

# Q4

QUARTERLY  
REPORT

2018



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## Further Advancement Into the Netherlands, Visma's Third Largest Core Geography and Largest Total Addressable Market

### HIGHLIGHTS, FOURTH QUARTER 2018

- Revenue of NOK 3 444 million, an increase of 32,6%
  - EBITDA of NOK 792 million, an increase of 28,3%
  - SaaS customer contracts growth of 50% year-on-year
  - Cloud Annualized Revenue reached NOK 9 400m, a year-on-year growth of 49%
  - The monthly level of e-invoice transactions reached 7.5 million
  - Seven companies were acquired during the quarter (two in Netherlands and a "rising star" in Hungary)
  - Visma kicks off sponsorship of Dutch professional cycling team and the Dutch National Skating team
- Visma had another strong quarter with excellent top-line revenue and continued profit growth. Total revenue growth was 32.6 % while EBITDA grew strongly as well by 28.3% over Q4 2017 to reach NOK 792 million.

Revenues in each of Visma's three largest divisions grew in excess of 25% year-on-year. The SMB Division grew revenues by 25%, Enterprise grew by an impressive 48%, Custom Solutions achieved 39% growth compared to the fourth 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 50% to reach NOK 9 400m.

Visma continues its proactive and high tempo acquisitions activity completing seven acquisitions for the quarter. This included a fast growing pure SaaS company ("rising star") in Hungary, Szamlazz. The company provides SaaS invoicing to over 100,000 small SMB customers. Visma continued its strategic advancement into the Dutch market with the acquisition of two growing software companies (Proactive, a fast growing pure-SaaS procurement software and Idella, a leading provider of pension software to the Dutch market). Visma has made four NL acquisitions in the last six months and anticipates 3-5 more Dutch acquisitions during 2019. The Netherlands market is Visma's largest addressable market and will continue to offer significant organic and acquisition growth opportunities.

### KEY FIGURES

Continuing operations (NOK in millions)	4th quarter			Year			Year
	<b>2018</b>	2017 *	Growth	<b>2018</b>	2017 *	Growth	2017 *
	Actual	Actual		Actual	Actual		Actual
Revenue	3 444	2 598	32,6 %	11 390	8 537	33,4 %	8 537
EBITDA	792	617	28,3 %	2 795	2 101	33,0 %	2 101
<i>EBITDA margin</i>	<i>23,0 %</i>	<i>23,8 %</i>		<i>24,5 %</i>	<i>24,6 %</i>		<i>24,6 %</i>
EBITA	715	575	24,5 %	2 590	2 003	29,3 %	2 003
EBIT	366	323	13,0 %	1 423	1 226	16,1 %	1 226
Net profit	286	247	15,8 %	925	814	13,6 %	814
Operational cash flow (after tax)	843	550	53,2 %	2 620	1 975	32,7 %	1 975

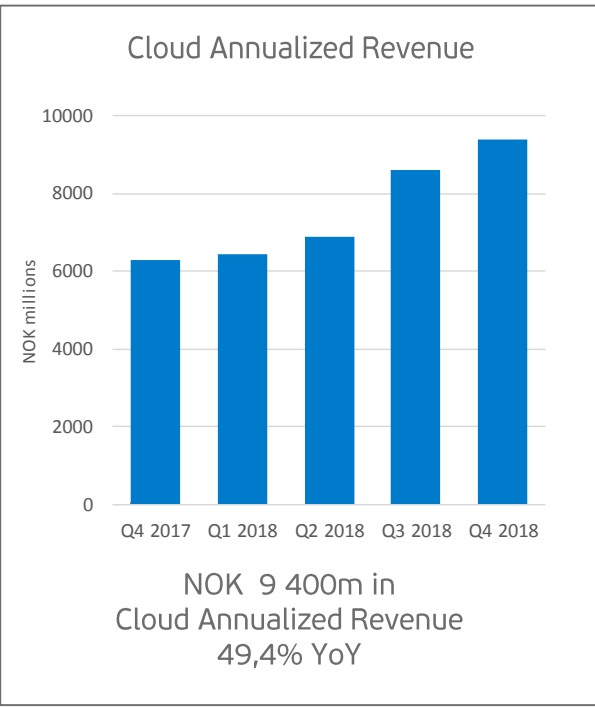
\* 2017 has been restated to reflect the sale of Visma Hosting and Visma Retail

**FINANCIAL REVIEW – GROUP (FOURTH QUARTER 2017 IN BRACKETS)**

Revenue amounted to NOK 3 444 million (2 598) and EBITDA to NOK 792 million (617) in the fourth quarter of 2018. Revenue increased 32.6% while EBITDA increased by 28.3% over Q4 2017.

Group EBIT amounted to NOK 715 million in the fourth quarter (575), whereas net gain from associated companies amounted to NOK 1.3 million (1.4). Net financial items were NOK -67 million (-60). Consequently, profit before taxes was NOK 300 million (265). Taxes amounted to NOK 14 million (18), and net income from continuing operations resulted in NOK 286 million (247) in the fourth quarter. Cash flow from continuing operations after tax amounted to NOK 843 million (550) in the fourth quarter 2018. Cash flow from investments was NOK - 65 million (-40) 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 5 148 million (3 665).

