



Q3

QUARTERLY
REPORT

2017

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Double-Digit Revenue Growth and the Largest Transformational Acquisition in Visma History

HIGHLIGHTS, THIRD QUARTER 2017

- Revenue of NOK 2 218 million, an increase of 18,4%
- EBITDA of NOK 588 million, an increase of 5,6%
- SaaS customer contracts grew by 31,4% year-on-year exemplifying the focus and growth of cloud computing within the Visma organization.
- Cloud Annualized Revenue reached NOK 5 300, a year-on-year growth of 44%
- Acquisition of BlueGarden, a leading Scandinavian HRM/Payroll software company
- Two additional smaller acquisitions were made during the quarter bringing the total of acquired companies to 15 year-to-date.

Visma had another strong quarter with excellent top-line revenue and continued profit growth. Total revenue growth was 18,4% while EBITDA improved with 5.6% over Q3 2016 to reach NOK 588 million, yielding a very strong EBITDA margin of 26,5%.

Revenues in each of Visma's three largest divisions (representing 92% of EBITDA) grew between 15% and 40% year on year. The SMB Division grew revenues by 15%, Enterprise grew by an impressive 41% and Custom Solutions achieved 31% growth compared to the third 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 44% to reach NOK 5 300m (including the effects of BlueGarden).

Visma continues its proactive and high tempo acquisitions activity completing fifteen (15) acquisitions year to date. During the quarter, Visma made its largest acquisition ever, BlueGarden. BlueGarden is a leading HRM/Payroll software provider in Denmark, Sweden, and Norway. The acquisition boosts Visma's strategic position in core HRM in Denmark and provides a significant increase in SaaS payroll revenues.

KEY FIGURES

Continuing operations (NOK in millions)	3rd quarter			First three quarters			Year
	2017 Actual	2016 Actual	Growth	2017 Actual	2016 Actual	Growth	2016 Actual
Revenue	2 218	1 873	18,4 %	6 537	5 735	14,0 %	7 855
EBITDA	588	556	5,6 %	1 537	1 401	9,7 %	1 908
<i>EBITDA margin</i>	<i>26,5 %</i>	<i>29,7 %</i>		<i>23,5 %</i>	<i>24,4 %</i>		<i>24,3 %</i>
EBITA	556	529	5,0 %	1 455	1 320	10,3 %	1 798
EBIT	340	363	-6,6 %	869	858	1,3 %	1 156
Net profit	206	219	-5,9 %	530	461	15,1 %	690
Operational cash flow (after tax)	277	288	-3,9 %	1 466	1 293	13,4 %	1 804

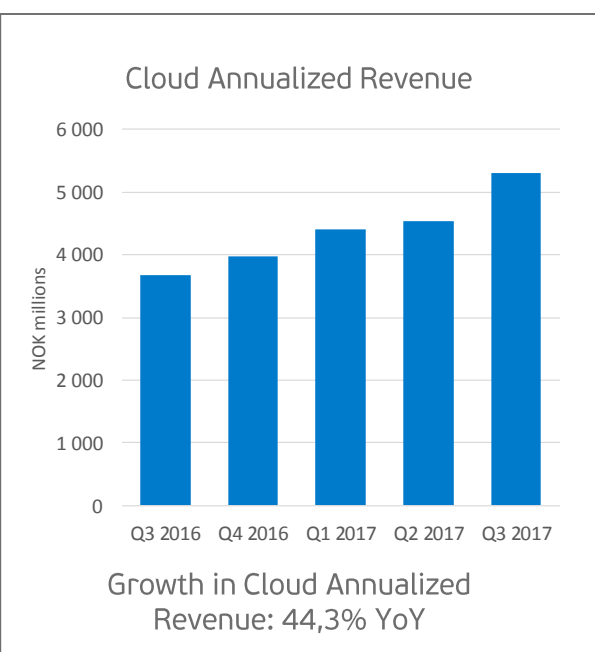
FINANCIAL REVIEW – GROUP (THIRD QUARTER 2016 IN BRACKETS)

Revenue amounted to NOK 2 218 million (1 873) and EBITDA to NOK 588 million (556) in the third quarter of 2017. Revenue increased 18,4% over Q3 2016.

Group EBIT amounted to NOK 340 million in the third quarter (363), whereas net gain from associated companies amounted to NOK 10,2 million (0,6). Net financial items were NOK -40,6 million (-61,0). Consequently, profit before taxes was NOK 264 million (300). Taxes amounted to NOK 58,4 million (81,5), and net income from continuing operations resulted in NOK 206 million (219) in the third quarter.

Cash flow from continuing operations after tax amounted to NOK 277 million (288) in the third quarter 2017. Cash outflow from investments was NOK -2 048 million (-217) in the quarter, which is fixed assets and software R&D and investments in acquired businesses. At the end of the third quarter, the cash position of Visma was NOK 3 589 million (3 107).

