

# Q4

QUARTERLY  
REPORT

2016



## CONTENTS

<b>The quarter in brief</b>	<b>3</b>
Highlights	
Key figures	
Financial review	
Outlook	
<b>Business areas</b>	
SMB	7
Enterprise	8
Custom Solutions	9
Retail	10
IT & Hosting	11
<b>Condensed interim financial information</b>	
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

## A Transformative end to the year as the BPO Division was Divested and Several SaaS Acquisitions Completed

### HIGHLIGHTS, FOURTH QUARTER 2016

- Revenue of NOK 2 120 million, an increase of 10,9%
- EBITDA of NOK 507 million, an increase of 20,0%
- Revenue from SaaS Software solutions grew by 25,6%, year-on-year in the quarter
- Continued strong after-tax cashflow with 51% growth for the full year 2016 vs. 2015
- The divestment of the entire BPO division was completed during the first week of December.
- Four pure SaaS SMB software businesses were acquired during the quarter

Visma had another strong quarter with excellent top-line revenue and profit growth. Total revenue growth was 10,9% while EBITDA improved with 20,0% over Q4 2015 to reach NOK 507 million, yielding a very strong EBITDA margin of 23,9%.

Revenues in the Enterprise segment grew by an impressive 17,2% and Revenues in SMB grew by 7,4%, compared to the fourth quarter a year ago. SaaS and SaaS transactions continue to be the strongest driver of organic growth in Visma and Software SaaS Solutions annualized repeatable revenue grew by 25,6% during the quarter.

Visma completed the sale of the BPO division during the quarter. In line with the strategy to re-invest in the core software business, Visma completed the acquisition of five software companies during the fourth quarter. Four of these were 100% pure SaaS SMB software businesses. These included Dinero, the leading entry-level accounting software in Denmark, TransPA, the leading workforce management software for the trucking sector in Sweden, Movenium, the leading time-tracking software for the construction sector in Finland and Sweden, as well as, ValueFrame, a PSA SaaS Software for the professional services sector.

### KEY FIGURES

(NOK in millions)	4th quarter			Year		
	<b>2016</b>	2015	Growth	<b>2016</b>	2015	Growth
	Actual	Actual		Actual	Actual	
Revenue	2 120	1 911	10,9 %	7 855	6 488	21,1 %
EBITDA	507	423	20,0 %	1 908	1 500	27,2 %
<i>EBITDA margin</i>	<i>23,9 %</i>	<i>22,1 %</i>		<i>24,3 %</i>	<i>23,1 %</i>	
EBITA	479	391	22,5 %	1 798	1 408	27,7 %
EBIT	298	237	25,5 %	1 156	952	21,4 %
Net profit (from continuing operations)	239	159	50,6 %	700	450	55,4 %
Operational cash flow (after tax, from continuing operations)	511	394	29,5 %	1 804	1 192	51,3 %

\*In December 2016, Visma sold its BPO division. Historical numbers have been restated to reflect the sale

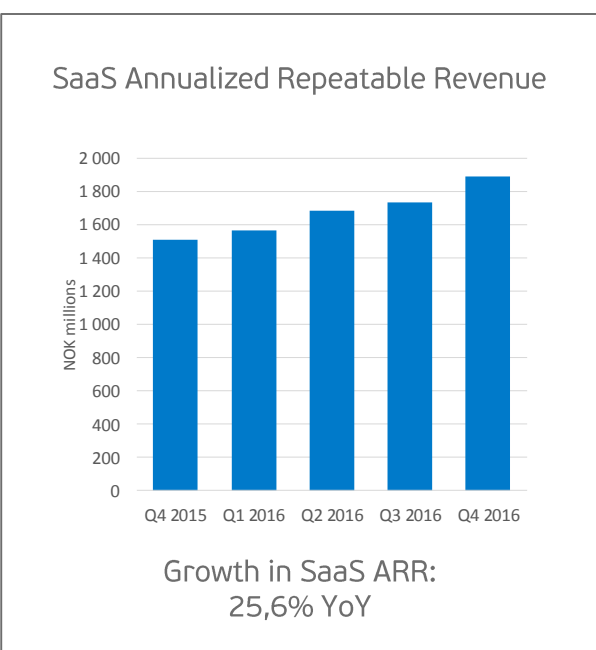
## FINANCIAL REVIEW – GROUP (FOURTH QUARTER 2015 IN BRACKETS)

Revenue amounted to NOK 2 120 million (1 911) and EBITDA to NOK 507 million (423) in the fourth quarter of 2016. Revenue increased 11,0% over Q4 2015.

Group EBIT amounted to NOK 298 million in the fourth quarter (237), whereas net gain from associated companies amounted to NOK 0.5 million (1.6). Net financial items were NOK -58 million (-69). Consequently, profit before taxes was NOK 241 million (170). Taxes amounted to NOK 1.8 million (10.9), and net income from continuing operations resulted in NOK 239 million (159) in the fourth quarter.

Cash flow from continuing operations after tax amounted to NOK 511 million (394) in the fourth quarter 2016. Cash inflow from investments was NOK 2 823 million (-51) in the quarter, which is fixed assets and software R&D and investments in acquired businesses. At the end of the fourth quarter, the cash position of Visma was NOK 5 867 million (2 915).

Equity amounted to NOK 8 294 million at the end of the quarter (4 164), corresponding to an equity ratio of 47,3% (30,5%). Interest bearing debt amounted to NOK 5 295 million (5 422). The debt-facilities have maturity dates in the 4th quarter 2019.



## COMMENTS ON SELECTED KPIS

Visma is experiencing good traction on the SaaS product portfolio.

