

Annual report
2018

Opportunities Ahead

with leading software



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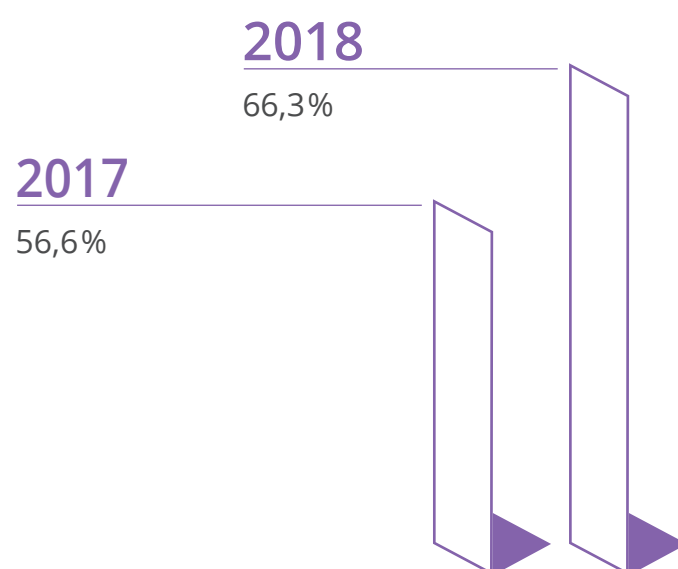
Our presence

KEY FIGURES

(NOK 1 000)	2018 IFRS	2017* IFRS
Operating revenues	11 389 313	8 537 056
Growth	33%	21 %
EBITDA	2 794 919	2 101 225
Profit/(loss) from continuing and discontinued operations after minority interests	1 585 796	751 933
Earnings per share	1 585 796	751 933
No. of shares	1	1
Total assets	29 644 675	19 705 807
Current liabilities	7 270 436	4 669 786
Long-term liabilities	12 437 725	7 501 958
Equity	9 936 515	7 534 064

* 2017 has been restated to reflect the effect of discontinued operations. Please refer to note 26 for more information

CLOUD
COMPUTING
REVENUE
SHARE



NUMBER OF EMPLOYEES & REVENUE

THE LAST
10
YEARS*



2011**REVENUE**
NOK 2 944 857**EMPLOYEES**
2 989**2012****REVENUE**
NOK 3 419 014**EMPLOYEES**
3 225**2013****REVENUE**
NOK 3 983 600**EMPLOYEES**
3 481**2014****REVENUE**
NOK 4 606 597**EMPLOYEES**
4 202**2015****REVENUE**
NOK 5 618 586**EMPLOYEES**
4 842

EUROPE'S LEADING CLOUD SOFTWARE

With more businesses seeing the benefits of SaaS software, the demand for cloud computing and mobile solutions will keep growing.

2018 was a year of European expansion for the Visma Group. Visma has gone from being a strong Nordic player, to being the largest cloud software provider in Northern Europe. During the year, Visma has become one of the leading software providers in the Netherlands through four strategic acquisitions, among them Raet - Visma's largest acquisition to date. Visma also expanded to Estonia through the acquisition of the leading SaaS accounting provider Merit Tarkvara and Hungary through the acquisition of the fast growing e-invoicing service Szamlazz. We have sharpened the strategic focus on our core cloud software offering through the divestitures of Visma Hosting and Visma Retail.

Overall, the economies in Visma's core markets are performing well despite a turbulent global political climate. The Norwegian and Swedish export sectors have been benefiting from weak currencies and have contributed to good economic growth in these countries. Also the Danish, Dutch and Finnish economies showed healthy growth during 2018. Overall, the Nordic economies are stable with above average growth rates compared to Europe and we remain

positive about the macro-economic situation, although the global political situation may hold surprises for 2019.

STRONG GROWTH ACROSS ALL SEGMENTS

Visma experienced good revenue growth across all segments. The strongest growth was in the Enterprise segment, which grew 53,8 % year on year. Revenues in Visma's largest segment, SMB, grew by 18,9 %. Custom Solutions grew by 49,7 %. Commerce Solutions grew by 38,5 %. Visma is combining its organic revenue growth with an active acquisition program. During 2018 Visma acquired 18 companies, most of them fast growing cloud computing companies. Through the acquisition program Visma gets access to new technology, new talent and new markets.

CLOUD COMPUTING CONTINUE TO BE A KEY DRIVER FOR GROWTH

With more businesses seeing the benefits of SaaS software, the demand for cloud computing and mobile solutions will keep growing. Visma has invested heavily in its SaaS products since 2010, and we are now seeing the benefits of the demanding transition to becoming

a cloud company. Revenues from Cloud Computing grew by 56,4 % in 2018, to NOK 7 553m.

The entry level solution eAccounting now has more than 100,000 customers across Norway, Sweden, Finland and the Netherlands. Adding local SaaS champions, such as e-economic in Denmark, Netvisor in Finland and Tripletex in Norway as well as the international flagship solution Visma.net, Visma has well over 650,000 SaaS customer contracts.

GROWTH ACROSS ALL MARKETS

Visma has a strong presence in the Nordic, Baltic and Dutch markets where we have achieved good market positions, high brand awareness, operational efficiencies and competitiveness. Visma's ambition is to be the national and regional leader in its product categories, an advantage versus global competitors. During 2018, Visma experienced strong growth in all markets. Through the acquisition of Raet, Visma's largest acquisition to date, we also got a significant position in the Dutch payroll and HRM market. We look forward to improve and expand our payroll and HRM offering to customers across all markets in the years to come.



In the coming years, Visma will consider expansion to new, well regulated, politically stable geographies through acquisition of market leading local SaaS companies. We will remain loyal to the strategy about being a strong and sizeable player in each market, rather than spreading thin globally.

WE CONTINUE TO INVEST IN THE FUTURE

Investments in product development and innovation are key success factors for Visma. In 2018, and R&D expenses amounted to approximately 15% of revenues.

Visma operates in high cost markets with a strong drive for increasing efficiency. Through utilizing advanced algorithms, big data and artificial intelligence, Visma is exploring more ways to automate business processes for the customers to increase efficiency and competitiveness. At the end of 2018, approximately 20 of Visma's products were utilizing AI technology. Visma has invested heavily in building up AI and optimization competence with dedicated knowledge teams within these fields.

FINDING THE RIGHT TALENT

Finding and keeping the right talent is a key to Visma's future success, and the competition is hard for the best and brightest minds. Across our core geographies, Visma has worked consistently to build brand awareness among students in top universities over time with application numbers for our trainee programs increasing. Also among experienced professionals, Visma is increasingly perceived as an attractive employer.

Visma is competing with larger global and regional companies and we are dependent on our nearshoring capacity.

The Nordic cost level combined with insufficient access to competent human resources have been the drivers behind the build-up of our nearshoring activities, which today comprise operations in Romania, Lithuania, Latvia, Poland, Ireland and Spain. During 2018 a new R&D center was also opened in Košice, Slovakia. At the end of 2018 we had 1250 full time employees in these locations, and the plan is to increase this


by another 200 FTEs by the end of 2019. Most resources are within software development and levels of employee engagement in these locations are among the highest in the group.

CYBER SECURITY AND PRIVACY

As a provider of mission critical systems, Visma takes its responsibility when it comes to cyber security and privacy seriously. Visma is consistently working on improving its data protection procedures. To meet the increasing global cyber security threat levels, Visma also continues to invest in the IT security program. Visma IT&C, responsible for Visma's internal IT operations is ISO 9001, ISO 20000, ISEA 3402 and ISO 27001 certified.

CONTINUED GROWTH AHEAD

Visma will continue to promote competitiveness by providing our customers with software that makes their business and admin processes more efficient than their competition. Our core markets are among the most tech savvy in Europe, and Visma expect to see our modern SaaS solutions to be the growth driver also in 2019.



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driver also in 2019.**

In a changing world with tough competition it is hard to plan for all eventualities. However, an agile, competent and engaged organisation is able to adapt to disruption in technology and markets. The later years the employee engagement surveys in Visma have shown high levels among our 9500 employees. Combined with a good inflow of new talent, Visma shall be able to prosper and grow in the coming years.

Øystein Moan



CEO and Chairman - Visma



OPPORTUNITIES AHEAD WITH LEADING SOFTWARE

In an age of regular technology disruption, the competitive landscape for businesses is changing quickly. Software plays a dominant role in technology innovation, and there is an urgency to transform to keep up with development. Businesses and governments should take advantage of the opportunities offered by software and digitalisation to secure growth and competitiveness.