Equity amounted to NOK 7 151 million at the end of the quarter (4 663), corresponding to an equity ratio of 38,3% (32,1%). Long term interest bearing debt amounted to NOK 6 151 million (5 196). 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 Cloud Annualized Revenue has grown by 44,3% year-on-year in Q3. At the end of Q3, revenue from cloud computing saw an annualized run rate exceeding NOK 5 300m. Also SaaS customer contracts have seen a strong high-growth development. Visma has over 750 000 customer contracts, of which ca. 500 000 are for SaaS products. The group's fastest growth is also on the SaaS contracts, which grew by 31,4% year-on-year.

At the end of Q3, 6,9 million monthly e-invoices were transported through Visma's e-invoicing hubs (33% y-on-y growth). The ultimate objective for Visma's software products and solutions is to make the traditional paper invoice redundant. All Nordic countries are eager to do more SaaS invoicing and we have launched an e-invoicing service for our e-economic customers in Denmark.

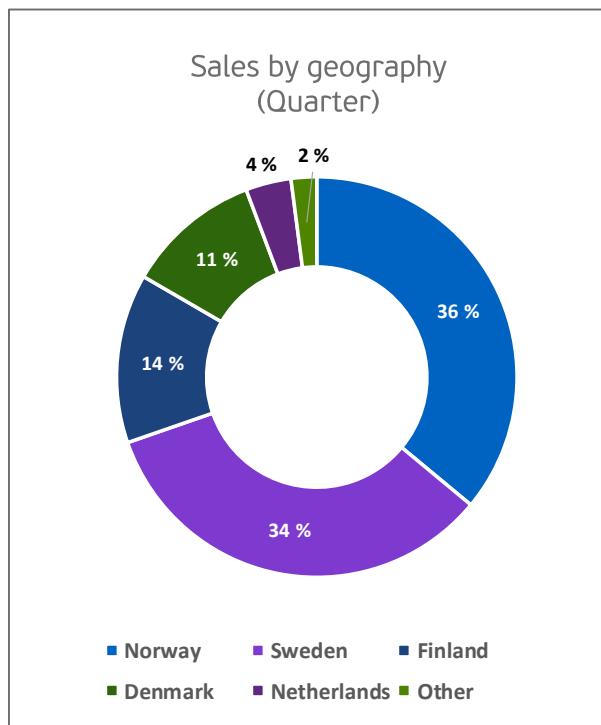
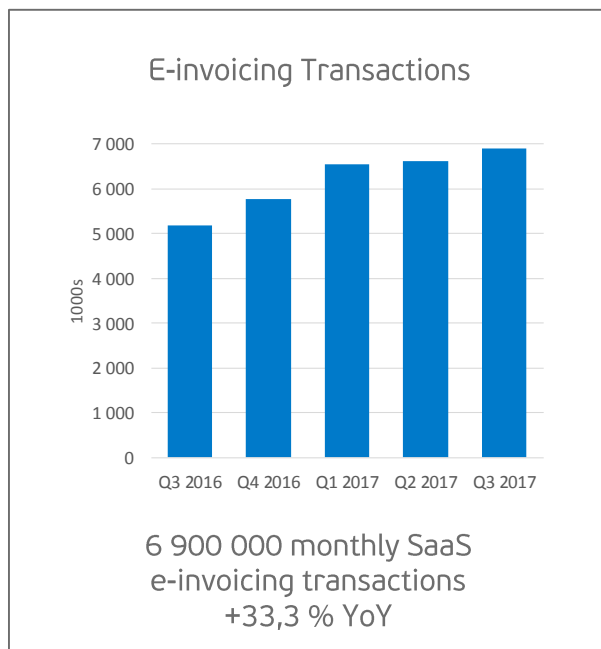
MARKET OUTLOOK

The Nordic markets, where Visma has 98% 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 (70% of Visma revenue) have very strong public finances. Norway has more-or-less completely recovered from the oil sector volatility and Sweden continues its strong growth. Danish economy is solid and growing. Finland is experiencing strong growth after several years of weak growth. 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 the coming quarters.

Visma Software SMB is the largest business area, contributing 49% of the Revenue and 68% of the EBITDA in the third quarter of 2017.