It is impressive that SaaS Annualized Repeatable Revenue (ARR) has grown by 25.6% year-on-year in Q4. Now, 75% of our ARR is indeed from true SaaS solutions. Also SaaS customer contracts have seen a strong high-growth development. Visma has over 550 000 customer contracts, of which 300 000 are for SaaS products. The group's fastest growth is also on the SaaS contracts, which grew by 20.9% year-on-year.

At the end of Q4, 6,0 million e-invoices were transported through Visma's e-invoicing hubs. 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 are about to launch an e-invoicing service for our e-economic customers in Denmark.

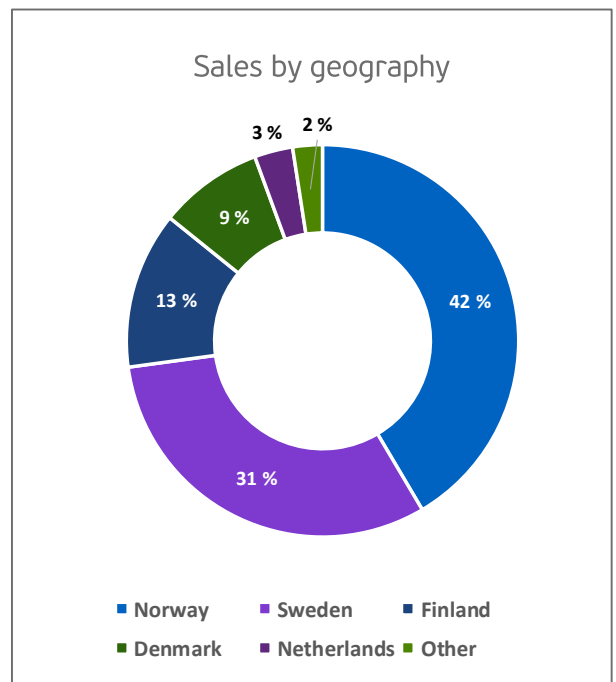
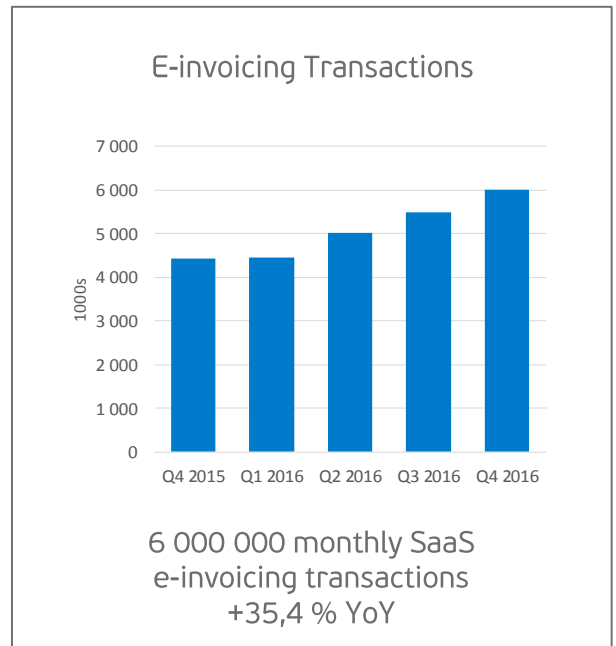
## MARKET OUTLOOK

The Nordic markets, where Visma has 97% of 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 (73% of Visma revenue) have very strong public finances. Norway has stabilized and recovered from the oil sector volatility and Sweden continues its strong growth. Denmark and Finland are also feeling general upswing in the economy. 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 accelerate the acquisition pace the coming quarters.

Visma Software SMB is the largest business area, contributing 48% of the Revenue and 58% of the EBITDA in the fourth quarter of 2016.



## OWNERSHIP

Visma is currently jointly owned by three leading international private equity groups. HgCapital 36.5%, KKR 28.6%, and Cinven 28.6%. A broad management group holds approximately 6% of the shareholder equity in Visma. In addition to the stability of the main owners, the main owners have co-investors comprised of some larger Nordic and international pension funds. This constellation contributes to a stable ownership situation.

## RISKS

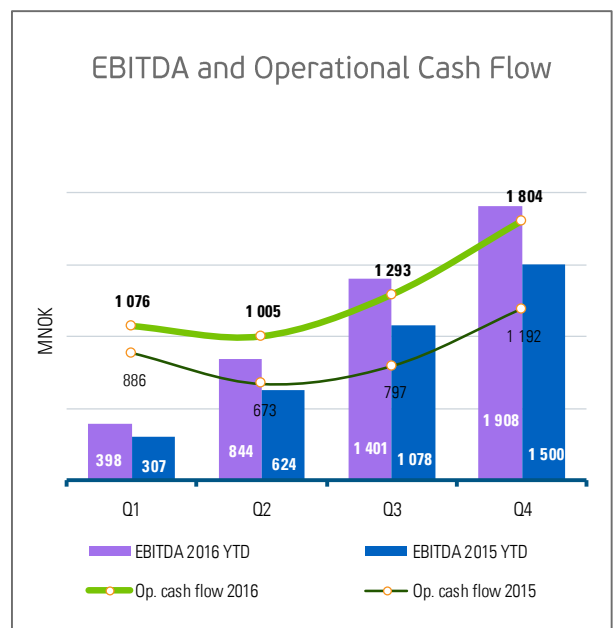
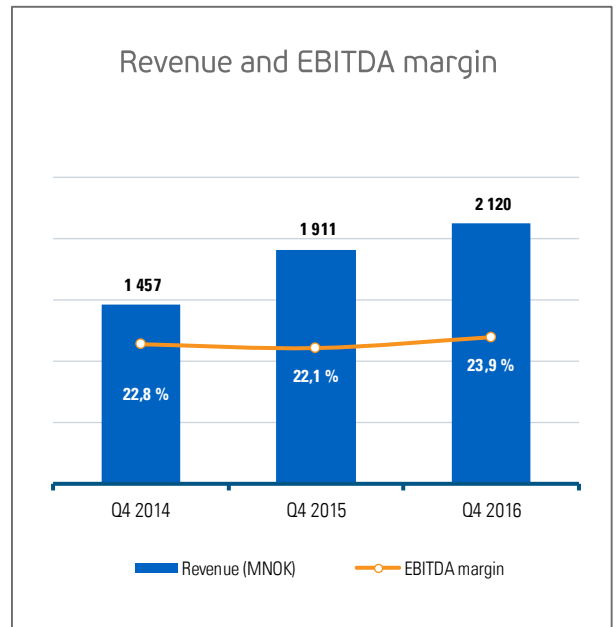
Visma is exposed to the general economic climate in the countries where the company operates. However, the business risk is limited by the company's diversified customer base and a reasonably priced, high-quality portfolio of products and services. Although Visma is also involved in some very large IT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