The rapid spread of new technology impacts every part of our lives, from the way we work and run businesses, to how we use services and communicate with each other. Digitalisation is not just about IT infrastructure; it gives organisations the means to focus on development and explore new opportunities. There are many benefits to digitalisation, both in terms of efficiency and productivity.

In Visma, we create software that gives businesses and governments the possibility to focus on their mission and explore new opportunities. Providing our customers with these possibilities is at the core of our delivery: We provide software and services that digitise and simplify processes, making people work smarter and turning processes into competitive advantages.

Automation can minimise cost, create greater efficiency and streamline processes. There are immense opportunities that come with automation: it can replace numerous manual processes – providing benefits across entire organisations.

CLEAR BENEFITS OF AUTOMATED INVOICING

A process that is easily automated, with clear both short and long term rewards, is the invoicing process. Automated invoicing registers invoices automatically in a company's financial system, saving both time and money. E-invoicing also makes the payment process easier for the recipient; statistics show that e-invoicing increases the chance of an invoice being paid on time.

Every year, our customers send out millions of e-invoices through our systems. E-invoicing also improves liquidity and financial predictability for companies.

We support making e-invoicing compulsory for both governments and businesses. This will level the playing field, help companies reduce costs and give them the opportunity to spend more time and resources on developing their business.

"
**A more digitalised
world means enhanced
business, consumer and
personal life – opening
up a world of opportunity
and options for the future.**

POSSIBILITIES IN DATA

With advances in artificial intelligence and machine learning, we can now read and analyse previously unmanageable amounts of data.

Business Intelligence opens up a whole world of possibilities by providing us with insight into vast amounts of data. By analysing data sets and extracting actionable information, we can make data-driven, informed business decisions.

Using artificial intelligence technology, we give organisations the ability to predict which parameters are most likely to cause deviations or identify patterns that lead to a particular outcome. This gives them the opportunity to understand better where to focus their efforts so they can work more efficiently and produce better services and products for their customers.

HR AS A DIFFERENTIATOR

People are expecting increasingly more from their interactions with products and services. For organisations, this means they have the opportunity to differentiate themselves and stand out from the crowd by creating an unrivalled experience for their most important asset: their employees.

Our HR software gives organisations the opportunity to digitise the entire employee lifecycle. We help our customers manage all their processes from recruitment and payroll to talent and workforce management – streamlining time-consuming administration to enhance the employee experience.

MODERN SOCIETY

Digitalisation is vital to both welfare and jobs. We provide software and solutions for public services that are an integral part of people's everyday lives. By optimising functions that people regularly use, like healthcare, education and welfare, we give them the opportunity to spend less time on tedious tasks and more time on things that matter.

More efficient administration allows for more time spent on valuable interactions, giving teachers more time with children, caseworkers more time with their clients and healthcare workers more time to care for their patients.

OUR COMPETITIVE EDGE

In, Visma, we value diversity and focus on creating equal opportunities for everyone in our organisation. We know that great technology evolves from diversity; it is crucial to have a workforce that represents the whole society to create state-of-the-art software for a diverse population.

We focus on driving customer success. We let our customers influence our processes in all areas from product development and design to our customer community and support. With this insight, we have the opportunity to create solutions that help them in their everyday lives and to give them a unique experience in all their interactions with us.

FOCUS ON THE FUTURE

A more digitalised world means enhanced business, consumer and personal life – opening up a world of opportunities and options for the future.

By taking advantage of the opportunities available today, we prevent them from becoming the challenges of tomorrow.

We are committed to creating great software that not only improves efficiency but opens up a world of new possibilities for society, businesses, employees, customers and users.



CORPORATE ENVIRONMENTAL SOCIAL GOVERNANCE



Visit [Visma.com](https://visma.com) for
CESG policy

[www.visma.com/
corporate-environmental-
and-social-governance](https://www.visma.com/corporate-environmental-and-social-governance)

The Board of Directors of Visma AS is committed to the principles of good corporate governance in order to build trust and contribute to long-term value creation for the benefit of shareholders, employees and other stakeholders.

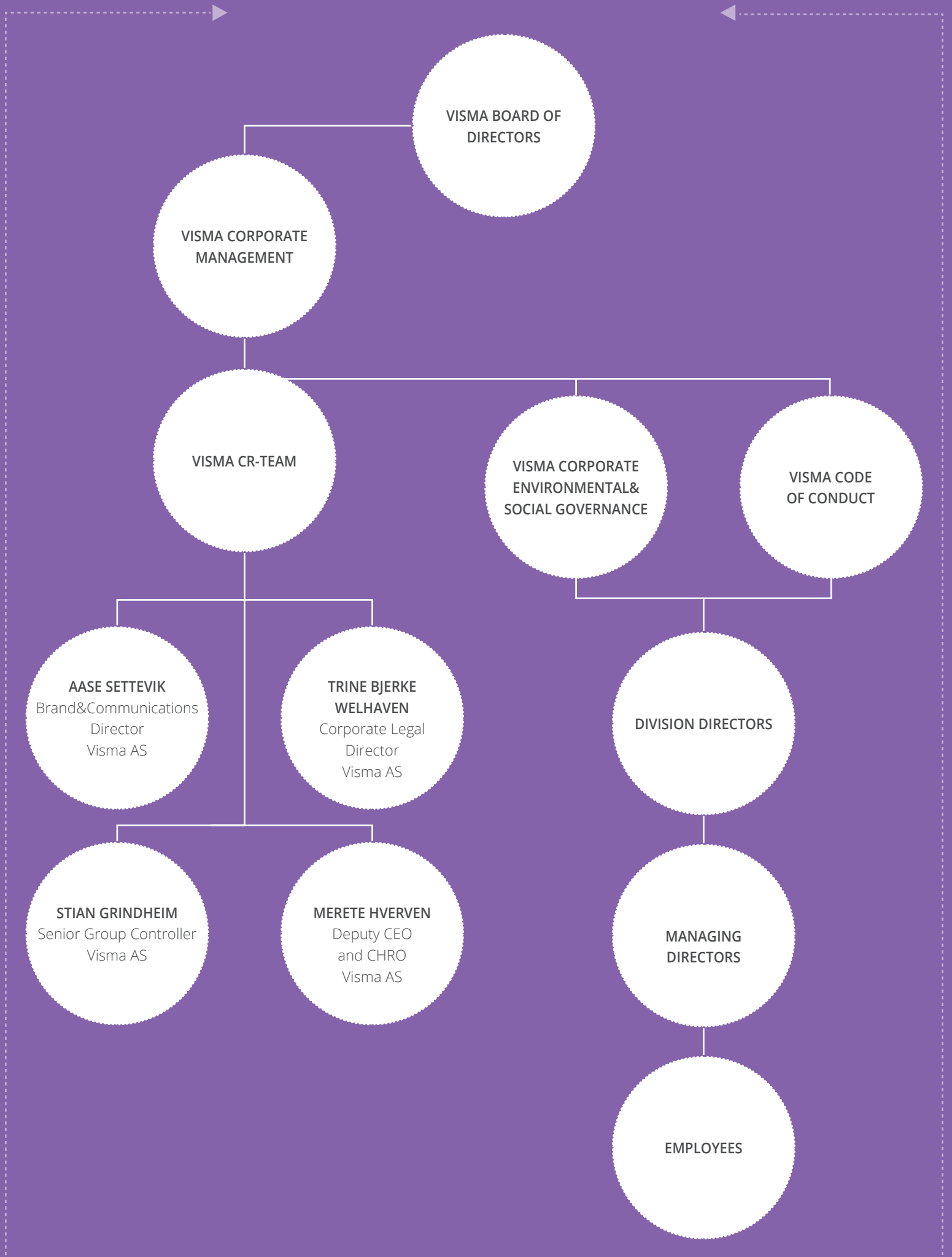
The purpose of the principles is to ensure an appropriate division of roles between shareholders, the Board of Directors and the executive management, more comprehensively than is required by legislation.

The principles for good corporate governance at Visma are based on the Norwegian Code of Practice for Corporate Governance (the Code), issued by the Norwegian Corporate Governance Board (NCGB).

Being an unlisted company, Visma is not formally required to report compliance or explain deviations from the code. However, the Board of Directors is focused on good corporate governance practice. The principles for good corporate governance that are relevant to Visma and its current ownership structure are based on the Code of 23 October 2012. The Code can be found at www.nues.no/en/.