OWNERSHIP

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

RISKS

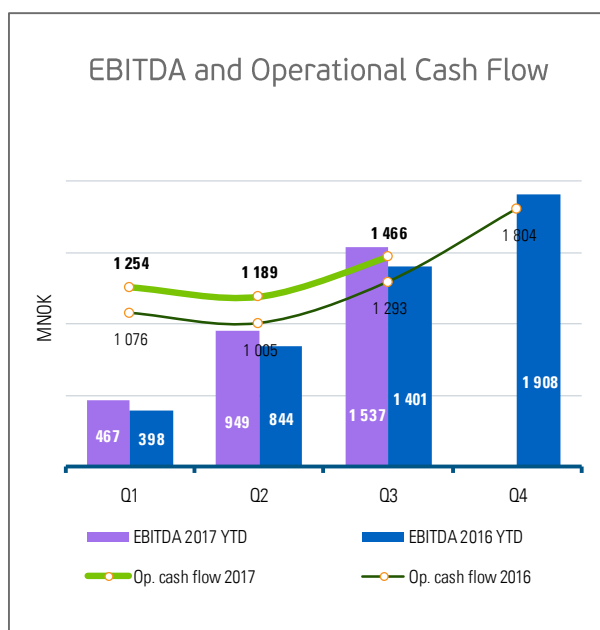
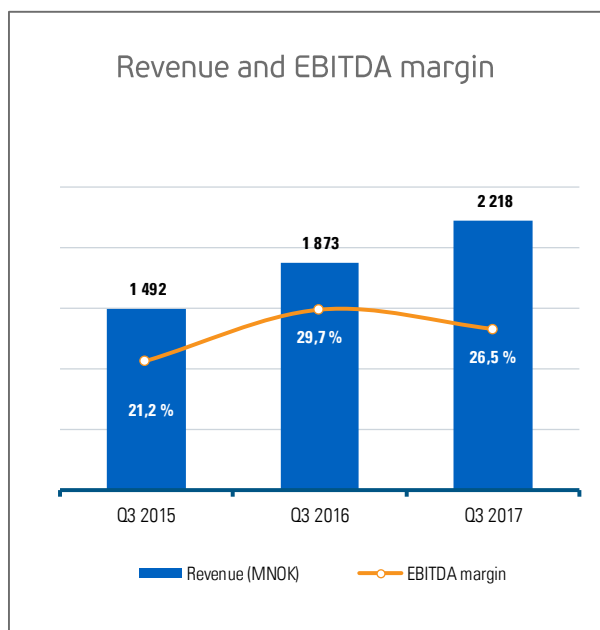
Visma is exposed to the general economic climate in the countries where the company operates. However, the business risk is limited by the company's diversified customer base and a reasonably priced, high-quality portfolio of products and services. Although Visma is also involved in some very large IT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

DISCLAIMER

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

Oslo, October 19, 2017

The Board of Directors of VISMA AS



SMB

Comments on the third quarter

The cloud growth in the mid and entry-level segment continues, reaching 415 000 cloud customer contracts and 130 000 mobile users in the quarter. In Q3 focus has been on continuous delivery of high-quality SaaS features for new and migrating customers. Further, cloud and automation upgrades for the existing on-premises customer bases in their transition to SaaS.

Our entry-level cloud solutions reached 270 000 contracts by acquiring over 15 000 net new customers in the quarter. The cloud mid-range offerings and hybrid services of Visma.net continue the customer, user and ARPC growth, with a good flow of Visma.net Financials and Logistics implementations in the pipeline. A solid feature line-up for this range will be added during the coming quarters, driving further growth. Our e-Invoicing Visma AutoInvoice and payment solution Visma AutoPay grew 35% YoY reaching 23 million transactions in the quarter. The debt collection ERP-add-on, AutoCollect, is experiencing good traction in the market.

Strong organic growth in the cloud products solidifies Visma's Nordic leadership in the cloud SMB segments. Cloud development outpaces investments in on-premises solutions, and delivery capability and margins continue to improve through the expansion of Visma's development centers in central Europe and the Baltics.

Operational focus has been on maximizing H2 sales and onboarding the 2017 acquisitions including Davilex, Descartes, Mystore, Bluegarden/DataLøn and Admincontrol. Cloud growth trends of note in our business segments are mid and entry-level cloud payroll and HRM, secure digital boardroom and dataroom solutions, B2C electronic invoicing integrated with ERP, cloud enabling of accounting offices, and giving our customers employees mobile app mass consumption of our services, such as payslips.

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



49 %

Operating revenue



68 %

EBITDA

Quarterly Key Figures

Revenue	1 087 MNOK
Growth, YoY	14,8 %
EBITDA	397 MNOK
EBITDA margin	36,6 %
FTE	2 748
Headcount	2 899

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 third quarter

Speeding up the transition to cloud services on all product is a prioritized area for Enterprise. Forty percent of the CMRR is on true cloud services, and 56% of Enterprise R&D resources are working on cloud services. When combining all the products in the portfolio, both Visma Payroll solutions and Bluegarden, Visma is now delivering 6.5 million payslips every month.