Equity amounted to NOK 9 942 million at the end of the quarter (7 534), corresponding to an equity ratio of 33.5% (38.2%). Long term interest bearing debt amounted to NOK 9 329 million (5 820). 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 49.4% year-on-year in Q4, boosted by the acquisitions of Idella, ProActive, Websystemer and Szamlazz. At the end of Q4, revenue from cloud computing saw an annualized run rate reaching NOK 9 400m. Also, SaaS customer contracts have seen a strong, high-growth development. Visma has above 900 000 customer contracts, of which ca. 682 000 are for SaaS products. Szamlazz, a Q4 acquisition in Hungary providing billing and invoicing services contributes over 100 000 (50 000+ paying) new SaaS customer contracts on its own. This yields a growth in SaaS customer contracts of 50.2% year-on-year.

At the end of Q4, Visma reached 7.5 million monthly e-invoices that were transported through Visma’s e-invoicing hubs (30% 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 e-economic customers in Denmark.

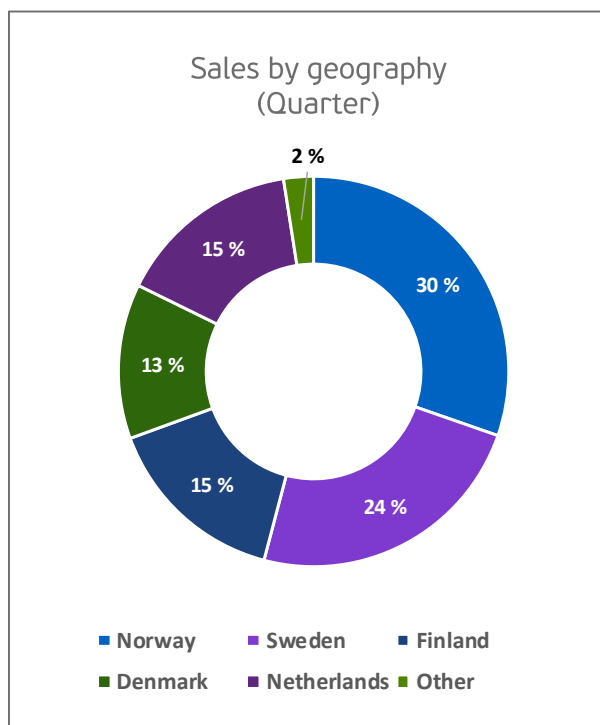
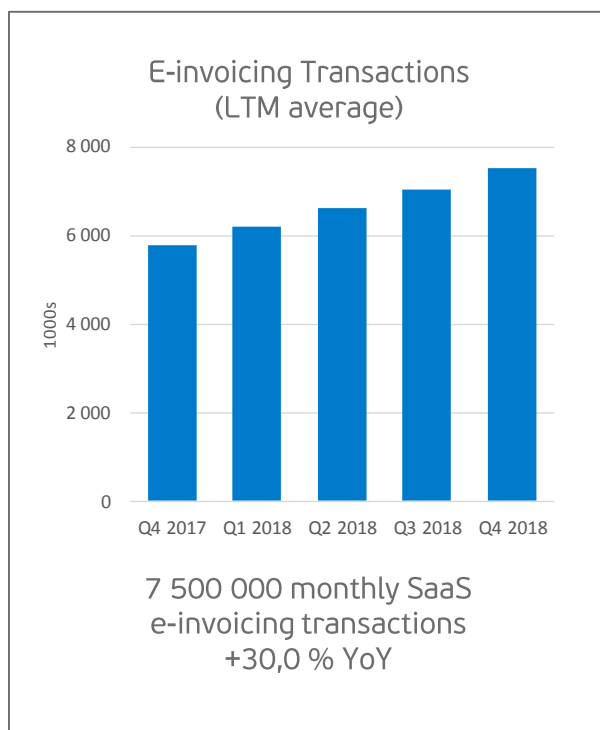
## MARKET OUTLOOK

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. The oil prices fell significantly during Q4, resulting in volatility in the global financial markets, particularly in Norway. However, both oil prices and the stock markets show a trend shift in the beginning of January, and have already recovered parts of the decline in Q4. The macroeconomic climate is generally good in all core Visma markets. 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 36% of the Revenue and 49% of the EBITDA in the fourth quarter of 2018.



## OWNERSHIP

Five international private investors own Visma. HgCapital and co-investors 52,0 %, Cinven 16,1 %, GIC 12,8 %, Intermediate Capital Group 7,2 % and Montagu 5,8 %. 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. 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