THE MAIN PRINCIPLES FOR CORPORATE GOVERNANCE IN VISMA ARE:

- Visma's Board of Directors is independent of the Visma Group's Corporate management team.
- Structures are established to ensure the separation of roles and to provide the Board with effective measures to execute its functions. Visma's communication with its stakeholders must be open and reliable both in terms of the development of the company and all issues related to corporate governance.



VISMA MANAGEMENT

ØYSTEIN MOAN

Chief Executive Officer

Born 1959, started in Visma in 1997. Since taking the reins, Moan has led Visma to become one of the most innovative companies in the Nordic region. He has taken the company from 300 to more than 9 000 employees, and increased revenue from EUR 30 million to EUR 1 100 million.

MERETE HVERVEN

Deputy CEO and CHRO

Born 1977, started in Visma in 2011. Hverven has worked actively with strategy, acquisitions and change management in Visma leading up to her appointment as Deputy CEO in 2018. Her energy and competence have been instrumental to the positive development and growth of Visma. She has systemised and coordinated joint HR efforts across all entities to improve employee engagement and attract top talent to Visma.

TORE BJERKAN

Chief Financial Officer

Born 1958, started in Visma in 1980. As CFO, Bjerkan has steadily led Visma through healthy and continuous financial growth. The former founder of Multisoft (a part of the merger on which Visma was established) is involved in all decisions that could possibly affect Visma's financial results.

EIVIND GUNDERSEN

Division Director, Visma Commerce Solutions

Born 1970, started in Visma in 2000. As Director of Visma Commerce Solutions, Gundersen is in charge of providing our customers with efficient

and easy to use business admin solutions and new and innovative solutions within the area of cash flow optimisation and financial services. Eivind Gundersen and his team have the experience and ability to develop all the opportunities the changing business environment provides.

STEFFEN TORP

Division Director, Visma Software SMB

Born 1981, started in Visma in 2006. As Director of the Software SMB Division, Torp is in charge of providing small company owners and medium-sized businesses with cloud ERP software that supports business growth and efficiency. His experience from working with small internet startups, combined with many years in Visma's finance department, gives him a dual perspective of the efficient finance operation of both small and medium-sized businesses.

NILS VOLD

Division Director, Visma Enterprise

Born 1975, started in Visma in 2006. The division provides full-scale ERP and HRM systems for complex businesses along with public sector production systems for areas such as school administration, care for the elderly, and child protective services. Both government organization and private enterprises are in a state of transition, migrating from on premise systems to cloud solutions – With a combination of technical and business skills Nils Vold has the expertise to succeed with this cloud transformation.

CARSTEN BOJE MØLLER

Division Director, Visma Custom Solutions

Born 1962, started in Visma in 2010. Handling – and winning – the largest

ICT contracts in the public sector, the Custom Solutions division combine the highest professional standards with an unwavering customer value. Boje Møller leads by example, and the former IT consultant's experience is valuable for all aspects of his job.

ESPEN HÅKONSEN

Chief Information Officer

Born 1968, started in Visma in 2013. IT service delivery means rapid growth and major changes as emerging technologies introduce paradigm shifts. Success in changing environments requires the ability to innovate, design and deliver while providing steady and secure IT deliveries. Espen brings broad IT experience, ranging from technical operations to top management, from both the private and the public sector.

MIKAEL MÄNNIK

Executive Director and Head of M&A

Born 1967, started in Visma in 2010. With strategic acquisitions as an important factor in Visma's growth, Männik has had to make full use of his diplomacy skills and excellent financial insight. Männik and his highly skilled team of financial analysts and experts are hands-on throughout all Visma's M&A processes.

AASE SETTEVIK

Director Brand & Communication

Born 1961, started in Visma in 1998. Through a systematic and long-term effort, Settevik has turned Visma into a highly recognized and trusted brand. Overseeing marketing and communication resources in many countries and across a myriad of entities, her conviction of the value of strong brands has certainly come to fruition.



ØYSTEIN MOAN
Chief Executive Officer



MERETE HVERVEN
Deputy CEO
and Chief HR Officer



TORE BJERKAN
Chief Financial Officer



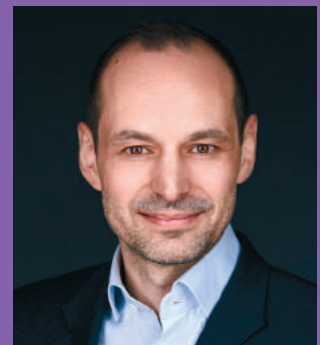
STEFFEN TORP
Division Director,
Visma Software SMB



EIVIND GUNDERSEN
Division Director,
Visma Software SMB



CARSTEN BOJE MØLLER
Division Director,
Visma Custom Solutions



NILS VOLD
Division Director,
Visma Enterprise



AASE SETTEVIK
Director Brand
& Communication



MIKAEL MÄNNIK
Executive Director and
Head of M&A



ESPEN HÅKONSEN
Chief Information Officer

DIRECTORS REPORT

2018 marks another strong year for Visma. The Group completed its biggest acquisition to date, the Dutch HRM and payroll software provider Raet, in July 2018. Several more strategic software acquisitions were completed during the year, and the group enjoyed double-digit revenue and EBITDA growth. Growing the presence in the Dutch market was a primary focus for Visma and significant resources were invested in strategic acquisitions in the region.

The overall market situation remained stable for Visma's core markets. Visma benefits from continued strong fundamentals in the Nordic markets (representing 90 per cent of Visma revenues). All Nordic countries have very strong public finances. The Norwegian economy benefited from a higher oil price and Sweden experienced particularly strong growth in the first half of the year. The Danish and Dutch economies are also solid and growing, and the Finnish economy continued the strong growth from 2017.

Visma continued its excellent track record of above-market economic growth in 2018 with double-digit revenue and EBITDA growth. Through organic growth as well as acquisitions, the Group further strengthened its position within ERP and HRM software in the Nordic and Dutch markets. Visma ended the year with over 9 500 employees and more than 900 000 customer contracts.

Total revenue increased by 33,4 per cent to NOK 11 389 million in 2018. EBITDA increased by 33,0 per cent to NOK 2 795 million. The Board of Directors is satisfied with the financial performance, which was in accordance with the expectations set forth in the Directors report for 2017.

Visma continued its strategic focus on Cloud Software in 2018, with SaaS Software and related services being an important driver of organic growth. Visma invested substantial development resources in SaaS products and technologies during the year, complemented by multiple SaaS acquisitions. Overall cloud revenue reached NOK 7 553,1 million up 56,4% from 2017, marking Visma as one of the largest Cloud Software businesses in Europe.

Visma continues to offer its customers products that help to manage businesses and improve efficiency. The essential and business critical nature of the product offering provides significant stability to Visma revenues. In addition, the broad product portfolio and growing customer density in Nordic and Dutch markets increases potential for cross-selling products and services across business units and national borders. Visma believes its strong customer base and strategic positioning provides a solid platform for continued growth in 2019.

HIGHLIGHTS

The economies where Visma operates were generally in good health during 2018. We see stability across the core markets.

Visma's SaaS accounting offering to the micro/SMB segment reached over 330 000 customers across Norway, Sweden, Denmark, the Netherlands, Finland and Estonia by the end of 2018. The SaaS e-invoicing solutions achieved strong, organic growth across Norway, Sweden, Finland, Denmark and Hungary. Visma also completed several strategic acquisitions during the year and have strengthened the product offering, particularly in the Netherlands.

In Denmark, Visma increased their offering of tailored software through the acquisition of Magento consulting company Co3 A/S and business intelligence consulting company Capacity A/S.

In Norway, Visma made several strategic acquisitions to increase its product offering to the vertical markets. These include Websystemer AS, a provider of software solutions for real estate agencies, and Smartdok AS, a provider of time and resource management solutions for the contracting industry.

In Finland, Visma increased its focus on HRM for public sector and enterprises through the acquisition of Agenteq Solutions OY. The acquisition of MyOpt Consulting OY expanded the consulting

services offered within AI and optimization technologies.

In Sweden, Visma strengthened its position within pool procurement and employee benefit programs through the acquisition of Lessmore AB. The acquisition of WGR Data AB further expanded Visma's e-commerce solution offering within the country.