Visma has the leading product offering in the market for School Administrative solutions in Ireland, Finland and Norway. With increased investments in the VIGO-project, Visma will create the foundation for international scalable cloud school solutions, named InSchool. The cloud transition for Visma Flyt Kindergarten has started.

As part of the HRM-strategy, Megaflex IoT access control and Comenius will be integrated with existing Visma WFM. Development of next-generation cloud-based software for increasing efficiency in the public and private sector is progressing.

Segment at a glance

Target market:

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

Management:

- Nils Vold, Division Director Enterprise

Share of Group

25 %

Operating revenue

22 %

EBITDA

Quarterly Key Figures

Revenue	553 MNOK
Growth, YoY	40,6 %
EBITDA	129 MNOK
EBITDA margin	23,3 %
FTE	1 939
Headcount	2 006

Products and services:

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

Custom Solutions

Comments on the third quarter

Custom Solutions delivered yet another quarter with strong performance. Compared to last year, the division had very strong growth and improvements of results in Q3 - particularly on the top line. Revenue was 255 MNOK and EBITDA 36 MNOK with a margin of 14,0 %. Taking the July holiday month into account, the Q3 results were very strong with revenue growth YoY 31,1 %.

Overall, the division has performed very well – but especially Finland and Norway had very strong results and high growth in Q3. Our nearshore development center in Lithuania is performing very well with high customer satisfaction.

The division closed the acquisition of nearU in Sweden (an Episerver premium partner) and signed two additional new acquisitions which are closing in the very start of Q4: OCTO3 in Finland, a consulting firm specializing in JAVA/Enterprise mobility solutions in the private sector, and e-Identitet, a Swedish provider of digital authentication solutions. E-Identitet will complement Visma's existing portfolio of e-signature and e-authentication offerings.

Custom Solutions closed several important deals during Q3 totalling a potential value well above 500 MNOK. In Finland we signed new contracts with Finnish Transport Agency for implementing an integration platform for an EU level data exchange project, and a new BI/DW framework agreement with The Hospital District of Helsinki and Uusimaa. In Denmark and Norway we won several new project assignments within Tax Administration (NO) and The Ministry of Taxation (DK) for the new Debt Collection system. The division has a very good outlook for the rest of the year with a strong order book and sales pipeline.

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	255 MNOK
Growth, YoY	31,1 %
EBITDA	36 MNOK
EBITDA margin	14,0 %
FTE	936
Headcount	961

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 third quarter

Following our focus on international expansion, a highlight during Q3 is the win of a new customer in Ireland. We signed an agreement with yet another grocery chain, covering solutions for POS, backoffice, loyalty, e-commerce and warehouse management. This makes our first win covering our complete product range with all our solutions areas, including solutions from our newly acquired companies this spring. This proves our strength in offering a complete and attractive portfolio with key products in helping retailers to digitalize their retail operations in full. Announcement of the win and the name of the company will be official in Q4.

As a preferred supplier to Spar International, the international grocery chain, we attended their annual conference in Belfast, showcasing our latest software solutions. This gathered a large number of decision makers from the franchisees and stores throughout Europe.

Our work with thought leadership and building Visma Retail Division as a trusted advisor and experts in Retail is progressing well. In September, we launched a teaser of our results from our latest study on the topic of Digital Natives in Norway. We presented the highlights at Norway's largest retail-event Handelskonferensen, hosted by the Norwegian Trade Federation: Virke.

Segment at a glance

Target market:

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

Management:

- Peter Fischer, Division Director Retail

Share of Group



Operating revenue



EBITDA

Quarterly Key Figures

Revenue	244 MNOK
Growth, YoY	-6,6 %
EBITDA	21 MNOK
EBITDA margin	8,8 %
FTE	703
Headcount	720

Products and services:

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

IT & Hosting

Comments on the third quarter

Hosting

Visma Hosting is offering domain and web hosting services to more than 350 000 customers in several European countries under the brands Loopia and Active 24. The international trend with market consolidation continues. We plan to lead this process in our regions and are actively searching for interesting acquisition opportunities supporting our growth strategy. In September we acquired the Swedish business CitySites, with its mass hosting customer base. The customers will be migrated to the Loopia platform during the coming months. In Q3, we continued our intensive sales and marketing activities, which in combination with our friendly support organization, delivered good new sales. We also see a considerable increase in our EBITDA year-to-date, which is up +63 % compared to the same period last year.

IT Operations

Significant attention was directed towards cyber security in this period. Cyber security is becoming an even more important focus area, as hackers become increasingly skilled and target larger corporations, public business and even governments. Q3 revealed several large scale attacks on international companies with huge impacts to the companies targeted. As a result of this elevated risk picture, we have been turning up our security measures a few more knots.