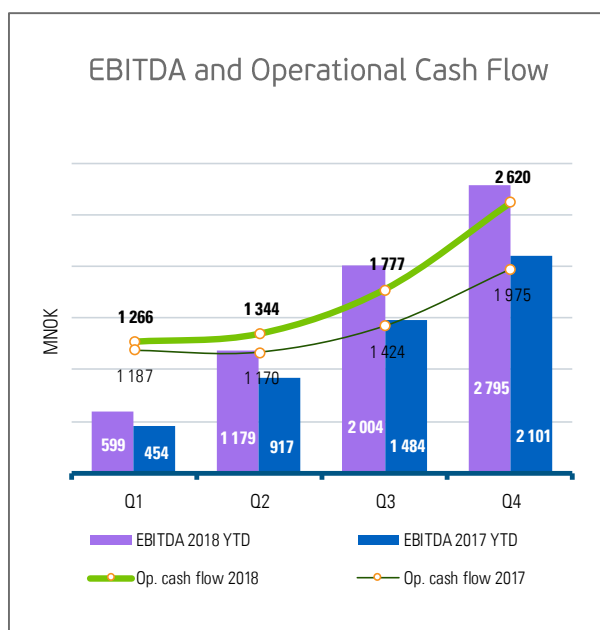
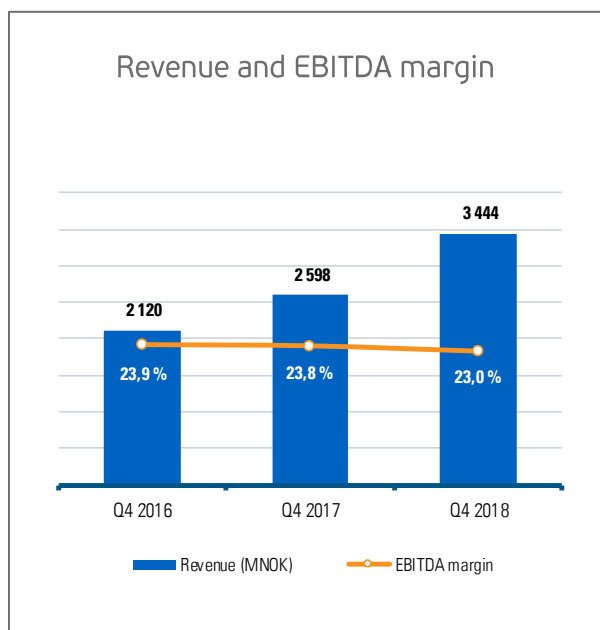
Visma is increasing its investment in cyber security during 2018 by building a broader security organization as well as focusing on mitigating risks in the architecture and have security measures increased on all entry points into IT services both inside the company and outside in.

## 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, January 24, 2019

The Board of Directors of VISMA AS



# SMB

## Comments on the fourth quarter

Visma's entry-level cloud solutions including Tripletex, Dinero, SpeedLedger, e-economic and Visma eAccounting passed 339 000 combined customer contracts in Q4 by acquiring over 8 900 net new customers in the quarter. In Sweden, Visma eAccounting reached 60 000 customer contracts, and in Denmark e-economic passed 125 000.

The cloud mid-range offering and hybrid services in Visma.net continues strong double-digit growth in revenue, customers and users. Expansion of the line into Denmark with pilots and partner certification is going according to plan. A positive Visma.net Financials & Logistics implementation pipeline is further solidifying Visma's leadership in the cloud SMB segment. Cloud customer contracts now account for over 70% of all contracts in the SMB Division.

Product development focused on delivering solutions for Visma's core cloud customers and upgrades for the remaining on-premises customers in the fourth quarter, enabling cloud benefits and AI/machine learning automation in their transition to the cloud. Further, product delivery capability and margins have been improved through the expansion of Visma's development, sales and support centers in Central Europe and the Baltics.

Strategic trends in the SMB segment include automated financing, insurance and collecting services integrated in real-time with cloud ERP-systems, automation of manual tasks through AI and machine learning, cloud HRM, integrated electronic invoicing, and enabling mobile mass consumption of payslips and related services.

Operational focus in Q4 has been on on-boarding the latest acquisitions of Websystemer, Tampuuri software, PinkWeb, and Merit Tarkvara. In addition, SMB management has been structuring, reducing complexity and aligning the division and product development for further growth and geographic expansion in 2019..

## Segment at a glance

### Target market:

- Small & medium sized businesses
- Accounting Offices

### Management:

- Steffen Torp, Director SMB Division

### Share of Group



36 %

Operating revenue



49 %

EBITDA

### Quarterly Key Figures

Revenue	1 237 MNOK
Growth, YoY	25,5 %
EBITDA	391 MNOK
EBITDA margin	31,6 %
FTE	2 753
Headcount	2 940

### 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 fourth quarter

In the fourth quarter, the Enterprise division saw strong progress in modernizing its product portfolio.

Our cloud-based Visma.net HRM offering continued to show growth in the number of customers and employees using the solution. We have implemented new analytics measures in the solution to more quickly gain feedback from our users, which we will actively use to improve the offering further in the coming quarters. Our EasyCruit teams also delivered strong progress with an upgraded user interface and several new features sought after by our users that will be launched shortly

In Norway, one of our top priorities was to prepare for the January launch of Visma Flyt Kindergarten - a cloud-based kindergarten administration solution. New functionality using AI technology in the platform is underway. In Finland, work to improve our existing school offering continued with work on software support for new national initiatives in Finland such as electronic receipts. In Sweden, important upgrades to our Procurement and HR portfolio were delivered and in Denmark work on improving integrations of our HR software was progressed. In the Netherlands, our teams were focused on improving the user experience of our HRM solutions.

We have a strong pipeline of product improvements in 2019, and we look forward to delivering these to the market.

## 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

36 %

#### Operating revenue

31 %

#### EBITDA

### Quarterly Key Figures

Revenue	1 235	MNOK
Growth, YoY	47,6	%
EBITDA	245	MNOK
EBITDA margin	19,8	%
FTE	3 559	
Headcount	3 850	

### 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 fourth quarter

Custom Solutions once again delivered a quarter with strong performance. External revenue was 531 MNOK and EBITDA 83 MNOK with a profit margin of 15.6%. The division has performed well – especially Norway and Finland have finished the year with strong results. All countries in the division are showing strong organic growth rates (+10-20%).