In the Netherlands, the transformative acquisition of Raet in July marked Visma's entry into the HRM market for large enterprises and public sector in the country. The acquisitions of Idella and ProActive further expanded the product offering to include pension and procurement-to-pay solutions. Through Raet subsidiaries in Argentina, Mexico, Chile, Peru and Colombia, Visma gained a market presence also outside of Europe in 2018.

Visma entered two new European countries during the year: Estonia through the acquisition of the leading SaaS accounting system Merit Tarkvara and Hungary through the acquisition of the e-invoicing provider KBOSS.hu. KBOSS.hu already has over 100 000 customers and experiences extraordinary growth.

Innovative product development is of vital importance to retain existing and attract new customers to Visma. At the end of 2018, Visma employed around 1 250 employees in cost effective and highly competent nearshore R&D

centers. Nearshoring in combination with highly skilled onshore development resources are key strategic components to provide Visma with increasingly cost-effective and agile development teams.

ACQUISITIONS

Visma acquired the following entities in 2018:

- Co3 A/S, Denmark, January 2018
- Optiway AB, Sweden, January 2018
- Capacity A/S, Denmark, April 2018
- MyOpt Consulting OY, Finland, April 2018
- Tradinghouse AS, Norway, June 2018
- Smartdok AS, Norway, June 2018
- WGR Data AB, Sweden, June 2018
- Agenteq Solutions OY, Finland, June 2018
- Lessmore AB, Sweden, July 2018
- Pink Web Applications IP BV, Netherlands, July 2018
- Raet group, Netherlands, July 2018
- Aditro Public OY, Finland, September 2018
- Triangel Solutions AS, Norway, October 2018
- Meat Digital AS, Norway, October 2018
- Merit Tarkvara AS, Estonia, October 2018
- KBOSS.hu Kft, Hungary, October 2018
- Websystemer AS, Norway, November 2018
- ProActive International BV, Netherlands, November 2018
- Idella Groep BV, Netherlands, November 2018

ASSESSMENT

OF FINANCIAL STATEMENTS

The financial statements for the year have been presented on the assumption that the company is a going concern, and based on the financial statements and earnings forecasts for 2019. The Board of Directors confirms that this assumption is applicable.

Visma reports in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU. The financial statements for the parent company have been prepared in accordance with the Norwegian Accounting Act 1998 and generally accepted accounting principles (NGAAP). The paragraph below describes the full year 2018 figures. 2017 figures are in brackets.

INCOME STATEMENT

The Visma Group achieved revenue growth of 33,4 per cent to NOK 11 389 million in 2018 (8 537), a solid revenue development across the business.

SMB remained the largest revenue contributor and accounted for 39,2 per cent of revenue, followed by Enterprise at 31,5 per cent, Custom Solutions at 15,4 per cent, Commerce Solutions at 8,7 per cent and Cloud Infrastructure Services at 4,3 per cent.

Earnings before interest, tax, depreciation and amortization (EBITDA) increased by 33,0 per cent to NOK 2 794,9 million (2 101,2).

SMB accounted for 52,1 per cent of total EBITDA, followed by Enterprise at 27,0 per cent, Custom Solutions at 10,5 per cent, Commerce Solutions at 8,5 per cent and Cloud Infrastructure Services at 1,3 per cent.

Depreciation and amortization amounted to NOK 1 371,9 million in 2018 (875,0), with the increase primarily explained by acquisitions adding to the asset base.

EBIT increased by 16,1 per cent to NOK 1 423,1 million (1 226,2).

Net financial items decreased as a result of increased interest and financial, and profit before tax increased by 13,4 per cent to NOK 1 125,7 million (992,7).

Taxes amounted to NOK 198,1 million (178,9), generating a net income from continuing operations of 927,6 million (813,8). Profit for the year from continuing and discontinued operations combined was 1 588,1m (753,4), with the sale of the Hosting and Retail divisions in 2018 explaining the increase. These divisions were sold as part of a strategic plan to increase the focus on the core software business in Visma. Consequently, the net profit after tax and minority interests was 1 585,8m (751,9).

In the Board of Directors opinion, the financial statements for the year present fairly the Group's financial position and results for 2018.

In 2018, the parent company Visma AS had a profit of NOK 1 125,8 million (729,1).

PROPOSED ALLOCATION OF THE PROFIT FOR THE YEAR (NOK 1,000)

Transferred to retained earnings	1 125,8
Total allocated	1 125,8

CASH FLOW AND BALANCE SHEET

Visma generated a strong cash flow of NOK 2 619,9 million from continuing operational activities in 2018 (1974,5). The Board of Directors deems the cash flow from operations to be satisfactory, supported by sound financial management and improvements in working capital.

Cash flow from investing activities was NOK -4 278,1 million (-3 325,3). In 2018 NOK -4 901,4 million was related to acquisitions (-3 308,4). Cash flow from financing activities amounted to NOK 3 168,6 million (-1 064,5). The increase was mostly driven by proceeds from new loan facilities relating to the acquisition of Raet in July.

Cash and cash equivalents increased to NOK 5 148,0 million (3 665,2), which the Board of Directors considers to be sufficient given the current and expected activity level.

Total assets increased to NOK 29 644 million at the end of 2018 (19 706), mostly related to businesses acquired during the year.

The majority share of the equity increased to NOK 9 935,5 million at the end of 2018 (7 517,8), mainly reflecting the profit for the year and payment of group contribution. The equity ratio decreased to 33,5 per cent (38,2).

Accounts receivables totaled NOK 1 868,0 million at 31 December 2018 (1 353,1). Customers' average credit period was 40 days towards the end of 2018.

Visma has made provisions of 1,7 per cent of accounts receivable (excluding VAT), to cover potential losses on doubtful receivable. The allocation is close to trade receivables older than 180 days. The company closely monitors accounts receivable, and the provision is considered adequate given that the company's average credit period is below the IT-industry average.

REVIEW OF THE BUSINESS AREAS

SMB delivers ERP, CRM, HR/payroll, and e-commerce software to small and medium-sized businesses in Norway, Sweden, Finland, Denmark, Estonia and the Netherlands. In 2018, Visma SMB further strengthened its position as a leading SaaS supplier with strong growth in revenue and number of new subscriptions. Visma's entry level ERP solutions, including Tripletex, Dinero, SpeedLedger, e-conomic and eAccounting, experienced strong organic growth in 2018 and passed 330 000 customer contracts. The number of customer contracts on Visma.net Financials, the international cloud based ERP targeting medium to large customers, increased by 44% during the year.

Revenue in SMB increased 18,9 per cent to NOK 4 464,1 million in 2018 (3 755,9). EBITDA amounted to NOK 1 456,9 million (1 240,0), corresponding to an EBITDA-margin of 32,6 per cent (33,0). At the end of the year, SMB had about 3 000 employees, servicing more than 700,000 Customer Contracts.

Enterprise experienced strong growth in 2018 both organically and through the transformative acquisition of Raet, which is the largest acquisition for the group to date. Significant focus has been directed towards building up Visma in the Netherlands through the acquisitions of ProActive and Idella in addition to Raet. The international HRM offering Visma.net HRM continued to show strong growth in number of customers and employees using the solution. Product development has further increased focus on implementing artificial intelligence and optimization algorithms in their product offerings, reducing manual work for the users.

Revenue in Enterprise increased 53,8 per cent to NOK 3 585,5 million in 2018 (2 331,7). EBITDA amounted to NOK 755,1 million (489,0), corresponding to an EBITDA-margin of 21.1 per cent (21,0). At the end of the year, Enterprise had approximately 3 800 employees.

Custom Solutions is a leading provider of bespoke software solutions, IT and consultancy services across the Nordic countries. The focus is primarily on public sector and large private enterprises. Custom Solutions offers development and project management, application management, e-government solutions, BI solutions as well as system development and system integration. During 2018, Visma Custom Solutions expanded its offering within artificial intelligence and optimization technologies through the acquisitions of MyOpt Consulting Oy and Kapacity A/S

Revenue in Custom Solutions increased 49,7 per cent to NOK 1 752,9 million in 2018 (1 170,8). EBITDA amounted to NOK

293,1 million (181,9), corresponding to an EBITDA-margin of 16,7 per cent (15,5). At the end of the year, Custom Solutions had approximately 1 500 employees.