On the operations side this was a quiet quarter with very few and minor interruptions in our production environments. With the acquisitions of new companies during the quarter, we will also broaden our service deliveries to new geographical areas. On-boarding Bluegarden into our operations we will gain presence in Denmark. This will allow us to deliver on-premise support and operations to other Visma companies located in Denmark, as well.

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

4 %

Operating revenue

4 %

EBITDA

Quarterly Key Figures

Revenue	79 MNOK
Growth, YoY	5,6 %
EBITDA	24 MNOK
EBITDA margin	30,3 %
FTE	201
Headcount	212

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)	3rd quarter		First three quarters		Year
	2017	2016	2017	2016	2016
CONTINUING OPERATIONS					
OPERATING REVENUE					
Sales revenue	2 218 030	1 872 846	6 536 503	5 734 768	7 855 248
Total operating revenue	2 218 030	1 872 846	6 536 503	5 734 768	7 855 248
OPERATING EXPENSES					
Sales and distribution costs (COGS)	375 757	334 273	1 111 977	1 013 383	1 383 931
Gross profit	1 842 273	1 538 573	5 424 526	4 721 384	6 471 317
Payroll and personnel expenses	955 455	750 527	3 027 704	2 589 377	3 558 574
Bad debts	6 149	3 377	13 669	9 054	12 699
Other operating expenses	273 255	226 930	823 143	711 544	975 950
Total operating expenses	1 234 859	980 835	3 864 515	3 309 976	4 547 222
EBITDA before M&A expenses	607 414	557 738	1 560 011	1 411 409	1 924 095
M&A expenses	19 499	1 256	23 394	10 552	15 935
EBITDA	587 915	556 482	1 536 616	1 400 856	1 908 160
Depreciation tangible assets and capitalised R&D	32 057	27 316	81 225	81 347	109 759
EBITA	555 858	529 166	1 455 391	1 319 509	1 798 401
Amortisation intangible assets	216 231	165 687	586 475	461 661	642 544
Operating profit EBIT	339 627	363 479	868 916	857 848	1 155 857
Result from associated companies	10 179	621	(9 284)	(848)	(311)
FINANCIAL ITEMS					
Financial income	4 800	2 398	56 866	15 982	22 330
Financial expenses	(90 631)	(66 441)	(224 962)	(216 768)	(280 811)
Net financial items	(85 831)	(64 043)	(168 097)	(200 786)	(258 481)
Profit before taxes from continuing operations	263 975	300 057	691 536	656 215	897 066
Taxes	58 373	81 525	161 188	195 626	207 546
Net income from continuing operations	205 602	218 532	530 347	460 589	689 520
DISCONTINUED OPERATIONS					
Net income from discontinued operations	0	49 137	9 034	191 576	3 511 600
Net income from continuing and discontinued operations	205 602	267 669	539 381	652 164	4 201 120
ATTRIBUTABLE TO:					
Equity holders of Visma AS	205 246	268 148	538 588	653 690	4 200 757
Non-controlling interests	356	(480)	793	(1 526)	363
EARNINGS PR SHARE					
Basic earnings per share (NOK in thousands)	205 246	268 148	538 588	653 690	4 200 757
Diluted earnings per share (NOK in thousands)	205 246	268 148	538 588	653 690	4 200 757
EBITDA margin	26,5 %	29,7 %	23,5 %	24,4 %	24,3 %

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(NOK in thousands)	3rd quarter		First three quarters		Year
	2017	2016	2017	2016	2016
Net income from continuing and discontinued operations	205 602	267 669	539 381	652 164	4 201 120
Net gain (loss) on financial hedging instruments, net of tax	7 957	13 206	22 080	41 502	23 112
Exchange differences on translation of foreign operations, net of tax	(66 263)	(59 775)	114 637	(136 518)	(91 643)
Net gain (loss) on defined benefit plan, net of tax	94	296	(132)	2 864	2 940
Other comprehensive income (loss) for the period, net of tax	(58 212)	(46 272)	136 586	(92 152)	(65 591)
Total comprehensive income for the period	147 390	221 396	675 967	560 012	4 135 529
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Equity holders of Visma AS	147 035	221 876	675 174	561 538	4 135 166
Non-controlling interests	356	(480)	793	(1 526)	363

