Services	2 951	(2 490)	49 862	0	149 905	200 227	820	(25 228)	5 311	0	15 1248	132 151
Software Consulting and Implementation on SaaS	14 171	59 928	289 306	7 151	0	370 556	24 293	191 173	254 314	4 559	(16 680)	457 660
FinTech Services and debt collection	1 570	1 427	0	181 865	0	184 862	389	3 510	6 157	159 962	(3 466)	166 551
Other	45 532	195 453	73 085	950	58 704	373 725	29 143	26 243	5 616	1 662	4 217	66 881
External revenue	1 298 807	1 190 789	666 159	313 888	215 242	3 684 885	1 106 308	973 216	410 658	240 628	151 001	2 881 811
Actual growth (external) %	17,4 %	22,4 %	62,2 %	30,4 %	42,5 %	27,9 %						
<b>EBITDA</b>	516 878	296 399	159 109	103 828	54 685	1 130 899	453 604	273 804	76 356	80 940	47 647	932 351
EBITDA margin	39,8 %	24,9 %	23,9 %	33,1 %	25,4 %	30,7 %	41,0 %	28,1 %	18,6 %	33,6 %	31,6 %	32,4 %

### First three quarters

(NOK in thousands)	2019						2018					
	SMB	Enterprise	Custom Solutions	Commerce Solutions	Group HQ + IT + CIS	TOTAL	SMB	Enterprise	Custom Solutions	Commerce Solutions	Group HQ + IT + CIS	TOTAL
<b>Revenue</b>												
Total segment revenue	4 463 578	4 569 796	2 120 112	884 621	1 173 016	13 211 124	3 883 514	3 076 261	1 396 499	744 590	694 546	9 795 411
Internal revenue	666 217	934 875	167 166	30 386	581 464	2 380 108	655 828	726 019	174 016	26 746	266 398	1 849 006
<b>External revenue on each group of similar products and services</b>												
On-premises software	1 292 806	991 892	405 495	0	0	2 690 193	1 295 318	884 830	356 252	0	0	2 536 400
New software licences	32 112	23 468	32 770	0	0	88 349	33 952	33 153	32 842	0	0	99 947
Annual agreements	1 167 086	684 368	130 180	0	0	1 981 634	1 166 024	606 025	54 525	0	0	1 826 573
Software Consulting and Implementation	93 608	284 056	242 546	0	0	620 210	95 342	245 653	268 885	0	0	609 880
Cloud Computing	2 370 658	2 070 504	1 315 199	851 239	458 347	7 065 946	1 853 869	1 373 931	853 046	712 757	412 155	5 205 759
SaaS Subscriptions	1 676 519	873 260	272 983	184 865	12 388	3 020 015	1 326 577	589 565	91 364	134 992	10 904	2 153 403
SaaS Transactions and sign up fees	635 200	975 015	27 335	126 018	6 853	1 770 420	460 134	471 624	9 192	83 925	7 060	1 031 934
Cloud Infrastructure and Hosting Services	5 662	3 579	135 189	0	439 106	583 536	1 920	71	6 215	0	390 936	399 142
Software Consulting and Implementation on SaaS	48 404	213 589	880 833	21 560	0	1 164 386	64 849	301 795	740 118	15 316	3 254	1 125 332
FinTech Services and debt collection	4 873	5 060	(1 141)	518 796	0	527 589	389	10 876	6 157	478 525	0	495 946
Other	133 897	572 525	232 252	2 996	133 206	1 074 876	78 500	91 481	13 186	5 087	15 992	204 246
External revenue	3 797 361	3 634 921	1 952 946	854 235	591 552	10 831 015	3 227 686	2 350 242	1 222 484	717 845	428 148	7 946 405
Actual growth (external) %	17,6 %	54,7 %	59,8 %	19,0 %	38,2 %	36,3 %						
<b>EBITDA</b>	1 339 386	808 731	451 124	226 311	89 192	2 914 744	1 162 456	600 638	247 472	195 746	76 640	2 282 952
EBITDA margin	35,3 %	22,2 %	23,1 %	26,5 %	15,1 %	26,9 %	36,0 %	25,6 %	20,2 %	27,3 %	17,9 %	28,7 %

Reconciliation	3rd quarter		First three quarters
	2019	2018	2019
Profit before taxes	540 507	349 468	938 480
Net financial items	(28 719)	105 080	224 084
Result from associated companies	0	(1 789)	(686)
Depreciations and amortisations	619 111	479 592	1 752 866
EBITDA	1 130 899	932 351	2 914 744
EBITDA in operating segments	1 130 899	932 351	2 914 744

\* 2018 has been restated the effects of IFRS16.