Commerce Solutions is the newest division in Visma and provides accounts receivables management services, e-invoicing solutions and other financial services throughout the Nordic region. The division also offer e-invoicing solutions in Hungary through the acquisition of KBOSS.hu Kft. Commerce Solutions has focused on building the financial services business area, providing small businesses with financing through solutions embedded in Visma's ERPs, invoicing solutions and eCommerce solutions.

Revenue in Commerce Solutions increased 38,5 per cent to NOK 987,1 million in 2018 (712,8). EBITDA amounted to NOK 237,2 million (152,1), corresponding to an EBITDA-margin of 24,0 per cent (21,3). At the end of the year, Commerce Solutions had approximately 600 employees.

Cloud Infrastructure Services includes the field services companies from the former Visma Retail division which was sold in 2018. The division provides infrastructure and services for Scandinavian retailers enabling them to work with cloud technologies.

Revenue in the Cloud Infrastructure Services division increased 9,8 per cent to NOK 490,3 million in 2018 (446, 7). EBITDA amounted to NOK 35,0 million (51,9), corresponding to an EBITDA-margin of 7,1 per cent (11,6). At the end of the year, Cloud Infrastructure Services had approximately 400 employees.

ORGANIZATION, WORK ENVIRONMENT AND EQUALITY OF OPPORTUNITIES

Visma is headquartered in Oslo, but has further 156 locations distributed in: Norway (48), Sweden (52), Finland (19), Denmark (11), the Netherlands (7), Belgium (1), United Kingdom (1), Ireland (1), Estland (1), Romania (2), Lithuania (2), Latvia (1), Spain (2), Poland (1), Slovakia (1), Hungary (1), Argentina (1), Chile (1), Mexico (1), Peru (1), Colombia (1).

The business operations of the Visma Group are carried out through 150 wholly and partly owned subsidiaries, whereas the Group for reporting purposes is organized in five divisions; SMB, Enterprise, Custom Solutions, Commerce Solutions and Cloud Infrastructure Services. The divisions have responsibility for their business areas, regardless of geography and other factors.

At the end of 2018 Visma had 9 536 employees, which is an increase from 7 008 at the end of 2017. The increase is fueled by high acquisition activity.

Visma is a highly complex enterprise. The competencies of our employees are central in creating value for customers and shareholders, and ensure future progress of the company.

Visma has a clear focus on retaining and further developing skilled and dedicated employees. Several courses are offered on group level, as well as further down in the organization, with the purpose of increasing competence and ensuring career development. This includes leadership development programs. Moreover, Visma focuses on attracting the best and

brightest young professionals and offers several trainee programs. The 12th class of Management Trainees started the program autumn 2018. All managers in the Group are responsible for designating and training their successors.

Visma emphasizes activities within HSE (health, safety and the environment) and has designated HSE groups and a head safety delegate. HSE procedures form part of Visma's ISO 9000 approved quality system. Total sick leave for the Group averaged 3,2 per cent in 2018 (3,1 in 2017). No accidents occurred in connection with work tasks undertaken at Visma during 2018.

Twice a year Visma conducts a joint, international Employee Engagement Survey (EES) aiming to uncover the work climate and employee engagement in the organization. The survey consists of 15 common questions and is conducted in October and in March. The scale is 1-10, 10 being the highest score. In collaboration with the Managing Director and HR personnel, each department establishes target figures for the individual areas of focus for each year. The knowledge our managers obtain from such surveys is necessary to facilitate the development and further improvement of the work environment and corporate culture.

One overall action plan is submitted per division. In addition, all units with a negative eNPS and/ or a negative development of 10 or more is to submit a separate plan with analysis, concrete actions, deadline of implementation. The action plans are reviewed at management meet-

ings, and followed up until the issues in the action plan have been resolved.

The eNPS measuring how likely the employees are to recommend Visma as a good employer has had a stable score of 31 the past year.

Visma's staff is, overall, relatively balanced between the genders, with a slight majority of 64 per cent men.

In the holding company, Visma AS, eight of eighteen employees are women. The proportion of women in top management is 23 per cent and 38 per cent in middle management. Visma aims to improve the balance in the executive group, although the primary criteria remain to secure the right competence in all types of positions.

As of 31 December 2018, the group's Board of Directors comprises 8 men and one woman.

Visma believes that a relatively balanced gender ratio contributes to a better working environment, greater creativity and adaptability, and better results in the long run. To promote the principle of equal opportunity for both genders, Visma has implemented the following measures to strengthen and secure the gender balance:

- If qualifications are the same in other respects, the underrepresented gender will be appointed when hiring new employees or filling vacant positions.
- Opportunities for training and promotion are independent of gender.
- Guidelines on equal opportunities have been sent to all managers in the Group

and have been reviewed in management meetings.

- Started cooperation with #ShesGotThis in Norway, an organization promoting gender equality across industries.

Visma's compensation policy is based on equal pay for equal work, meaning that women and men in the same positions have the same salaries if all other conditions are the same. However, average salary levels are also influenced by age, length of service, specialization, and the proportion of managers. All of these factors contribute to an average salary which in 2018 was 14 per cent (17 per cent) higher for men than for women.

In recruitment processes, Visma seeks candidates with the best professional qualifications and emphasizes ability tests for all positions. Focus on ability creates equal opportunities regardless of gender, nationality or background. On a general level, the Group seeks to obtain a gender ratio within the 40-60 per cent range in each department and each category of position.

The company also promotes employment of personnel of different nationalities and cultural backgrounds, and is recruiting professionals from all over the world.

Visma strives to create a working environment that enables employees of both genders to combine work and family life. At the end of 2018, 97 employees were on leave of absence, of which 86 per cent were women.

Visma also seeks to provide a work environment offering opportunities for



the disabled. The company has recently moved into several new buildings, where the company has required landlords to provide easy access also for employees using wheelchairs and other disabled. Work in Visma is in general not physically demanding, and people with physical disabilities thus have good opportunities in Visma.

On the basis of the current status and measures already implemented, the Board of Directors at Visma AS considers that further actions to promote equal opportunities in the Visma Group are not necessary at this time, but will be regularly considered.

THE ENVIRONMENT

It is the opinion of the Board of Directors that the company's activities do not significantly affect the environment.

In the broader context, Visma's financial and logistics products contribute to greater productivity for the company's customers, and thereby to reduced wastage of economic and material resources. Visma's solutions help businesses improve their efficiency, reduce paper and electricity usage, reduce travelling time and costs, and generally reduce their carbon footprint through electronic business operation.

Visma's environmental strategy is a key area in the company's overall responsibility program, with a special focus on areas where Visma can have the most impact on the environment: Green IT, energy saving, and consolidated server solutions. Further details are described in the separate review of our environmental strategies in the Corporate, Environmental, Social and Governance (CESG) section, which also offers a short

description of internal measures that are designed to reduce Visma's already modest carbon footprint.

ASSESSMENT OF RISK FACTORS AND UNCERTAINTIES

Market and technology risks

As all companies, Visma is exposed to general economic fluctuations and GDP developments in the different countries where Visma is selling its products and services.

As a technology company, Visma is also exposed to risks associated with shifts in technology and resulting changes in the competitive landscape.

The competition can mainly be divided into two groups; large international companies, and smaller, local competitors. Visma's main international competitor is Microsoft, with Oracle and SAP also having a significant presence in the

Nordic markets. In addition to the large international competitors, Visma faces local competitors, specializing in a given geography or market segment. Visma has competed with each of these businesses in the Nordics over a number of years and has maintained a strong position with high brand recognition and good customer satisfaction.

Visma has tried to limit its exposure to the market and technology risks in the following manner:

- The products and services provided to a large degree cater to requirements that are mandatory and necessary regardless of the economic cycle.
- Visma has more than 900,000 customer contracts in different countries, and in many different verticals. This lowers the exposure to events affecting a single country or vertical market. Visma has many small customers, which simplifies the projects and lowers implementation risks.
- Visma has a wider range of products than its competitors, which provides more opportunities for cross-selling, more product sales to each customer and less churn.
- Visma utilizes both Microsoft based technology and Open Source/Java technology.
- Visma systematically collects information about customer satisfaction through "net-promoter-score" research. Based on feedback from the customers, Visma both addresses individual customer problems and need for process-changes.

Interest rate risk

Visma is exposed to interest rate risk, as its interest bearing debt carries floating interest rates. However, the company has entered into interest contracts covering around 50 per cent of the loan amounts. Hedges through interest rate swaps are expected to offset the changes in expected cash flows due to fluctuations in interest rates over the life of the debt.