Recent acquisitions are performing well and according to plan. Svensk e-Identitet is continuing strong performance and consistently increasing the amount of clients using the solution. OCTO3 in Finland is also performing well and reaping the benefits through significant collaboration with Visma Consulting Oy. In December, Visma Custom Solutions signed an agreement to acquire EBPI B.V. in The Netherlands. EBPI has 230 employees working with standard business reporting platforms for the Dutch public sector. This will be Visma Customs Solutions first acquisition and operation in the Netherlands and more activity is expected during 2019.

Custom Solutions signed several important deals during Q4 highlighted by a big win for Visma Consulting Norway winning a place in the framework agreement for Brønnøysundregistrene. Further Visma Consulting Norway also won a place in the HelseNett framework agreement. Visma Consulting DK succeeded in re-winning an important contract with the Danish Directorate of Fishing. Visma Consulting AB closed a number of contracts on the Ciceron integration platform and other case management systems during Q4, as well as, securing several EPI server contracts. In December, Visma Consulting Oy won a framework contract for Keva, the Finnish public sector pensions management company. In October, Visma Consulting Oy also won a contract with the Finnish Customs Authorities as an extension of current engagement into 2019.

The sales outlook for Q1 2019 is positive. There is a solid level of business activity 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	531	MNOK
Growth, YoY	39,2	%
EBITDA	83	MNOK
EBITDA margin	15,6	%
FTE	1 390	
Headcount	1 520	

## 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 fourth quarter

All business areas have experienced good growth since the division was established, and Q4 was no exception. In Q4 we acquired a fast growing, market leading Fintech company in Hungary (Szamlazz), which has shown great success during the first few months under the Visma umbrella. We have also carried out internal operational consolidations in Q4 which are expected to enable good margin-enhancing synergies in 2019.

Throughout the last two quarters much of Commerce Solutions' attention has been on developing financial services. We want to help small businesses with their financing needs, and as such we are developing embedded financial solutions in Visma's cloud ERPs, invoicing platforms and eCommerce solutions. The Software SMB Division, with its vast customer base, will be the main distributor. We have already launched financial services in Visma systems, for example, Tripletex and eAccounting.

In Q4 we further developed Visma Finance AB, which will be the core and center of expertise for financial services in Visma. In Visma Finance AB, the journey towards becoming a regulated credit market company, with a fully automated product offering, has been further defined and important milestones have been set throughout Q4. In order to shorten time to market and build a solid knowledge base, we are also working with partners.

## 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	269	MNOK
Growth, YoY	11,0	%
EBITDA	62	MNOK
EBITDA margin	23,0	%
FTE	543	
Headcount	584	

## 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)	4th quarter		Year		Year
	<b>2018</b>	2017 *	<b>2018</b>	2017 *	2017 *
<b>CONTINUING OPERATIONS</b>					
<b>OPERATING REVENUE</b>					
Sales revenue	3 443 842	2 597 778	11 390 247	8 537 056	8 537 056
Total operating revenue	3 443 842	2 597 778	11 390 247	8 537 056	8 537 056
<b>OPERATING EXPENSES</b>					
Sales and distribution costs (COGS)	576 594	363 018	1 738 308	1 204 354	1 204 354
Gross profit	2 867 249	2 234 759	9 651 939	7 332 702	7 332 702
Payroll and personnel expenses	1 590 748	1 230 097	5 321 921	4 040 271	4 040 271
Bad debts	1 941	4 392	17 214	17 290	17 290
Other operating expenses	468 986	376 732	1 493 687	1 143 998	1 143 998
Total operating expenses	2 061 675	1 611 221	6 832 822	5 201 558	5 201 558
EBITDA before M&A expenses	805 574	623 538	2 819 117	2 131 144	2 131 144
M&A expenses	13 986	6 525	24 015	29 919	29 919
EBITDA	791 588	617 013	2 795 102	2 101 225	2 101 225
Depreciation tangible assets and capitalised R&D	76 376	42 512	204 855	97 750	97 750
EBITA	715 212	574 501	2 590 247	2 003 475	2 003 475
Amortisation intangible assets	349 688	251 117	1 167 005	777 293	777 293
Operating profit EBIT	365 524	323 384	1 423 242	1 226 182	1 226 182
Result from associated companies	1 251	1 443	(3 050)	(7 840)	(7 840)
<b>FINANCIAL ITEMS</b>					
Financial income	19 988	16 923	82 501	70 513	70 513
Financial expenses	(86 592)	(77 087)	(376 832)	(296 150)	(296 150)
Net financial items	(66 604)	(60 164)	(294 331)	(225 637)	(225 637)
Profit before taxes from continuing operations	300 170	264 664	1 125 861	992 704	992 704
Taxes	14 483	17 916	201 231	178 880	178 880
Net income from continuing operations	285 687	246 748	924 630	813 825	813 825
<b>DISCONTINUED OPERATIONS</b>					
Net income from discontinued operations	466	(32 738)	660 496	(60 436)	(60 436)
Net income from continuing and discontinued operations	286 153	214 010	1 585 126	753 389	753 389
<b>ATTRIBUTABLE TO:</b>					
Equity holders of Visma AS	285 049	213 346	1 582 852	751 933	751 933
Non-controlling interests	1 103	664	2 274	1 457	1 457
<b>EARNINGS PR SHARE</b>					
Basic earnings per share (NOK in thousands)	285 049	213 346	1 582 852	751 933	751 933
Diluted earnings per share (NOK in thousands)	285 049	213 346	1 582 852	751 933	751 933
EBITDA margin	23,0 %	23,8 %	24,5 %	24,6 %	24,6 %