## 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, February 9, 2017

The Board of Directors of VISMA AS



# SMB

## Comments on the fourth quarter

Visma SMB reached 100 000 SaaS contracts in Sweden in Q4, after passing the same milestone in Denmark earlier in 2016. The entry-level SaaS solutions that include Tripletex, e-economic, Visma eAccounting, SpeedLedger and now also Dinero overall acquired over 12 000 net new customer contracts in the quarter reaching 240 000 in total.

The pure SaaS mid-range offering and hybrid services in Visma.net continued to grow in both customers and users with a solid pipeline for Visma.net Financials and Logistics, further solidifying Visma's strong standing among SaaS SMB customers in the Nordics.

Product development focus in Q4 has been delivering high-quality SaaS solutions for our core segments and upgrades for the large existing on-premises customer bases, giving them cloud and automation benefits as part of the transition to SaaS. Investments in SaaS continue to outpace investments in on-premises solutions for the quarter, with expansion in sourcing locations improving delivery capability.

Operational focus has been on integrating recent acquisitions, including Dinero, Valueframe, TransPA, and Movenium. Significant growth trends in our segments are the empowerment of our customers employees through mobile apps, accounting office's transition to SaaS solutions, online HRM solutions and electronic invoicing integrated with ERP.

Visma's Business Transactions (Accounts Receivables Management and eInvoicing) have, in Q4, monetized strongly on bundling services with Visma's own ERP systems. The strong momentum in uptake of eInvoicing throughout the Nordics in combination with efficient and tight integrations between ERP and debt collection spark the growth.

## Segment at a glance

### Target market:

- Small & medium sized businesses
- Accounting Offices

### Management:

- Eivind Gundersen, Director SMB Division
- Eilert G. Hanoa, Managing Director Entry level and mid-range

### Share of Group



48 %

### Operating revenue



58 %

### EBITDA

## Key Figures

Revenue	1 017 MNOK
Growth, YoY	7,4 %
EBITDA	298 MNOK
EBITDA margin	29,3 %
FTE	2 586
Headcount	2 705

## Products and services:

- Cloud-based financial solutions
- ERP and financial systems
- CRM
- Cloud-based expense management
- Cloud-based invoicing and payment solutions
- Invoicing, dunning and debt collection services
- 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 fourth quarter

Transition to cloud services are a prioritized area for Enterprise. Currently, 35% of the CMRR is on true cloud services, and 55% of the R&D resources are working on cloud services.

Visma is delivering 5,3 million payslips every month on multiple Visma payroll solutions per December 2016. Our true international payroll cloud solution, Visma.net Payroll, is in production with customers in the Netherlands, Norway and Sweden. The first Visma.net HRM package was released December 2016, and is going to be launched for small customers in Norway in January 2017. At the same time the Visma.net Payroll, in a hybrid model with Visma Talent, was released for the Dutch Healthcare segment. Six large Healthcare customers have been implemented

In December Visma Flyt PPT - a cloud service for children with difficulties in learning - was released. Already 16 municipalities have signed contracts, including Oslo Municipality. The same platform will be the base for future cloud services within welfare. With the acquisition of Gatsoft, Visma now has a leading offering of Workforce Management Software across the Nordic countries. Following the Gatsoft acquisition, the Swedish payroll product Personec P will be integrated with Gat Workforce Management. This will certainly increase Visma's competitiveness towards the Swedish local governments.

StarSoft Oy was rebranded to Visma InCommunity Oy during November. As part of this, the Wilma product was redesigned in line with Visma Nordic Cool. Wilma has hundreds of thousands of users and this will increase the Visma awareness in the Finnish market. The technology and domain competence from the acquired Irish school company School Thing Ltd. has become an integrated part of the Vigo project for all upper secondary schools in Norway. In December, the Vigo project received customer acceptance for Release 1.

## 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:

- Jan Ivar Borgersen, Division Director Enterprise

### Share of Group

23 %

Operating revenue

25 %

EBITDA

### Key Figures

Revenue	485 MNOK
Growth, YoY	17,2 %
EBITDA	126 MNOK
EBITDA margin	25,9 %
FTE	1 266
Headcount	1 284

### Products and services:

- HRM and payroll cloud solutions
- ERP and financial management
- Procurement administration and notification
- Cloud Solutions for schools, childcare and welfare
- Business intelligence and dashboards for municipalities and large accounts



# Custom Solutions

## Comments on the fourth quarter

Results for the Custom Solutions in Q4 were very positive - above both forecast and plan. Compared to last year Custom Solutions had strong growth and improvements of results in Q4. Growth YoY, Revenue grew 44,1% whilst EBITDA grew 107%.