Exchange rate risks

Visma is exposed to changes in the value of NOK, relative to other currencies, in particular SEK, DKK and EUR. This reflects both production and sales in other countries, and effects on the translation of earnings and cash flows into NOK. The Group has loans in several currencies to match underlying cash flows in the operations.

In 2018, a 5,0 per cent change in exchange rates versus NOK would have had an estimated effect of NOK 31,0 million on the profit before tax.

Credit risks

Visma sells almost all of its products and services to other businesses at a credit and is hence exposed to credit risks.

In 2018, the company expensed bad debts corresponding to approximately 0,2 per cent of revenue and has made provisions for 1,7 per cent of total accounts receivable.

Credit risk is limited through:

- Credit checks before establishment of new customer relations
- Low average invoice due to the large number of small customers

- Expedient follow up of unpaid due invoices
- A high-quality product offering and customer satisfaction among the highest in the markets where Visma operates

Furthermore, Visma's in-house debt collection operation in Visma Collectors has the highest resolution rate among Nordic debt collection companies.

Cash-flow risks

As a leveraged company Visma has debt service obligations and depends on continuous cash conversion of its revenue. Visma has very limited cost of goods sold and carries hardly any inventory.

Net cash flow from operating activities has historically been above 90,0 per cent of EBITDA. In 2018 it was 93,7 per cent (94,0). Any cash-flow risk is hence closely related with EBITDA-performance.

Liquidity risks

Visma seeks to manage liquidity to ensure that it has sufficient liquidity to meet its financial obligations under any circumstances without incurring unacceptable losses or risking damage to the reputation. Excess liquidity is primarily invested in bank deposits. The Board of Directors considers the cash level at the end of 2018 to be sufficient given the current and expected activity level. Please also refer to note 20 – Financial instruments for further description of risk factors and measures to manage risk.

Legal risks

Several parts of Visma perform professional services, especially within the Enterprise and Visma Software SMB divisions. Visma is also involved in complex implementation projects.

With over 9 500 employees and more than 900,000 customer contracts, Visma's international master insurance program for general responsibilities is constructed to cover the liability and exposure. Visma also has extensive insurance cover against cyber risk exposure. The Board of Directors considers Visma's coverage sufficient for the projects where Visma is involved.

IT and Cyber risks

As a technology company Visma is heavily dependent on its IT-operations and infrastructure. The SaaS product offering of Visma utilizes software and IT-automation for its production, and even a few hours of downtime at the Visma IT-center may have a short-term impact on the financial results of Visma and potential long-term consequences for customer-relationships.

Software development and customer support are also using Visma IT extensively and, like in most modern companies, almost all activities stop without IT. As an industry-leading high-tech company Visma is probably also a likely target for industrial espionage and hacking.

To limit and control the risks associated with the dependence on IT, Visma has organized its IT operations in a separate legal entity: Visma IT & Communication (VITC). VITC operates a central data-center on two independent locations with fail-over functions.

VITC operations are run according to best practices within information security management and is certified according to ISO 27001 as well as ISO 20000 and ISO 9001. The top management of Visma recognizes the need to limit IT-related risks,

and has supported Visma's extensive investments in hardware, premises, certifications, competence and software to prevent intrusion and ensure the continuity of its IT operations.

OUTLOOK FOR 2019

The global economic outlook for 2019 is overall positive. However, there is still a significant macroeconomic uncertainty in the global economy. Most prominently from increased political tension in the US and Europe, and the threat of a decline in international trade from the ongoing trade war between the US and China. Still, Visma's markets continue to be the strongest and most stable in Europe.

Visma expects increased demand for ERP and HRM solutions. The high labor costs in the Nordic markets require businesses and the public sector to invest in productivity enhancing tools. While many enterprises will continue with tight cost-control and productivity measures, Visma expects most companies to look for solutions to promote and support renewed growth.

We also see that the HRM segment of the market is growing relatively faster than the ERP market. Visma has a strong position with its payroll, travel expense and workforce management products and will build on this in 2019. Visma will focus on areas that are mission critical for its customers and have logical links with other Visma systems. One such area is the initiative in Commerce Solutions division to provide financial services embedded in existing Visma ERP solutions to small businesses.

Visma will continue increasing their presence in the Dutch market in 2019,

building on the acquisitions of Raet, Idella and ProActive in 2018. The Netherlands is an interesting market with its high GDP, political stability and a level of technology adoption comparable to the Nordic countries. Visma has invested heavily in marketing and branding in the region through signing as a title sponsor for the Dutch professional bicycle racing and speed skating team Team Jumbo Visma. We expect to reap benefits from this sponsorship such as increased awareness and demand for our products, cooperation with local stakeholders and attracting talent.

It will be important for Visma to increase its own organizational productivity going forward. Therefore, Visma will continue to invest in its near-shoring centers and concentrate organic personnel growth within the group to these near-shore locations. We established a new near-shoring center in Košice (Slovakia) to enable further near-shore growth in 2019. Visma will increase its recruiting presence and invest in employer branding to attract the talents needed for driving organic growth.

2019 will likely see continued acquisition activity with a prioritization on the Dutch ERP and HRM markets. The acquisitions will complement the substantial internal R&D investments focused on developing solutions for all primary product areas.

Oslo, 23 May 2019



ØYSTEIN MOAN
Chairman of the Board and CEO

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NICHOLAS JAMES HUMPHRIES
Director

A handwritten signature in white ink on a purple background.



JEAN BAPTISTE VINCENT
ROGER ROBERT BRIAN
Director

A handwritten signature in white ink on a purple background.



SØREN HOLT
Director

A handwritten signature in white ink on a purple background.



VINIT NAGARAJAN
Director

A handwritten signature in white ink on a purple background.



TIMO LARJOMAA
Director

A handwritten signature in white ink on a purple background.



EDWARD SHUCKBURGH
Director

A handwritten signature in white ink on a purple background.



CHRISTOPHER JAMES GOOD
Director

A handwritten signature in white ink on a purple background.



MERETE HVERVEN
Director and deputy CEO

A handwritten signature in white ink on a purple background.



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NOTES TO THE CONSOLIDATED ACCOUNTS

INCOME STATEMENT – 1 JAN. - 31 DEC.

VISMA AS - CONSOLIDATED

(NOK 1,000)

	Note	2018	2017*
CONTINUING OPERATIONS			
OPERATING REVENUE			
Sales revenue	2	11 389 313	8 537 056
Total operating revenue		11 389 313	8 537 056
OPERATING EXPENSES			
Sales and distribution cost		1 738 317	1 204 354
Payroll and personnel expenses	3,16	5 321 171	4 040 271
Depreciation and amortisation expenses	4,5	1 371 860	875 043
Other operating expenses	8,16	1 534 905	1 191 207
Total operating expenses		9 966 253	7 310 874
Operating profit		1 423 059	1 226 182
Result from associated companies	24	(3 050)	(7 840)
FINANCIAL ITEMS			
Financial income	9	82 501	70 513
Financial expenses	9	(376 829)	(296 150)
Net financial items		(294 328)	(225 637)
Profit before taxes and discontinued operations		1 125 681	992 704
Taxes	10	198 107	178 880
Net income from continuing operations		927 574	813 825
DISCONTINUED OPERATIONS			
Net income from discontinued operations	26	660 496	(60 436)
Profit for the year from continuing and discontinued operations		1 588 070	753 389
Attributable to:			
Equity holders of Visma AS		1 585 796	751 933
Non-controlling interests		2 274	1 457
Earnings pr share in TNOK			
Basic earnings per share	19	1 585 796	751 933
Diluted earnings per share	19	1 585 796	751 933
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
Profit for the year		1 588 070	753 389
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Net gain (loss) on financial hedging instruments	20	(939)	36 746
Income tax		225	(8 819)
Exchange differences on translation of foreign operations	2	66 554	273 569
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Net gain (loss) on defined benefit plan		0	5 164
Other comprehensive income (loss) for the period, net of tax		65 841	306 660
Total comprehensive income for the period		1 653 911	1 060 049
Total comprehensive income attributable to:			
Equity holders of Visma AS		1 651 636	1 058 593
Non-controlling interests		2 274	1 457

* 2017 has been restated to reflect the effect of discontinued operations. Please refer to note 26 for more information.