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(NOK in thousands)	4th quarter		Year		Year
	2018	2017	2018	2017	2017
Net income from continuing and discontinued operations	286 153	214 010	1 585 126	753 389	753 389
Net gain (loss) on financial hedging instruments, net of tax	(5 180)	5 847	7 238	27 927	27 927
Exchange differences on translation of foreign operations, net of tax	246 655	158 932	66 544	273 569	273 569
Net gain (loss) on defined benefit plan, net of tax	0	5 296	0	5 164	5 164
Other comprehensive income (loss) for the period, net of tax	241 475	170 075	73 782	306 660	306 660
Total comprehensive income for the period	527 628	384 085	1 658 908	1 060 049	1 060 049
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>					
Equity holders of Visma AS	526 525	383 421	1 656 634	1 058 593	1 058 593
Non-controlling interests	1 103	664	2 274	1 457	1 457

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(NOK in thousands)	31 December 2018	31 December 2017	30 September 2 018	31 December 2017
<b>ASSETS</b>				
Deferred tax assets	50 555	77 563	74 252	77 563
Patents and other intangible assets	3 175 755	2 031 632	3 354 879	2 031 632
Capitalised R&D cost own software	677 784	404 425	684 622	404 425
Contracts and customer relationships	5 357 476	2 586 780	4 487 376	2 586 780
Goodwill	12 043 842	8 453 324	11 191 219	8 453 324
Property, land and buildings	24 063	21 718	23 819	21 718
Machinery and equipment	169 327	122 384	135 934	122 384
Financial assets/Shares	42 967	43 642	42 645	43 642
Investment in associated companies	73 026	76 076	71 776	76 076
Other long-term receivables	488 699	454 886	472 625	454 886
<b>Total non-current assets</b>	<b>22 103 493</b>	<b>14 272 429</b>	<b>20 539 148</b>	<b>14 272 429</b>
Inventory	29 136	60 084	29 902	60 084
Accounts receivables	1 867 982	1 353 106	1 406 877	1 353 106
Other current receivables	494 204	354 947	585 073	354 947
Cash and cash equivalents	5 148 003	3 665 241	4 646 239	3 665 241
<b>Total current assets</b>	<b>7 539 325</b>	<b>5 433 378</b>	<b>6 668 091</b>	<b>5 433 378</b>
<b>TOTAL ASSETS</b>	<b>29 642 818</b>	<b>19 705 807</b>	<b>27 207 239</b>	<b>19 705 807</b>
<b>EQUITY AND LIABILITIES</b>				
Paid-in capital	1 769 512	627 952	1 769 512	627 952
Other reserves	526 366	452 585	284 891	452 585
Retained earnings	7 644 575	6 437 283	7 359 526	6 437 283
<b>Equity attributable to equity holders of Visma AS</b>	<b>9 940 453</b>	<b>7 517 819</b>	<b>9 413 929</b>	<b>7 517 819</b>
Non-controlling interests	1 058	16 244	11 782	16 244
<b>Total equity</b>	<b>9 941 511</b>	<b>7 534 063</b>	<b>9 425 710</b>	<b>7 534 063</b>
Pension liabilities	(0)	0	0	0
Deferred tax liability	2 166 737	1 260 148	2 235 826	1 260 148
Financial hedging Instruments	73 552	82 891	66 869	82 891
Long-term interest bearing bank loans	9 329 003	5 820 376	8 869 751	5 820 376
Accrued funding fees	(8 030)	(16 059)	(10 037)	(16 059)
Other long-term non interest bearing liabilities	2 444 003	354 602	1 769 091	354 602
Long-term liabilities to group companies	0	0	0	0
<b>Total non-current liabilities</b>	<b>14 005 266</b>	<b>7 501 958</b>	<b>12 931 500</b>	<b>7 501 958</b>
Bank overdraft	1 442 504	793 080	946 650	793 080
Short-term interest bearing bank loans	97 010	100 000	91 830	100 000
Trade creditors	614 475	468 322	458 385	468 322
Public duties payable	622 092	431 092	503 111	431 092
Tax payable	123 374	80 696	(60 693)	80 696
Deferred revenue	1 488 367	1 343 393	1 436 305	1 343 393
Other current liabilities	1 308 219	1 453 203	1 474 441	1 453 203
<b>Total current liabilities</b>	<b>5 696 041</b>	<b>4 669 786</b>	<b>4 850 030</b>	<b>4 669 786</b>
<b>Total liabilities</b>	<b>19 701 307</b>	<b>12 171 744</b>	<b>17 781 529</b>	<b>12 171 744</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>29 642 818</b>	<b>19 705 807</b>	<b>27 207 239</b>	<b>19 705 807</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