All countries were performing well - especially Norway has had an exceptional come-back since last year, but also Sweden had great improvements of results in H2 especially in Q4. Results from Norway, Denmark and Finland have been quite strong all year. Nearshore Development Center in Lithuania is performing very well with very high customer satisfaction and they are now opening up for business with external customer through MIND4iT in Denmark. Strategic acquisitions of two Business Intelligence companies, in Finland and Sweden, were successfully completed.

The Division had important wins of new customer contracts in Q4 in all countries. Especially the software solutions business picked up nicely with a breakthrough for the new cloud solutions Visma Case and Visma Addo.

In general Custom Solutions had a successful 2016 with a remarkable growth and results above plan.

---

## 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

---

## Key Figures

Revenue	274 MNOK
Growth, YoY	44,1 %
EBITDA	54 MNOK
EBITDA margin	19,6 %
FTE	789
Headcount	798

---

## Products and services:

- System development and integration
- Application management
- E-government solutions
- Case and document management
- E-commerce solutions
- Information management & business intelligence
- Fishery control solutions

# Retail

## Comments on the fourth quarter

This has been a fantastic software quarter and the software sales confirm that we have a strong value proposition and a very competitive product suite not only in the Nordics but also in the international market. All large verticals (Food, Pharmacy and Specialized trade) had important cases closed in the quarter.

In October, the Norwegian health authorities authorized sale of prescription medicines online. A Norwegian pharmacy chain launched this with the help of Visma PharmaSuite Online.

International software sales made another breakthrough in new markets during Q4 with good outlook for further geographic expansion. The pipeline for 2017 is strong and with the recent closings we expect the awareness of our strong offering will reach even more customers.

Our continued work and research study with Thought Leadership in the topic of Customer Insight & Loyalty has generated great PR and publicity in industry media during Q4.

We've been finalizing details regarding our arrangement for our customers and prospects attending the world's largest annual retail congress NRF Retail Big Show in January. We are getting more attention than ever before, and we are collaborating with both the Swedish and Norwegian trade organizations Svensk Handel and Virke. This year's trip will include store tours at newly opened Westfield World Trade Center and Bloomingdale's exclusively for our group. For the first time, we are also present as exhibitors (in HP's booth) with world premiere of our POS and Retail ERP software on HP's product X3 on windows 10 mobile.

## 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

### Key Figures

Revenue	268 MNOK
Growth, YoY	-4,6 %
EBITDA	25 MNOK
EBITDA margin	9,2 %
FTE	619
Headcount	633

### 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

# IT & Hosting

## Comments on the fourth quarter

### Hosting

Visma Hosting is offering domain and web hosting services to more than 330 000 customers in several European countries under the two brands Loopia and Active 24. The market is highly competitive and the international trend with market consolidation continues in Q4.

In June we finalized the re-structuring project including migration of tens of thousands of customers, closing our Norwegian data center and reducing the Norwegian organization. As a result of this, we see a considerable EBITDA run-rate improvement in Q4 and H2-2016 compared to H1-2016 and 2015.

Our main focus in Q4 has been on product development preparing to launch additional services and features during H1-2017.

### IT Operations

Our machine learning area is gaining momentum. Both within the Visma group and from companies outside Visma we are invited to both present and deliver process automation based on artificial intelligence and machine learning. In this quarter we started internal Visma projects to automate support deliveries.

Our focus on security continued to increase in Q4. A growing number of threats and attacks means that a competent and available security service is crucial to safekeeping our business. We prevented numerous security attacks in this quarter and we managed to quickly and safely recover services which experienced disruptions our outage.

## Segment at a glance

### Target market:

- Small and middle sized companies and individuals

### Management:

- Espen Håkonsen, Director Visma IT & communications
- John Hugosson, Director Hosting

### Share of Group

3 %

### Operating revenue

2 %

### EBITDA

### Key Figures

Revenue	73 MNOK
Growth, YoY	-5,9 %
EBITDA	12 MNOK
EBITDA margin	15,9 %
FTE	213
Headcount	220

### Products and services:

- Server hosting and operations
- Desktop virtualization and virtual servers
- Cloud broker services
- Security services
- Web centric services: domain names, e-mail, etc.
- Contract and license management
- Application management
- Domains and e-mail solutions
- Web hosting, web site builders and e-commerce solutions