STATEMENT OF FINANCIAL POSITION 31 DEC

VISMA AS - CONSOLIDATED

(NOK 1,000)

	Note	2018	2017
ASSETS			
Non-current assets			
Deferred tax assets	10	52 863	77 563
Goodwill	4,23	12 043 842	8 453 324
Patents and other intangible assets	4	3 175 755	2 031 632
Capitalized development expenses	4	677 784	404 425
Contracts & Customer relationships	4	5 357 476	2 586 780
Property	5	24 063	21 718
Machinery and equipment	5	169 327	122 384
Shares classified as available for sale	21	42 967	43 642
Investment in associated companies	24	73 026	76 076
Other long-term receivables	7	488 699	454 886
Total non-current assets		22 105 801	14 272 429
Current assets			
Inventory		29 136	60 084
Accounts receivables	6	1 867 982	1 353 106
Other current receivables	7	493 753	354 947
Cash and cash equivalents	12	5 148 003	3 665 241
Total current assets		7 538 874	5 433 378
TOTAL ASSETS		29 644 675	19 705 807

(NOK 1,000)

	Note	2018	2017
EQUITY AND LIABILITIES			
Equity			
Paid-in share capital	14,15	186 701	186 700
Share premium reserve		1 230 560	89 000
Other paid-in capital		352 251	352 251
Total paid-in capital		1 769 512	627 952
Other reserves	13	518 426	452 585
Retained earnings		7 647 519	6 437 283
Equity attributable to equity holders of the parent		9 935 457	7 517 820
Non-controlling interests		1 058	16 244
Total equity		9 936 515	7 534 064
Non-current liabilities			
Deferred tax liability	10	2 163 502	1 260 148
Financial hedging Instruments	20	83 812	82 891
Other long-term interest bearing loans and borrowings	12	9 320 973	5 804 317
Other long-term non interest bearing liabilities	22	869 438	354 602
TOTAL NON-CURRENT LIABILITIES		12 437 725	7 501 958
Current liabilities			
Revolving credit facility	20,22	1 442 504	793 080
Short-term interest bearing bank loans	12, 20,22	97 010	100 000
Trade creditors		614 475	468 322
Public duties payable		621 632	431 092
Tax payable	10	123 647	80 696
Other current liabilities	22	4 371 169	2 796 596
Total current liabilities		7 270 436	4 669 786
Total liabilities		19 708 161	12 171 744
TOTAL EQUITY AND LIABILITIES		29 644 676	19 705 807

Secured liabilities and guarantees

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Oslo, 23 May 2019



ØYSTEIN MOAN
Chairman of the Board and CEO



JEAN BAPTISTE VINCENT
ROGER ROBERT BRIAN
Director



TIMO LARJOMAA
Director



CHRISTOPHER JAMES GOOD
Director



EDWARD SHUCKBURGH
Director



NICHOLAS JAMES HUMPHRIES
Director



VINITH NAGARAJAN
Director



SØREN HOLT
Director



MERETE HVERVEN
Director

STATEMENT OF CASH FLOWS 1 JAN. - 31 DEC.

VISMA AS - CONSOLIDATED

(NOK 1,000)	Note	2018	2017
Profit before tax from continuing operations		1 125 681	992 704
Profit before tax from discontinued operations		491	(60 436)
Ordinary profit before taxes from continuing and discontinued operations		1 125 190	932 269
Depreciation and amortisation expenses		1 371 860	995 795
Taxes paid		(226 501)	(169 194)
Changes in debtors		(514 876)	(250 914)
Changes in inventory and trade creditors		177 100	21 570
Changes in public duties payable		190 540	90 721
Changes in deferred revenue		145 909	259 058
Change in other accruals		366 909	124 623
Net cash flow from continuing and discontinued operations		2 636 130	2 003 928
Net cash flow from continuing operations		2 619 887	1 974 533
Net cash flow from discontinued operations	26	16 245	29 395
Sale of (investment in) businesses	1	(4 901 418)	(3 308 434)
Investment in R&D software related to business combinations		(379 351)	(144 718)
Investment in tangible fixed assets related to business combinations		(36 558)	(10 808)
Capitalised development cost	4	(103 441)	(68 532)
Investment in tangible fixed assets	5	(82 124)	(63 093)
Sale of (investment in) shares	21	675	(3 967)
Net proceeds from divestiture of discontinued operations	26	1 224 101	274 248
Net cash flow from investments		(4 278 116)	(3 325 304)
Repayments of interest bearing loans		(268 018)	(234 011)
Proceeds from interest bearing loans		3 602 014	744 375
Change in revolving credit facility		626 651	584 296
Change in long-term receivables		(3 732)	(5 203)
Payment of group contribution		(494 252)	(2 043 218)
Cash inflow from dividends		5 000	23 400
Net cash from share issues		0	94 000
Cash inflow from interest		14 255	22 859
Cash outflow from interest		(313 334)	(251 007)
Net cash flow from financing activities		3 168 585	(1 064 509)
Net cash flow for the year		1 526 601	(2 385 885)
Cash and cash equivalents 1.1		3 665 241	5 866 935
Net foreign exchange difference		(43 840)	184 192
Cash and cash equivalents 31.12	12	5 148 003	3 665 241

STATEMENT OF CHANGES IN EQUITY

VISMA AS - CONSOLIDATED

(NOK 1,000)		Paid-in share capital Note 14	Share premium reserve	Other paid-in capital	Other reserves Note 13	Retained earnings	Majority's share of equity	Non-con- trolling interests	Total equity
Equity as at 01.01.2017		181 700	1 415 631	394 394	145 925	6 092 291	8 229 942	21 971	8 251 913
Profit for the period						751 933	751 933	1 457	753 389
Issue of share capital 31.05.2017	14	5 000	89 000				94 000		94 000
Net gain (loss) on financial hedging instruments, net of tax					27 927		27 927		27 927
Exchange differences on translation of foreign operations, net of tax					273 569		273 569		273 569
Net gain (loss) on defined benefit plan, net of tax					5 164		5 164		5 164
Total comprehensive income for the period		5 000	89 000		306 660	751 933	1 152 593	1 457	1 154 049
Group contribution from/(to) parent company			(1 415 631)	(42 143)		(406 941)	(1 864 715)		(1 864 715)
Changes to non-controlling interest; acquisition and arising on business combination (Note 1)								(7 184)	(7 184)
Equity as at 31.12.2017		186 700	89 000	352 251	452 585	6 437 283	7 517 819	16 244	7 534 063
Equity as at 01.01.2018		186 700	89 000	352 251	452 585	6 437 283	7 517 819	16 244	7 534 063
Profit for the period						1 585 796	1 585 796	2 274	1 588 070
Issue of share capital 05.07.2018	14	0,2	1 141 560				1 141 560		1 141 560
Reallocation of share premium reserves									
Net gain (loss) on financial hedging instruments, net of tax					(713)		(713)		(713)
Exchange differences on translation of foreign operations, net of tax					66 554		66 554		66 554
Total comprehensive income for the period		0,2	1 141 560		65 841	1 585 796	2 793 196	2 274	2 795 471
Group contribution from/(to) parent company						(375 628)	(375 628)		(375 628)
Changes to non-controlling interest; acquisition and arising on business combination (Note 1)						69	69	(17 460)	(17 391)
Equity as at 31.12.2018		186 701	1 230 560	352 251	518 426	7 647 519	9 935 456	1 058	9 936 515

IFRS ACCOUNTING POLICIES 2018

CORPORATE INFORMATION

The consolidated financial statements of Visma AS, for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Board of Directors on 23 Mai 2019. Visma AS (hereafter the 'Company' or 'Visma' or the 'Group') is a limited liability company incorporated and domiciled in Oslo, Norway. The registered office of Visma AS is Karenslyst allé 56, 0277 Oslo, Norway. The Company is 100 % owned by Archangel AS.

The Groups activities are described in note 2. Information on the Group's structure and other related party relationships is provided in note 11.

BASIS OF PREPARATION

The consolidated financial statements of Visma AS including all its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the EU.

The consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale investments and interest rate swaps that have been measured at fair value.

The consolidated financial statements have been prepared on the basis of uniform accounting principles for similar transactions and events under otherwise similar circumstances.

The consolidated financial statements are presented in NOK and all values are rounded to the nearest thousand (NOK 1.000) except when otherwise indicated. The consolidated financial statements provide comparative information in respect of the previous period.