(NOK in thousands)	4th quarter		Year		Year
	2 018	2 017	2018	2017	2017
Ordinary profit before tax from continuing and discontinued operations	300 170	226 376	1 125 861	917 909	917 909
Depreciation tangible assets	19 775	18 800	60 724	54 707	54 707
Depreciation capitalised R&D cost	56 601	34 906	144 131	80 224	80 224
Amortisation patents and other intangible assets	146 014	134 207	508 524	402 105	402 105
Amortisation contracts and customer relationships	203 674	140 181	658 480	458 760	458 760
Amortisation Goodwill	0	0	0	0	0
Tax paid	( 95 781)	( 38 384)	( 226 664)	( 169 194)	( 169 194)
Changes in debtors	( 461 105)	( 230 230)	( 514 876)	( 250 914)	( 250 914)
Changes in inventory and trade creditors	156 856	92 858	177 100	21 570	21 570
Changes in public duties payable	118 982	34 129	191 001	90 721	90 721
Changes in deferred revenue	52 063	11 957	144 974	259 058	259 058
Changes in other accruals	346 032	113 212	366 874	138 983	138 983
<b>Net cash flow from continuing and discontinued operations</b>	<b>843 280</b>	<b>538 010</b>	<b>2 636 130</b>	<b>2 003 928</b>	<b>2 003 928</b>
<b>Net cash flow from continuing operations</b>	<b>843 280</b>	<b>550 308</b>	<b>2 619 885</b>	<b>1 974 533</b>	<b>1 974 533</b>
Net cash flow from discontinued operations	0	(12 299)	16 245	29 395	29 395
Sale of (investment in) tangible fixed assets	( 34 127)	( 23 875)	( 82 124)	( 63 093)	( 63 093)
Sale of (investment in) R&D own software	( 31 332)	( 15 093)	( 103 441)	( 68 532)	( 68 532)
<b>Net cash flow from investments</b>	<b>( 65 459)</b>	<b>( 38 968)</b>	<b>( 185 565)</b>	<b>( 131 625)</b>	<b>( 131 625)</b>
Investment in tangible fixed assets related to business combinations	( 12 202)	( 2 103)	( 36 558)	( 10 808)	( 10 808)
Investment in R&D software related to business combinations	( 7 374)	( 6 121)	( 379 351)	( 144 718)	( 144 718)
Sale of (investment in) businesses	( 804 346)	( 516 475)	(4 901 418)	(3 308 434)	(3 308 434)
Sale of (investment in) shares	( 322)	( 274)	675	( 3 967)	( 3 967)
Net proceeds from divestiture of discontinued operations	464	0	1 224 101	274 248	274 248
<b>Net cash flow from investments related to business combinations</b>	<b>( 823 780)</b>	<b>( 524 972)</b>	<b>(4 092 551)</b>	<b>(3 193 679)</b>	<b>(3 193 679)</b>
Repayments of interest bearing loans	0	0	( 268 018)	( 234 011)	( 234 011)
Net proceeds from interest bearing loans	0	0	3 602 014	744 375	744 375
Changes in bank overdraft	434 219	0	626 651	584 296	584 296
Changes in long term receivables/payables	( 442)	( 2 434)	( 3 732)	( 5 203)	( 5 203)
Payment of Group contribution	0	0	( 494 252)	(2 043 218)	(2 043 218)
Cash inflow from dividends	0	0	5 000	23 400	23 400
Net cash flow from share issues	0	0	0	94 000	94 000
Cash inflow from interest	4 356	3 246	14 255	22 859	22 859
Cash outflow from interest and fees	( 3 205)	( 785)	( 313 334)	( 251 007)	( 251 007)
<b>Net cash flow from financing activities</b>	<b>434 928</b>	<b>27</b>	<b>3 168 587</b>	<b>(1 064 509)</b>	<b>(1 064 509)</b>
<b>Net cash flow</b>	<b>388 969</b>	<b>( 25 904)</b>	<b>1 526 601</b>	<b>(2 385 885)</b>	<b>(2 385 885)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>4 646 239</b>	<b>3 588 640</b>	<b>3 665 241</b>	<b>5 866 935</b>	<b>5 866 935</b>
Net foreign exchange differences	112 795	102 505	(43 840)	184 192	184 192
<b>Cash and cash equivalents, end of period</b>	<b>5 148 003</b>	<b>3 665 241</b>	<b>5 148 003</b>	<b>3 665 241</b>	<b>3 665 241</b>
EBITDA to net cash flow from operations	106,5 %	89,2 %	93,7 %	94,0 %	94,0 %

## 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 01.01.2017	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	1 141 560		0	1 141 560			1 141 560
Profit for the period			1 582 852	1 582 852		2 274	1 585 126
<i>Net gain (loss) on financial hedging instruments, net of tax</i>		7 238		7 238			7 238
<i>Exchange differences on translation of foreign operations, net of tax</i>		66 544		66 544			66 544
<i>Net gain (loss) on defined benefit plan, net of tax</i>		0		0			0
Total comprehensive income for the period		73 782	1 582 852	1 656 634		2 274	1 658 908
Group contribution			(375 631)	(375 631)			(375 631)
Changes to non-controlling interest; acquisition and arising on business combination			69	69		(17 460)	(17 391)
Equity at end of period	1 769 512	526 366	7 644 572	9 940 451		1 058	9 941 509

# 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 fourth quarter of 2018 were authorised for issue by the board of directors on January 24<sup>th</sup> 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 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 six reporting segments, Small and Medium Business (SMB), Enterprise, Custom Solutions, Commerce Solutions, Cloud Infrastructure Services, 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 fourth 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