### GEOGRAPHICAL AREAS

(NOK in thousands)	2019		2018	
	Net sales	%	Net sales	%
Norway	3 624 976	33,5 %	2 726 646	34,3 %
Sweden	2 360 299	21,8 %	2 221 108	28,0 %
Denmark	1 372 413	12,7 %	1 183 301	14,9 %
Finland	1 605 240	14,8 %	1 190 502	15,0 %
Netherlands	1 868 087	17,2 %	624 847	7,9 %
Total	10 831 015	100,0 %	7 946 405	100,0 %

## NOTE 3 — BUSINESS COMBINATIONS

During the third quarter of 2019, Visma had a net cash outflow from investment in businesses of NOK 1 079m.

### Custom Solutions

Plusport in the Netherlands was acquired as a bolt on to the Roxit platform, strengthening the position within e-government solutions for Dutch municipalities.

### SMB

The SMB division acquired the cloud based payroll provider Proløn, solidifying Visma's commitment to being a leading provider of SaaS payroll solutions to the SMB segment in Denmark.

### Enterprise

Two dutch HRM solution providers were acquired in the thirdquarter: HR2Day and Dotweb. With these acquisitions Visma continues to grow its presence in the Dutch HRM segment for Enterprise customers.

### Commerce Solutions

Commerce Solutions made acquisitions in Norway and Sweden during the third quarter. Meglerfront, offering cloud software for real estate transactions, was acquired in July, while the e-invoicing provider Scancloud joined the division in September.

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

	HR2Day BV	Dotweb BV	Meglerfront AS	Proløn A/S	Plusport BV	Scancloud AB
(NOK in thousands)	02.07.19	02.07.19	02.07.19	02.07.19	02.09.19	02.09.19
Deferred tax assets	0	0	2	6	0	0
Other intangible assets	3 356	12 112	20	9 290	0	0
Machinery and equipment	0	162	16	622	1 379	174
Other long-term receivables	0	0	11 406	0	0	0
Trade receivables	1 732	1 900	3 213	141	6 612	6 946
Other short term receivables	459	1 065	814	( 6)	0	180
Cash and cash equivalents	8 451	( 941)	510	12 092	16 775	10 217
<b>Assets</b>	<b>13 997</b>	<b>14 297</b>	<b>15 981</b>	<b>22 144</b>	<b>24 766</b>	<b>17 517</b>
Other long-term liabilities	0	14 047	0	94 785	0	0
Deferred tax liability	7 176	1 988	0	1 996	0	0
Bank overdraft	0	0	390	0	( 261)	0
Trade creditors	577	4 211	3 846	1 180	126	903
Public duties payable	2 543	2 738	1 920	1 555	1 983	2 090
Tax payable	628	0	879	11 417	0	256
Other current liabilities	411	6 352	6 260	3 590	2 079	2 025
<b>Liabilities</b>	<b>11 335</b>	<b>29 336</b>	<b>13 294</b>	<b>114 524</b>	<b>3 927</b>	<b>5 274</b>
<b>Fair value of net assets</b>	<b>2 662</b>	<b>-15 039</b>	<b>2 687</b>	<b>-92 379</b>	<b>20 839</b>	<b>12 242</b>
Goodwill arising on acquisition	73 939	59 624	174 326	297 192	151 163	86 495
Other intangible assets	35 086	20 422	83 183	96 247	78 785	46 715
Contracts and customer relationship arising	49 121	28 591	116 456	134 745	110 298	65 401
Deferred tax liability	(20 462)	(11 910)	(43 921)	(50 818)	(45 947)	(23 993)
<b>Total acquisition cost</b>	<b>140 345</b>	<b>81 688</b>	<b>332 732</b>	<b>384 986</b>	<b>315 138</b>	<b>186 861</b>
Net cash acquired with the subsidiary	(8 451)	941	( 510)	(12 092)	(16 775)	(10 217)
Cash paid	51 367	10 119	88 732	384 986	283 206	116 388
<b>Net cash outflow</b>	<b>42 917</b>	<b>11 061</b>	<b>88 222</b>	<b>372 894</b>	<b>266 430</b>	<b>106 170</b>
Deferred payment	88 978	71 569	244 000	0	31 932	70 473

## ALTERNATIVE PERFORMANCE MEASURES

### 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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