## CONDENSED INTERIM FINANCIAL INFORMATION

## CONSOLIDATED STATEMENT OF INCOME

(NOK in thousands)	4th quarter		Year	
	2016	2015 *	2016	2015 *
<b>CONTINUING OPERATIONS</b>				
<b>OPERATING REVENUE</b>				
Sales revenue	2 120 481	1 911 316	7 855 248	6 487 634
Total operating revenue	2 120 481	1 911 316	7 855 248	6 487 634
<b>OPERATING EXPENSES</b>				
Sales and distribution costs (COGS)	370 548	349 823	1 383 931	1 135 757
Gross profit	1 749 933	1 561 493	6 471 317	5 351 878
Payroll and personnel expenses	969 196	880 106	3 558 574	2 957 485
Bad debts	3 645	3 037	12 699	14 252
Other operating expenses	264 405	253 745	975 950	873 014
Total operating expenses	1 237 246	1 136 888	4 547 222	3 844 751
EBITDA before M&A expenses	512 686	424 605	1 924 095	1 507 127
M&A expenses	5 383	1 722	15 935	6 718
EBITDA	507 304	422 883	1 908 160	1 500 409
Depreciation tangible assets and capitalised R&D	28 412	31 911	109 759	92 528
EBITA	478 892	390 973	1 798 401	1 407 881
Amortisation intangible assets	180 883	153 523	642 544	455 959
Operating profit EBIT	298 009	237 449	1 155 857	951 922
Result from associated companies	537	1 649	(311)	(2 468)
<b>FINANCIAL ITEMS</b>				
Financial income	6 348	2 524	22 330	17 779
Financial expenses	(64 043)	(72 007)	(280 811)	(352 591)
Net financial items	(57 695)	(69 484)	(258 481)	(334 812)
Profit before taxes from continuing operations	240 851	169 615	897 066	614 641
Taxes	1 786	10 865	197 412	164 479
Net income from continuing operations	239 065	158 749	699 654	450 162
<b>DISCONTINUED OPERATIONS</b>				
Net income from discontinued operations	3 320 024	19 854	3 511 600	173 643
Net income from continuing and discontinued operations	3 559 090	178 603	4 211 254	623 805
<b>ATTRIBUTABLE TO:</b>				
Equity holders of Visma AS	3 557 201	178 820	4 210 891	623 198
Non-controlling interests	1 889	(217)	363	607
<b>EARNINGS PR SHARE</b>				
Basic earnings per share (NOK in thousands)	3 557 201	178 820	4 210 891	623 198
Diluted earnings per share (NOK in thousands)	3 557 201	178 820	4 210 891	623 198
EBITDA margin	23,9 %	22,1 %	24,3 %	23,1 %

\* 2015 has been restated to reflect the effect of discontinued operations. Please refer to note 4 for more information

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(NOK in thousands)	4th quarter		Year	
	2016	2015	2016	2015
Net income from continuing and discontinued operations	3 559 090	178 603	4 211 254	623 805
Net gain (loss) on financial hedging instruments, net of tax	13 700	2 392	55 203	11 239
Exchange differences on translation of foreign operations, net of tax	44 875	39 887	(91 643)	203 318
Net gain (loss) on defined benefit plan, net of tax	77	3 363	2 940	6 309
Other comprehensive income (loss) for the period, net of tax	58 652	45 643	(33 500)	220 866
Total comprehensive income for the period	3 617 742	224 247	4 177 754	844 671
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Equity holders of Visma AS	3 615 853	224 463	4 177 391	844 064
Non-controlling interests	1 889	(217)	363	607

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(NOK in thousands)	31 December <b>2016</b>	31 December <b>2015</b>	30 September <b>2 016</b>
<b>ASSETS</b>			
Deferred tax assets	61 686	96 095	82 551
Patents and other intangible assets	1 531 124	1 014 713	1 419 501
Capitalised R&D cost own software	264 999	243 094	261 682
Contracts and customer relationships	1 389 124	1 314 929	1 334 498
Goodwill	6 100 589	6 379 886	6 589 795
Property, land and buildings	21 151	21 303	23 046
Machinery and equipment	94 189	134 009	122 064
Financial assets/Shares	39 675	44 011	42 091
Investment in associated companies	83 917	84 228	83 380
Other long-term receivables	418 808	17 252	15 474
Long term receivables from group companies	0	0	0
<b>Total non-current assets</b>	<b>10 005 262</b>	<b>9 349 519</b>	<b>9 974 081</b>
Inventory	38 650	39 057	40 712
Accounts receivables	1 102 192	1 108 007	1 061 574
Other current receivables	536 501	244 920	321 997
Cash and cash equivalents	5 866 935	2 915 318	3 106 692
<b>Total current assets</b>	<b>7 544 278</b>	<b>4 307 302</b>	<b>4 530 975</b>
<b>TOTAL ASSETS</b>	<b>17 549 539</b>	<b>13 656 820</b>	<b>14 505 056</b>
<b>EQUITY AND LIABILITIES</b>			
Paid-in capital	1 991 726	1 776 029	1 991 726
Other reserves	178 016	211 516	119 364
Retained earnings	6 102 425	2 170 287	2 548 397
<b>Equity attributable to equity holders of Visma AS</b>	<b>8 272 167</b>	<b>4 157 832</b>	<b>4 659 487</b>
Non-controlling interests	21 971	6 049	3 885
<b>Total equity</b>	<b>8 294 138</b>	<b>4 163 880</b>	<b>4 663 372</b>
Pension liabilities	(9 327)	(3 589)	(7 392)
Deferred tax liability	888 089	882 386	1 009 836
Financial hedging Instruments	119 160	191 795	137 187
Long-term interest bearing bank loans	4 995 903	4 792 652	4 925 651
Accrued funding fees	(18 025)	(12 204)	(19 527)
Other long-term non interest bearing liabilities	276 557	282 409	270 490
Long-term liabilities to group companies	0	0	0
<b>Total non-current liabilities</b>	<b>6 252 358</b>	<b>6 133 450</b>	<b>6 316 245</b>
Bank overdraft	163 553	529 352	729 264
Short-term interest bearing bank loans	100 000	100 000	100 000
Trade creditors	425 319	317 495	311 426
Public duties payable	340 370	438 372	439 097
Tax payable	36 615	37 828	(40 460)
Deferred revenue	1 084 335	1 095 766	1 162 228
Other current liabilities	852 850	840 676	823 884
<b>Total current liabilities</b>	<b>3 003 042</b>	<b>3 359 489</b>	<b>3 525 438</b>
<b>Total liabilities</b>	<b>9 255 401</b>	<b>9 492 940</b>	<b>9 841 683</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>17 549 539</b>	<b>13 656 820</b>	<b>14 505 056</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