4th quarter	2018							2017							
	(NOK in thousands)	SMB	Enterprise	Custom Solutions	Commerce Solutions	Cloud Infrastructure Services	Group HQ + IT	TOTAL	SMB	Enterprise	Custom Solutions	Commerce Solutions	Cloud Infrastructure Services	Group HQ + IT	TOTAL
<b>Revenue</b>															
Total segment revenue	1 427 307	1 500 683	564 440	279 303	139 716	87 164	3 998 613	1 257 594	1 021 563	407 466	33 099	116 203	80 977	2 916 902	
Internal revenue	190 593	265 462	33 089	10 071	678	54 867	554 770	201 777	184 555	46 314	10 184	10 169	35 751	488 749	
<b>External revenue on each group of similar products and services</b>															
On-premises software	465 764	364 677	172 456	0	0	0	1 002 897	496 746	353 900	(38 580)	0	89	0	812 155	
New software licences	12 931	14 624	19 241	0	0	0	46 796	21 276	7 233	13 407	0	9	0	41 924	
Annual agreements	392 262	225 515	19 070	0	0	0	636 847	402 236	210 735	15 889	0	156	0	629 016	
Software Consulting and Implementation	60572	124 538	134 144	0	0	0	319 255	73 234	135 932	(67 875)	0	(76)	0	141 215	
Cloud Computing	738 311	837 360	351 619	262 364	128 735	28 993	2 347 383	527 909	527 580	395 396	190 653	98 800	23 764	1 764 102	
SaaS Subscriptions	499 324	258 103	30 090	56 761	3 989	0	848 267	396 031	223 424	21 474	13 895	1 457	0	656 281	
SaaS Transactions and sign up fees	199 993	315 923	4 901	33 918	2 339	0	557 074	105 964	185 464	2 280	23 374	0	(3 940)	313 141	
Hosting and infrastructure as a Service	1 012	2 695	2 321	0	44 671	27 397	78 097	1 058	0	0	0	1 787	26 381	29 227	
Cloud Infrastructure Services	0	74	201	0	77 736	0	78 011	0	13 107	0	0	85 493	0	98 601	
Software Consulting and Implementation on	37 036	256 898	311 294	8 545	0	1 596	615 369	12 371	101 150	371 642	7 782	9 293	1 323	503 561	
FinTech Services and debt collection	946	3 667	2 811	163 142	0	0	170 566	12 486	4 435	0	145 602	769	0	163 291	
Other	32 639	33 184	7 266	6 867	10 304	3 303	93 562	31 162	(44 471)	4 336	1 887	7 145	21 462	21 521	
External revenue	1 236 714	1 235 221	531 341	269 231	139 038	32 297	3 443 842	1 055 817	837 008	361 152	192 540	106 035	45 226	2 597 778	
Actual growth (external) %	17,1 %	47,6 %	47,1 %	39,8 %	31,1 %	-28,6 %	32,6 %								
<b>EBITDA</b>	391 077	244 996	83 052	62 033	2 930	7 499	791 588	353 080	155 773	62 127	39 936	10 157	(4 060)	617 013	
EBITDA margin	31,6 %	19,8 %	15,6 %	23,0 %	2,1 %	23,2 %	23,0 %	33,4 %	18,6 %	17,2 %	20,7 %	9,6 %	-9,0 %	23,8 %	

Year	2018							2017						
	(NOK in thousands)	SMB	Enterprise	Custom Solutions	Commerce Solutions	Cloud Infrastructure Services	Group HQ + IT	TOTAL	SMB	Enterprise	Custom Solutions	Commerce Solutions	Cloud Infrastructure Services	Group HQ + IT
<b>Revenue</b>														
Total segment revenue	5 310 822	4 576 944	1 960 939	1 194 191	493 009	353 993	13 889 898	4 539 978	3 003 384	1 332 637	712 785	602 567	261 974	10 453 326
Internal revenue	846 421	991 481	207 115	207 115	2 738	244 781	2 499 651	784 094	671 685	161 860		155 886	142 743	1 916 269
<b>External revenue on each group of similar products and services</b>														
On-premises software	1 761 082	1 249 507	528 708	0	0	0	3 539 297	1 861 393	1 154 563	487 259	0	1 713	1	3 504 929
New software licences	46 883	47 777	52 083	0	0	0	146 743	77 999	65 733	41 211	0	83	0	185 026
Annual agreements	1 558 285	831 540	73 595	0	0	0	2 463 420	1 578 224	754 380	69 589	0	924	0	2 403 117
Software Consulting and Implementation	155 914	370 191	403 029	0	0	0	929 134	205 170	334 450	376 458	0	706	1	916 785
Cloud Computing	2 592 180	2 211 291	1 204 665	975 122	466 680	103 203	7 553 142	1 790 269	1 137 617	662 846	707 485	420 113	110 189	4 828 520
SaaS Subscriptions	1 825 901	847 669	121 454	191 752	14 893	0	3 001 670	1 372 615	692 220	52 126	52 847	3 486	0	2 173 294
SaaS Transactions and sign up fees	660 127	787 547	14 093	117 842	9 399	0	1 589 008	334 725	247 536	2 280	77 907	0	0	662 448
Hosting and infrastructure as a Service	2 932	2 695	7 899	0	45 955	98 353	157 823	3 910	0	0	0	5 307	105 097	114 314
Cloud Infrastructure Services	0	145	849	0	396 434	0	397 427	0	27 625	0	0	382 930	0	410 555
Software Consulting and Implementation on	101 885	558 693	1 051 412	23 860	0	4 851	1 740 701	31 809	154 563	608 440	24 761	23 772	5 093	848 439
FinTech Services and debt collection	1 335	14 543	8 968	641 667	0	0	666 512	47 209	15 673	0	551 970	4 618	0	619 470
Other	111 138	124 665	20 451	11 954	23 591	6 008	297 808	104 222	39 519	20 671	5 300	24 855	9 041	203 608
External revenue	4 464 401	3 585 464	1 753 824	987 076	490 271	109 212	11 390 247	3 755 884	2 331 699	1 170 776	712 785	446 681	119 231	8 537 056
Actual growth (external) %	18,9 %	53,8 %	49,8 %	38,5 %	9,8 %	-8,4 %	33,4 %							
<b>EBITDA</b>	1 456 123	755 138	294 001	237 209	34 977	17 654	2 795 102	1 240 008	488 961	181 862	152 098	51 848	(13 553)	2 101 225
EBITDA margin	32,6 %	21,1 %	16,8 %	24,0 %	7,1 %	16,2 %	24,5 %	33,0 %	21,0 %	15,5 %	21,3 %	11,6 %	-11,4 %	24,6 %