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(NOK in thousands)	30 September 2017	30 September 2016	30 June 2 017	31 December 2016
ASSETS				
Deferred tax assets	74 227	82 551	59 372	61 686
Patents and other intangible assets	2 012 745	1 419 501	1 701 799	1 531 124
Capitalised R&D cost own software	428 868	261 682	299 416	264 999
Contracts and customer relationships	2 467 319	1 334 498	1 580 199	1 389 124
Goodwill	7 819 735	6 589 795	6 914 496	6 100 589
Property, land and buildings	21 521	23 046	21 335	21 151
Machinery and equipment	105 766	122 064	98 618	94 189
Financial assets/Shares	43 368	42 091	43 441	39 675
Investment in associated companies	74 633	83 380	64 454	83 917
Other long-term receivables	437 763	15 474	431 774	418 808
Total non-current assets	13 485 945	9 974 081	11 214 904	10 005 262
Inventory	61 028	40 712	55 148	38 650
Accounts receivables	1 122 876	1 061 574	939 700	1 102 192
Other current receivables	416 231	321 997	386 263	536 501
Cash and cash equivalents	3 588 640	3 106 692	4 849 163	5 866 935
Total current assets	5 188 775	4 530 975	6 230 274	7 544 278
TOTAL ASSETS	18 674 721	14 505 056	17 445 178	17 549 539
EQUITY AND LIABILITIES				
Paid-in capital	627 952	1 991 726	627 952	1 991 726
Other reserves	282 510	119 364	340 722	145 925
Retained earnings	6 223 939	2 548 397	6 018 998	6 092 291
Equity attributable to equity holders of Visma AS	7 134 401	4 659 487	6 987 672	8 229 942
Non-controlling interests	16 710	3 885	16 376	21 971
Total equity	7 151 110	4 663 372	7 004 048	8 251 913
Pension liabilities	(9 639)	(7 392)	(9 987)	(9 327)
Deferred tax liability	1 335 605	1 009 836	977 090	888 089
Financial hedging Instruments	90 484	137 187	100 818	119 160
Long-term interest bearing bank loans	5 650 060	4 925 651	5 785 807	4 995 903
Accrued funding fees	(18 089)	(19 527)	(20 118)	(18 025)
Other long-term non interest bearing liabilities	500 537	270 490	250 688	276 557
Long-term liabilities to group companies	0	0	0	0
Total non-current liabilities	7 548 958	6 316 245	7 084 297	6 252 358
Bank overdraft	758 820	729 264	(0)	163 553
Short-term interest bearing bank loans	100 000	100 000	100 000	100 000
Trade creditors	376 407	311 426	349 759	425 319
Public duties payable	396 963	439 097	308 679	340 370
Tax payable	(44 792)	(40 460)	(27 886)	36 615
Deferred revenue	1 331 437	1 162 228	1 504 636	1 084 335
Other current liabilities	1 055 816	823 884	1 121 643	895 075
Total current liabilities	3 974 651	3 525 438	3 356 831	3 045 267
Total liabilities	11 523 610	9 841 683	10 441 129	9 297 626
TOTAL EQUITY AND LIABILITIES	18 674 720	14 505 055	17 445 177	17 549 539

CONSOLIDATED STATEMENT OF CASH FLOWS

(NOK in thousands)	3rd quarter		First three quarters		Year
	2017	2016	2017	2016	2016
Ordinary profit before tax from continuing and discontinued operations	263 975	352 000	691 536	858 379	1 122 128
Depreciation tangible assets	12 275	15 957	35 907	50 680	69 463
Depreciation capitalised R&D cost	19 781	14 694	45 318	40 544	52 750
Amortisation patents and other intangible assets	96 828	77 285	267 904	210 198	303 476
Amortisation contracts and customer relationships	119 403	91 104	318 570	256 008	345 459
Amortisation Goodwill	0	0	0	0	0
Tax paid	(33 800)	(39 697)	(130 810)	(133 116)	(107 070)
Changes in debtors	(183 176)	2 781	(20 684)	46 433	5 815
Changes in inventory and trade creditors	20 768	(22 730)	(71 289)	(7 724)	108 230
Changes in public duties payable	88 284	24 501	56 593	725	(98 002)
Changes in deferred revenue	(173 200)	(212 461)	247 101	66 462	(11 431)
Changes in other accruals	45 926	24 217	25 771	112 100	248 376
Net cash flow from continuing and discontinued operations	277 066	327 651	1 465 918	1 500 690	2 039 195
Net cash flow from continuing operations	277 066	288 218	1 465 918	1 292 751	1 803 584
Net cash flow from discontinued operations	0	39 433	0	207 939	235 611
Sale of (investment in) tangible fixed assets	(18 310)	(6 182)	(39 218)	(33 324)	(57 265)
Sale of (investment in) R&D own software	(21 222)	(13 054)	(53 439)	(51 691)	(71 913)
Net cash flow from investments	(39 532)	(19 236)	(92 657)	(85 015)	(129 179)
Investment in tangible fixed assets related to business combinations	(4 510)	(496)	(8 705)	(7 154)	(10 865)
Investment in R&D software related to business combinations	(129 484)	0	(138 598)	(7 441)	(26 281)
Sale of (investment in) businesses	(1 874 785)	(199 620)	(2 791 959)	(1 364 218)	(1 779 303)
Sale of (investment in) shares	73	1 733	(3 693)	1 919	4 336
Net proceeds from divestiture of discontinued operations	0	0	274 248	0	3 302 521
Net cash flow from investments related to business combinations	(2 008 706)	(198 383)	(2 668 707)	(1 376 893)	1 490 408
Repayments of interest bearing loans	(50 000)	(50 000)	(234 011)	(224 010)	(224 010)
Net proceeds from interest bearing loans	0	0	744 375	738 664	738 664
Changes in bank overdraft	748 740	0	584 296	235 558	(332 017)
Changes in long term receivables/payables	(5 988)	787	(2 768)	1 778	(1 556)
Payment of Group contribution	(1 040)	0	(2 043 218)	(403 027)	(403 027)
Cash inflow from dividends	0	0	23 400	4 000	4 000
Net cash flow from share issues	0	0	94 000	215 697	215 697
Cash inflow from interest	4 800	3 413	19 613	14 288	21 233
Cash outflow from interest and fees	(124 803)	(125 054)	(250 221)	(280 456)	(286 572)
Net cash flow from financing activities	571 709	(170 854)	(1 064 536)	302 492	(267 587)
Net cash flow	(1 199 464)	(60 822)	(2 359 981)	341 273	3 132 837
Cash and cash equivalents, beginning of period	4 849 163	3 271 184	5 866 935	2 915 318	2 915 318
Net foreign exchange differences	(61 058)	(103 669)	81 687	(149 899)	(181 221)
Cash and cash equivalents, end of period	3 588 640	3 106 692	3 588 640	3 106 692	5 866 935
EBITDA to net cash flow from operations	47,1 %	51,8 %	95,4 %	92,3 %	94,5 %