(NOK in thousands)	4th quarter		Year	
	2016	2015 *	2016	2015 *
Ordinary profit before tax from continuing and discontinued operations	263 750	222 918	1 122 128	825 989
Depreciation tangible assets	18 783	21 241	69 463	69 979
Depreciation capitalised R&D cost	12 206	13 927	52 750	36 552
Amortisation patents and other intangible assets	93 279	77 644	303 476	214 374
Amortisation contracts and customer relationships	89 451	82 993	345 459	263 920
Tax paid	26 045	(9 859)	(107 070)	(286 661)
Changes in debtors	(40 619)	(203 951)	5 815	(191 124)
Changes in inventory and trade creditors	115 954	59 757	108 230	77 922
Changes in public duties payable	(98 727)	41 539	(98 002)	43 951
Changes in deferred revenue	(77 892)	(12 815)	(11 431)	177 835
Changes in other accruals	136 276	180 793	248 376	215 299
<b>Net cash flow from continuing and discontinued operations</b>	<b>538 505</b>	<b>474 189</b>	<b>2 039 195</b>	<b>1 448 035</b>
<b>Net cash flow from continuing operations</b>	<b>510 833</b>	<b>394 392</b>	<b>1 803 584</b>	<b>1 191 777</b>
Net cash flow from discontinued operations	27 672	79 797	235 611	256 258
Sale of (investment in) tangible fixed assets	(23 941)	(17 549)	(57 265)	(51 093)
Sale of (investment in) R&D own software	(20 222)	(22 956)	(71 913)	(73 079)
<b>Net cash flow from investments</b>	<b>(44 163)</b>	<b>(40 505)</b>	<b>(129 179)</b>	<b>(124 172)</b>
Investment in tangible fixed assets related to business combinations	(3 711)	(22)	(10 865)	(3 644)
Investment in R&D software related to business combinations	(18 840)	0	(26 281)	(74 856)
Sale of (investment in) businesses	(415 085)	(10 919)	(1779 303)	(1402 741)
Sale of (investment in) shares	2 417	104	4 336	(6 516)
Net proceeds from divestiture of discontinued operations	3 302 521	0	3 302 521	0
<b>Net cash flow from investments related to business combinations</b>	<b>2 867 301</b>	<b>(10 837)</b>	<b>1 490 408</b>	<b>(1487 758)</b>
Repayments of interest bearing loans	0	0	(224 010)	(259 386)
Net proceeds from interest bearing loans	0	0	738 664	710 108
Changes in bank overdraft	(567 574)	0	(332 017)	318 756
Changes in long term receivables/payables	(3 334)	579	(1 556)	(4 697)
Payment of dividend	0	0	0	0
Payment of Group contribution	0	0	(403 027)	(355 300)
Cash inflow from dividends	0	0	4 000	4 000
Net cash flow from share issues	0	0	215 697	50 671
Cash inflow from interest	6 945	3 508	21 233	17 516
Cash outflow from interest and fees	(6 115)	(1 256)	(286 572)	(325 410)
<b>Net cash flow from financing activities</b>	<b>(570 079)</b>	<b>2 831</b>	<b>(267 587)</b>	<b>156 259</b>
<b>Net cash flow</b>	<b>2 791 565</b>	<b>425 679</b>	<b>3 132 837</b>	<b>(7 636)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>3 106 692</b>	<b>2 436 734</b>	<b>2 915 318</b>	<b>2 788 970</b>
Net foreign exchange differences	(31 322)	52 906	(181 221)	133 984
<b>Cash and cash equivalents, end of period</b>	<b>5 866 935</b>	<b>2 915 318</b>	<b>5 866 935</b>	<b>2 915 318</b>
EBITDA to net cash flow from operations	100,7 %	93,3 %	94,5 %	79,4 %

\* 2015 has been restated to reflect the effect of discontinued operations. Please refer to note 4 for more information

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(NOK in thousands)	Attributable to equity holders of Visma AS					Total equity
	Paid-in share capital	Other reserves	Retained earnings	Majority's share of equity	Non-controlling interests	
Equity as at 01.01.2015	490 394	(9 350)	1 829 856	2 310 901	4 985	2 315 886
Issue of share capital	1 216 635			1 216 635		1 216 635
Profit for the period			623 198	623 198	607	623 805
<i>Net gain (loss) on financial hedging instruments, net of tax</i>		11 239		11 239		11 239
<i>Exchange differences on translation of foreign operations, net of tax</i>		203 318		203 318		203 318
<i>Net gain (loss) on defined benefit plan, net of tax</i>		6 309		6 309		6 309
Total comprehensive income for the period		220 866	623 198	844 064	607	844 671
Group contribution	69 000		(281 652)	(212 652)		(212 652)
Changes to non-controlling interest; acquisition and arising on business combination			(1 115)	(1 115)	457	(659)
Equity at end of period	1 776 029	211 516	2 170 287	4 157 832	6 049	4 163 880
Equity as at 01.01.2016	1 776 029	211 516	2 170 287	4 157 832	6 049	4 163 880
Issue of share capital	215 697		0	215 697		215 697
Profit for the period			4 210 891	4 210 891	363	4 211 254
<i>Net gain (loss) on financial hedging instruments, net of tax</i>		55 203		55 203		55 203
<i>Exchange differences on translation of foreign operations, net of tax</i>		(91 643)		(91 643)		(91 643)
<i>Net gain (loss) on defined benefit plan, net of tax</i>		2 940		2 940		2 940
Total comprehensive income for the period		(33 500)	4 210 891	4 177 391	363	4 177 754
Group contribution			(275 580)	(275 580)		(275 580)
Changes to non-controlling interest; acquisition and arising on business combination			(3 173)	(3 173)	15 560	12 387
Equity at end of period	1 991 726	178 016	6 102 425	8 272 167	21 971	8 294 138



# 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.

The Visma Group's business consist principally of the Small and Medium, the Government and Large Accounts and the Business Process Outsourcing Business.