Reconciliation	4th quarter		Year	
	2018	2017	2018	2017
Profit before taxes	300 170	264 664	1 125 861	992 704
Net financial items	66 604	60 164	294 331	225 637
Result from associated companies	(1 251)	(1 443)	3 050	7 840
Depreciations and amortisations	426 064	293 629	1 371 860	875 043
EBITDA	791 588	617 013	2 795 102	2 101 225
EBITDA in operating segments	791 588	617 013	2 795 102	2 101 225

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

### GEOGRAPHICAL AREAS

(NOK in thousands)	2018		2017	
	Net sales	%	Long lived assets	Long lived assets
Norway	3 879 782	34,1 %	4 647 557	4 056 728
Sweden	3 033 754	26,6 %	2 496 663	3 087 576
Denmark	1 625 240	14,3 %	3 550 622	3 632 458
Finland	1 718 205	15,1 %	2 329 583	1 880 828
Netherlands	1 133 265	9,9 %	8 230 431	818 570
Total	11 390 247	100,0 %	21 254 856	13 476 160

## NOTE 3 — BUSINESS COMBINATIONS

During the fourth quarter of 2018, Visma had a net cash outflow from investment in businesses of NOK 824m.

### Commerce Solutions

Visma expanded its geographical footprint during the quarter through the acquisition of Szamlazz, a fast growing Hungarian provider of invoicing solutions to small businesses.

### Enterprise

Enterprise continued the growth story in the Netherlands with two Dutch acquisitions during the quarter: the procurement software provider ProActive and the Pension and benefit software provider Idella Group.

### SMB

Visma expanded its SMB SaaS accounting software offering to Estonia through the acquisition of the leading Estonian software provider Merit Tarkvara. In Norway, the product portfolio was expanded through the acquisition of real estate software provider Websystemer.

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

	Merit Tarkvara AS	Websystemer AS	ProActive International BV	Idella Groep BV
(NOK in thousands)	08.10.18	06.11.18	07.11.18	14.11.18
Deferred tax assets	0	64	0	0
Shares	0	0	0	0
Other intangible assets	0	1 245	0	4 134
Machinery and equipment	997	588	2 014	9 834
Property	0	254	0	0
Other long-term receivables	( 260)	0	0	79
Inventories	10	0	0	100
Trade receivables	428	1 670	3 659	9 946
Other short term receivables	151	2 788	5 639	38 697
Cash and cash equivalents	8 232	23 993	17 076	17 214
<b>Assets</b>	<b>9 557</b>	<b>30 600</b>	<b>28 388</b>	<b>80 004</b>
Other long-term liabilities	0	0	0	662
Deferred tax liability	0	0	0	1 106
Bank overdraft	0	0	0	0
Trade creditors	184	2 035	487	37 097
Public duties payable	903	3 715	660	803
Tax payable	85	1	2 444	0
Other current liabilities	7 995	3 273	18 341	9 160
<b>Liabilities</b>	<b>9 166</b>	<b>9 024</b>	<b>21 933</b>	<b>48 828</b>
<b>Fair value of net assets</b>	<b>390</b>	<b>21 576</b>	<b>6 456</b>	<b>31 176</b>
Non-controlling interests	0	0	0	306
Goodwill arising on acquisition	42 553	109 158	157 096	78 373
Other intangible assets	21 645	60 750	74 342	49 795
Contracts and customer relationship arising on acquisition	30 303	85 050	104 078	69 713
Deferred tax liability	(8 312)	(33 534)	(44 605)	(29 877)
<b>Total acquisition cost</b>	<b>86 579</b>	<b>243 000</b>	<b>297 366</b>	<b>199 486</b>
Net cash acquired with the subsidiary	(8 232)	(23 993)	(17 076)	(17 214)
Cash paid	55 303	132 000	204 149	199 179
<b>Net cash outflow</b>	<b>47 072</b>	<b>108 007</b>	<b>187 073</b>	<b>181 966</b>
Payment-in-Kind	0	0	0	0
Deferred payment	31 275	111 000	93 217	0

## 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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