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 01.01.2016	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			4 200 757	4 200 757	363	4 201 120
<i>Net gain (loss) on financial hedging instruments, net of tax</i>		23 112		23 112		23 112
<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		(65 591)	4 200 757	4 135 166	363	4 135 529
Group contribution			(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	145 925	6 092 291	8 229 942	21 971	8 251 913
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			538 588	538 588	793	539 381
<i>Net gain (loss) on financial hedging instruments, net of tax</i>		22 080		22 080		22 080
<i>Exchange differences on translation of foreign operations, net of tax</i>		114 637		114 637		114 637
<i>Net gain (loss) on defined benefit plan, net of tax</i>		(132)		(132)		(132)
Total comprehensive income for the period		136 586	538 588	675 174	793	675 967
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	(6 054)	(6 054)
Equity at end of period	627 952	282 510	6 223 939	7 134 401	16 710	7 151 111

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

NOTE 1 – ORGANISATION AND BASIS OF PREPARATION

General information and organisation

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

Visma's condensed interim financial statements for the third quarter of 2017 were authorised for issue by the board of directors on October 19th 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 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

There have been no significant changes to accounting policies in 2017 compared to the annual financial statements for 2016.

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 third quarter of 2017 and 2016 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

3rd quarter	2017							2016							
	(NOK in thousands)	SMB	Enterprise	Custom Solutions	Retail	IT & Hosting	Group HQ	TOTAL	SMB	Enterprise	Custom Solutions	Retail	IT & Hosting	Group HQ	TOTAL
Revenue															
Total segment revenue	1 281 434	718 796	292 887	315 862	115 484	35 649	2 760 110	1 150 207	525 121	230 343	335 367	107 307	38 707	2 387 052	
Internal revenue	194 358	166 186	37 410	72 085	36 641	35 400	542 080	203 082	132 005	35 431	74 394	32 650	36 645	514 207	
External revenue on each group of similar products and services															
On-premises software	447 073	263 977	166 315	74 602	0	0	951 966	448 684	214 125	105 842	90 124	445	0	859 221	
Cloud Computing	613 090	250 372	84 132	121 800	78 821	0	1 148 215	463 598	150 708	84 798	101 763	63 179	0	864 045	
Other	26 913	38 261	5 030	47 375	22	249	117 849	34 843	28 284	4 272	69 086	11 033	2 062	149 580	
External revenue	1 087 076	552 609	255 477	243 777	78 843	249	2 218 030	947 125	393 116	194 912	260 973	74 657	2 062	1 872 846	
Actual growth (external) %	14,8 %	40,6 %	31,1 %	-6,6 %	5,6 %		18,4 %								
EBITDA	397 333	128 635	35 758	21 500	23 855	(19 167)	587 915	362 023	117 437	26 542	31 062	16 082	3 336	556 482	
EBITDA margin	36,6 %	23,3 %	14,0 %	8,8 %	30,3 %		26,5 %	38,2 %	29,9 %	13,6 %	11,9 %	21,5 %		29,7 %	