Visma's condensed interim financial statements for the fourth quarter of 2016 were authorised for issue by the board of directors on February 9<sup>th</sup> 2017.

### 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 2015 and applies to these condensed interim financial statements, except for the adoption of new standards and interpretations as of January 1, 2016.

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

There have been no significant changes to accounting policies in 2016 compared to the annual financial statements for 2015.

### 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 and IT & Hosting. 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 fourth quarter of 2106 and 2015 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

#### 4th quarter

(NOK in thousands)	2016							2015						
	SMB	Enterprise	Retail	Custom Solutions	IT & Hosting	Group HQ	TOTAL	SMB	Enterprise	Retail	Custom Solutions	IT & Hosting	Group HQ	TOTAL
<b>Revenue</b>														
Total segment revenue	1 231 511	647 480	358 576	317 644	106 502	38 341	2 700 054	1 138 337	483 274	370 534	225 585	106 400	34 191	2 358 321
Internal revenue	214 822	161 984	90 836	43 167	33 789	34 975	579 574	191 769	69 058	89 934	35 110	29 099	32 036	447 005
<b>External revenue</b>	1 016 689	485 496	267 740	274 477	72 713	3 366	2 120 481	946 568	414 216	280 601	190 475	77 301	2 155	1 911 316
Actual growth (external) %	7,4 %	17,2 %	-4,6 %	44,1 %	-5,9 %	56,2 %	10,9 %							
<b>EBITDA</b>	297 854	125 872	24 523	53 664	11 571	(6 179)	507 304	289 603	88 758	16 569	25 967	7 851	(5 866)	422 883
EBITDA margin	29,3 %	25,9 %	9,2 %	19,6 %	15,9 %	-183,5 %	23,9 %	30,6 %	21,4 %	5,9 %	13,6 %	10,2 %	-272,1 %	22,1 %

#### Year

(NOK in thousands)	2016							2015						
	SMB	Enterprise	Retail	Custom Solutions	IT & Hosting	Group HQ	TOTAL	SMB	Enterprise	Retail	Custom Solutions	IT & Hosting	Group HQ	TOTAL
<b>Revenue</b>														
Total segment revenue	4 719 914	2 242 416	1 361 902	1 064 361	432 777	155 373	9 976 744	3 923 441	1 513 608	1 253 956	808 676	408 104	135 533	8 043 318
Internal revenue	819 953	553 443	322 969	147 859	131 799	145 473	2 121 495	640 926	264 065	297 334	111 530	114 313	127 514	1 555 683
<b>External revenue</b>	3 899 961	1 688 973	1 038 933	916 503	300 978	9 900	7 855 248	3 282 514	1 249 543	956 622	697 146	293 790	8 019	6 487 634
Actual growth (external) %	18,8 %	35,2 %	8,6 %	31,5 %	2,4 %	23,5 %	21,1 %							
<b>EBITDA</b>	1 240 276	388 888	82 740	150 447	49 378	(3 569)	1 908 160	1 030 091	280 183	65 421	82 152	49 255	(6 693)	1 500 409
EBITDA margin	31,8 %	23,0 %	8,0 %	16,4 %	16,4 %	-36,0 %	24,3 %	31,4 %	22,4 %	6,8 %	11,8 %	16,8 %	-83,5 %	23,1 %

<b>Reconciliation</b>	4th quarter		Year	
	2016	2015	2016	2015
Profit before taxes	(57 695)	(69 484)	(258 481)	(334 812)
Net financial items	(6 348)	(2 524)	(22 330)	(17 779)
Result from associated companies	(537)	(237 449)	(1155 857)	(951 922)
Depreciations and amortisations	986 195	813 856	3 706 561	2 908 289
<b>EBITDA</b>	921 615	504 399	2 269 893	1 603 777
EBITDA in operating segments	507 304	422 883	1 908 160	1 500 409

### GEOGRAPHICAL AREAS

(NOK in thousands)	2016			2015		
	Net sales	%	Long lived assets	Net sales	%	Long lived assets
Norway	3 246 228	41,3 %	2 980 688	2 840 265	43,8 %	3 195 505
Sweden	2 818 886	35,9 %	2 286 994	2 244 169	34,6 %	2 248 983
Denmark	624 595	8,0 %	1 863 788	465 051	7,2 %	1 794 438
Finland	866 032	11,0 %	1 401 220	648 329	10,0 %	1 070 353
Netherlands	299 507	3,8 %	753 147	289 820	4,5 %	643 343
<b>Total</b>	7 855 248	100,0 %	9 285 836	6 487 634	100 %	8 952 622

## NOTE 3 — BUSINESS COMBINATION

A total of NOK 415.1 million in acquisition payments were made during the fourth quarter.

### Software BPO Division

On December 1st, Visma sold its BPO division to Hg Capital. Following the divestiture, Visma will further strengthen its software focus.

### Software GLA Division

On October 10th, Visma acquired the Norwegian workforce management software provider Gatsoft. Through the acquisition, Visma enters the Norwegian WFM market. On December 15th, Visma acquired Amesto Logistics AB, a Swedish provider of healthcare logistics software. On December 15th, Visma also acquired the Finnish BI consulting company Cox. Through this acquisitions, Visma strengthens its BI offering in Finland.

### Software SMB Division

On November 16th, Visma acquired the Danish SaaS company Dinero Regnskab ApS. Dinero provides freemium accounting software to Danish entrepreneurs. On December 7th, Visma acquired TransPA AB, a SaaS WFM solution for the transport sector. On December 12th, Visma acquired ValueFrame, a Finnish provider of SaaS project management solutions. On December 15th, Visma acquired Movenium Oy, a Finnish provider of SaaS solutions to the construction industry. These acquisitions adds to Visma's increased SaaS software focus.

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

	Gatsoft AS 10.10.16	Dinero Regnskab ApS 16.11.16	Amesto Logistics AB 15.12.16	Movenium Oy 15.12.16
(NOK in thousands)				
Deferred tax assets				
Shares	( 565)		0	
Other intangible assets	14 680	1 431	3 120	
Machinery and equipment		424	73	635
Property	1 141	678		
Other long-term receivables	1 246	915		
Inventories				306
Trade receivables	4 169	1 288	1 491	2 143
Other short term receivables	3 335	84	1 132	462
Cash and cash equivalents	11205	2 845	11 645	9 346
<b>Assets</b>	<b>35 211</b>	<b>7 665</b>	<b>17 461</b>	<b>12 893</b>
Other long-term liabilities				2 453
Deferred tax liability	378	118	524	
Bank overdraft		320	506	486
Trade creditors	1 122	126		2 310
Public duties payable	2 957	1 231	742	1 314
Tax payable	( 627)		( 691)	
Other current liabilities	11 100	13 287	6 221	1 052
<b>Liabilities</b>	<b>14 929</b>	<b>15 083</b>	<b>7 303</b>	<b>7 615</b>
<b>Fair value of net assets</b>	<b>20 282</b>	<b>-7 418</b>	<b>10 158</b>	<b>5 277</b>
Non-controlling interests				
Goodwill arising on acquisition	37 468	86 285	28 851	41 476
Other intangible assets	36 750	51 886	25 664	31 469
Contracts and customer relationship arising on acquisition	26 250	37 062	18 331	22 478
Deferred tax liability	(15 750)	(19 569)	(9 679)	(10 789)
<b>Total acquisition cost</b>	<b>105 000</b>	<b>148 247</b>	<b>73 325</b>	<b>89 911</b>
Net cash acquired with the subsidiary	(11 205)	(2 524)	(11 139)	(8 861)
Cash paid	105 000	128 910	73 325	74 520
<b>Net cash outflow</b>	<b>93 795</b>	<b>126 386</b>	<b>62 186</b>	<b>65 660</b>
Deferred payment	0	19 337	0	15 390

## NOTE 4 — Discontinued Operations

On December 1<sup>st</sup> 2016, Visma sold its BPO division to HgCapital. Visma BPO is the leading provider of outsourced accounting, payroll and HR services to 20 000 businesses in the Nordic region. BPO consists of the following legal units: Visma Services Norge AS (with subsidiary Visma Services VAT), Visma Personnel AS, Visma Personnel Management AS, Visma Employee Management AS, Kollektor AS, Visma Services AB, Visma Employee Management AB, S4F Progress AB, Finland Kollektor Oy, Visma Services Oy, Visma Employee Management Oy, Visma Services Romania Srl, Visma Services Danmark A/S, Visma Services Public A/S and Visma Employee Management A/S. The BPO division will continue to operate under the new ownership with the brand name Azets.

The net consideration for the sale was NOK 4 394,6million, of which NOK 266m is payable in March 2017 and recognized in the balance sheet under other current assets and NOK 400m is paid in kind and recognized in the balance sheet under other long term receivables. Remaining consideration was paid in cash upon closing.

In Visma AS' consolidated financial statement, the gain from the sale is 3 337,1 million. The BPO division is presented in the consolidated financial statement under discontinued operations.

### Condensed Statement of Income from discontinued operations

(NOK in thousands)	2016	2015
Total operating revenue	1 941 190	1 953 549
Total operating expenses	1 491 985	1 498 824
Depreciation tangible assets and capitalised R&D	12 454	14 003
Amortisation intangible assets	6 392	22 336
<b>Operating profit EBIT</b>	<b>223 984</b>	<b>207 584</b>
Net financial items	1 078	3 763
<b>Profit before taxes from discontinued operations</b>	<b>225 063</b>	<b>211 348</b>
Taxes	50 538	37 704
<b>Profit for the year from discontinued operations</b>	<b>174 524</b>	<b>173 643</b>
Net gain on sale of discontinued operations	3 337 076	
<b>Net income from discontinued operations</b>	<b>3 511 600</b>	<b>173 643</b>

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

(NOK in thousands)	BPO division
Deferred tax assets	01.12.16
Shares	4 892
Other intangible assets	2 372
Machinery and equipment	756 596
Property	27 279
Other long-term receivables	0
Inventories	444
Trade receivables	23
Other short term receivables	289 742
Cash and cash equivalents	32 209
<b>Assets</b>	<b>425 586</b>
Other long-term liabilities	1 539 143
Deferred tax liability	1 602
Bank overdraft	52 811
Trade creditors	0
Public duties payable	33 983
Tax payable	139 260
Other current liabilities	55 158
<b>Liabilities</b>	<b>198 789</b>
<b>Value of net assets</b>	<b>481 604</b>
<b>Net consideration</b>	<b>1 057 539</b>
<b>Gain on sale BPO division</b>	<b>4 394 615</b>
	<b>3 337 076</b>

## ALTERNATIVE PERFORMANCE MEASURES

### General information

Visma Group'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.

### SaaS Annualized Repeatable Revenue (SaaS ARR)

Software-as-a-Service ("SaaS") solutions are 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.

SaaS ARR measures the full monthly value of committed recurring and repeatable revenue base from the existing SaaS customer base. It is a forward looking indicator of future repeatable revenue from the existing customer base. ARR is always measured at full monthly value, which 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.

**Visma AS**

Karenslyst allé 56  
P.O. Box 733 Skøyen  
NO-0214 OSLO

Tel +47 46 40 40 00  
Fax +47 22 43 45 61  
[www.visma.com](http://www.visma.com)