First three quarters	2017							2016							
	(NOK in thousands)	SMB	Enterprise	Custom Solutions	Retail	IT & Hosting	Group HQ	TOTAL	SMB	Enterprise	Custom Solutions	Retail	IT & Hosting	Group HQ	TOTAL
Revenue															
Total segment revenue	3 792 446	1 981 821	925 171	1 006 624	339 671	115 737	8 161 469	3 488 403	1 594 936	746 717	1 003 326	326 275	117 032	7 276 689	
Internal revenue	572 134	487 130	115 547	233 704	109 460	106 992	1 624 966	605 130	391 459	104 691	232 132	98 010	110 499	1 541 922	
External revenue on each group of similar products and services															
On-premises software	1 364 647	800 663	525 838	259 485	1	0	2 950 635	1 415 022	692 421	361 379	293 049	1 705	0	2 763 576	
Cloud Computing	1 779 191	610 037	267 451	377 241	230 180	0	3 264 100	1 362 044	425 716	268 154	305 889	193 855	0	2 555 658	
Other	76 474	83 990	16 335	136 194	30	8 745	321 768	106 207	85 339	12 493	172 256	32 705	6 533	415 534	
External revenue	3 220 312	1 494 690	809 624	772 920	230 211	8 745	6 536 503	2 883 273	1 203 477	642 026	771 194	228 266	6 533	5 734 768	
Actual growth (external) %	11,7 %	24,2 %	26,1 %	0,2 %	0,9 %		14,0 %								
EBITDA	999 090	333 189	119 735	51 206	54 869	(21 472)	1 536 616	942 422	263 016	96 783	58 218	37 808	2 610	1 400 856	
EBITDA margin	31,0 %	22,3 %	14,8 %	6,6 %	23,8 %		23,5 %	32,7 %	21,9 %	15,1 %	7,5 %	16,6 %		24,4 %	

Reconciliation	3rd quarter		First three quarters	
	2017	2016	2017	2016
Profit before taxes	263 975	300 057	691 536	656 215
Net financial items	85 831	64 043	168 097	200 786
Result from associated companies	(10 179)	(621)	9 284	848
Depreciations and amortisations	248 288	193 003	667 700	543 008
EBITDA	587 915	556 482	1 536 616	1 400 856
EBITDA in operating segments	587 915	556 482	1 536 616	1 400 856

GEOGRAPHICAL AREAS

(NOK in thousands)	2017			2016		
	Net sales	%	Long lived assets	Net sales	%	Long lived assets
Norway	2 548 642	39,0 %	3 429 950	2 346 432	40,9 %	3 781 813
Sweden	2 245 638	34,4 %	3 018 020	2 105 911	36,7 %	2 137 904
Denmark	607 103	9,3 %	3 509 825	460 212	8,0 %	1 773 550
Finland	896 834	13,7 %	1 959 903	599 654	10,5 %	1 148 497
Netherlands	238 286	3,6 %	810 971	222 558	3,9 %	763 712
Total	6 536 503	100,0 %	12 728 668	5 734 768	100 %	9 605 476

NOTE 3 — BUSINESS COMBINATION

During the third quarter of 2017, Visma had a net cash flow from investment in businesses of NOK 2 008,7m

Enterprise

On September 12th, Visma acquired the Bluegarden Group, the leading provider of payroll and HRM software in Scandinavia. Through the acquisition, Visma strengthens its focus on payroll and HRM solutions across its core markets.

Custom Solutions

On August 28th, Visma acquired NearU AB, a Swedish provider of EPI consulting services. The acquisition adds to the strong existing EPI competency within Custom Solutions.

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

	NearU AB	Bluegarden Group
(NOK in thousands)	25.08.17	12.09.17
Deferred tax assets		15 533
Shares		0
Other intangible assets		140 415
Machinery and equipment		3 533
Property		1 144
Other long-term receivables		5 944
Inventories	9	321
Trade receivables	2 743	114 455
Other short term receivables	618	46 837
Cash and cash equivalents	7 779	146 983
Assets	11 149	475 166
Other long-term liabilities		0
Deferred tax liability	704	10 785
Bank overdraft		0
Trade creditors	369	43 892
Public duties payable	1 145	38 698
Tax payable	(720)	7 760
Other current liabilities	1 774	117 605
Liabilities	3 271	218 740
Fair value of net assets	7 877	256 425
Non-controlling interests		
Goodwill arising on acquisition	6 812	969 161
Other intangible assets	6 432	390 562
Contracts and customer relationship arising on acquisition	7 718	1 016 134
Deferred tax liability	(3 113)	(313 876)
Total acquisition cost	25 726	2 122 900
Net cash acquired with the subsidiary	(7 779)	(146 983)
Cash paid	25 726	1 871 300
Net cash outflow	17 947	1 724 317
Deferred payment	0	251 600

ALTERNATIVE PERFORMANCE MEASSURES

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.

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.

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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