BASIS FOR CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December each year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income

and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Segment reporting

For management purposes, the Group is organised into business units based on its products and services and has five reportable segments: SMB, Enterprise, Custom Solutions, Commerce Solutions and Cloud Infrastructures Services. In line with realignment of the strategic

focus of the Group, the financial reporting structure of the Group was changed in 2018 to mirror the new customer structure and the sale of the Hosting division and the majority of the Retail division. Comparative segment information has been restated in note 2 and 23 to reflect current segments of the Group.

Operating segment is a component of the Group that:

- engages in business activities from which it may earn revenues and incur expenses
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance
- for which discrete financial information is available

The financial information relating to segments and geographical distribution is presented in note 2.

The internal gain on sales between the various segments is eliminated in the segment reporting.

Functional currency and presentation currency

The consolidated financial statements are presented in NOK, which is Visma AS's functional currency.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. All exchange differences are recognised in the

income statement. Non-monetary items that are measured at historical cost in foreign currency are translated using the exchange rates at the dates of the initial transactions.

The Group has foreign entities with functional currency other than NOK. At the reporting date, the assets and liabilities of foreign entities with functional currencies other than NOK are translated into NOK at the rate of exchange at the reporting date and their income statements are translated at the average exchange rates for the year. The translation differences arising from the translation are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement.

Exchange differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity, or monetary items that are regarded as a part of the net investments are in the consolidated financial statements recognised as a separate component of other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement. Tax charges and credits attributable to exchange differences on those borrowings are also recorded in other comprehensive income.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the

acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and if non-controlling interests are recognised at the proportionate share of the acquiree's identifiable net assets the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has

correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit and loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities are assigned to those units or groups of units. A cash-generating unit to which goodwill has been allocated will be tested for

impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit.

Where recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. The recoverable amount of a cash-generating unit is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the cash-generating unit.

Cash-generating units

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In identifying whether cash inflows from an asset (or group of assets) are largely independent of the cash inflows from other assets (or groups of assets), the management considers various factors including how management monitors the entity's operations (such as by product or service lines, businesses, geographical areas).

Intangible assets

Research and development cost

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and ability to use the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure carried forward is amortised over the period of the expected future sales from the related project. Amortisation starts when the development process is completed.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

Gains and losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised but expensed as occurred.

Identifiable intangible assets

acquired in business combinations

The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition.

Values related to contracts and customer relationships are identified and recorded as identifiable intangible assets. The fair value of contracts and customer relationships are calculated considering the estimated future recurring revenues from the customers in the acquired operations at the date of the acquisition. The value related to contracts and customer relationships are calculated on a 100 % basis, including the share of any non-controlling interest. The fair value of

tax amortizations is considered in the recorded value of contracts and customer relationships. Any deferred tax liabilities related to the recorded contracts and customer relationships are calculated at nominal values and the difference between the fair value of the tax amortizations and the corresponding deferred tax liabilities are recorded as a part of goodwill.

Purchased rights and contracts and customer relationships acquired are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to this class of intangible assets. Purchased rights and contract and customer relationships have 4 – 15 years of useful life and are amortized on a straight-line basis over their useful life. The depreciable amount is determined after deducting its residual value (only where there is an active market for the asset). Useful life and residual value are reviewed at least annually and reflect the pattern in which the benefits associated with the asset are consumed. A change in the useful life or depreciation method is accounted for prospectively as a change in accounting estimate.

Trademark with indefinite lives are not amortised but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The carrying values of intangible assets with finite useful lives are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written

down to their recoverable amount. The recoverable amount of intangible assets is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the income statement.

An item of intangible assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains or losses on the sale or disposal of intangible assets are recorded as other operating revenues and other operating costs respectively in the year the item is derecognised.

Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Fair value measurement

The Group measures financial instruments such as derivatives and “available-for-sale investments” at fair value at each balance sheet date as described in Note 20. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For cash-flow hedges, the Group Management, in conjunction with the Group's external valuers, also compares the change in the fair value of the liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the

asset or liability and the level of the fair value hierarchy, as explained above.

Revenue from contracts with customers

Under IFRS 15, the revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. This new revenue standard is superseding all current revenue recognition requirement under IFRS.

The Group is in the business of providing on-premises software and cloud computing. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangement, because it typically controls the goods or services before transferring them to the customer.

The disclosure of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in section Significant accounting judgements below.

Visma Enterprise, SMB and Custom Solutions

The most common types of revenue streams in Visma Enterprise, SMB and Custom Solutions are:

- On-premises Software
 - Licenses
 - Recurring agreements
 - Software Consulting and Implementation
- Cloud Computing
 - Software as a Service (SaaS) subscription
 - SaaS Transactions and start up fees
 - SW consulting & implementation on SaaS

Licenses

Licence fees related to software are recognized as revenue when the software is delivered. A delivery has taken place when the risk and control related to the software in all significant aspects have been transferred to the customer. Risk in this relation means the profit and loss potential related to the software. Control is related to the delivery of the software. At what time a delivery has taken place will therefore depend on the conditions included in the specific sales arrangement.

Initial licence fees are recognised when:

- A non-cancellable licence agreement has been signed;
- The software and related documentation have been shipped
- No material uncertainties regarding customer acceptance exists;
- Collection of the resulting receivable is deemed probable.

Visma has two separate relationships related to their software licences and related maintenance contracts; one software licence contract and one maintenance contract, which may also include customer support. In addition, Visma and/or the distributor may enter into separate contracts with the end-user regarding installation, implementation, support and other consultancy services related to the software. Most of this work is performed by a distributor and contracted separately.

Visma accounts for licence fee and maintenance fee separately. License fee is recognised when the customer obtain control over the software license. This is based on the evaluation that the software is functional at the time that the license transfers to the customer, and that the customer can obtain substantially all of the remaining benefits from, the software when the license transfers to the customer.

Maintenance fees are charged annually and recognised on a straight-line basis over the contract period. Customers normally have the right to cancel their utilization rights prior to the next renewal period. Failing cancellation in due time, customers are obliged to pay for the next period. Such revenue from maintenance is recognised over the lifetime of the contract.

When the software is delivered electronically, the delivery criterion for revenue recognition is met when the customer has the reasonable ability to access the licensed software. This condition is generally met when:

- Visma provides the necessary access codes to the customer to allow the customer to commence download of the licensed software and
- Visma's server is functioning.

When Visma provides right to access the software, the revenue is recognised over time. When Visma provides right to use the software, the revenue is recognised at a point in time.

In some cases, Visma is selling customized software implying development of new functionality. When delivering customised software, the Group determined that the input method is the best method in measuring progress of the services because there is a direct relationship between the Group's effort (i.e., costs incurred) and the transfer of service to the customer. The Group recognises revenue on the basis of the incurred costs relative to the total expected costs to complete the service.

Revenue from recurring agreements

Revenue from support agreements is recognised when the support is performed. Fixed price support contracts are recognized on a straight-line basis over the support period.

Software as a Service (SaaS)

Revenue from SaaS solutions may, in some cases, have two components – an up-front payment to cover the set-up fee, and an ongoing service fee equivalent to the maintenance contract, but including the hosting service. Visma recognizes the portion of the fee related to the set-up on delivery separately as the SaaS implementation service provides add-value to the customers and so is a separate performance obligation. The portion of the fee related to the maintenance and hosting element is recognized on a straight-line basis over the contract period as the service is provided over time. If the SaaS implementation service is not a separate performance obligation, the total license fee is recognized over the contract period (normally on a straight-line basis).

Fintech services

Visma is offering financial services available in the ERP system and invoicing platforms. Revenue from third party financial services are defined with a kick-back bonus according to sales volume to customers. These bonuses are recognised as revenue when earned.

SaaS Transactions and start up fees

Agreements regarding services to such as for instance e-invoicing are usually based on a transaction fee. Revenue is normally recognized as they are performed based upon transactions handled and hours used. The usage-based fees are not be recognized as revenue until the later of when the usage occurs or the performance obligation is satisfied.

Start-up fees (SaaS implementation service) provides add-value to the customers and so is a separate performance obligation in most cases and recognised on delivery. If the SaaS implementation service is not a separate performance obligation, the total license fee is recognized over the contract period (normally on a straight-line basis).

Software consulting and implementation in SaaS

Agreements on software consulting are usually based on hours incurred. The hourly based consulting is recognised when services have been provided. It is based on delivered hours and net hourly rates. At the balance sheet date work performed, but not yet invoiced, is recognised and capitalised as accrued income. Work invoiced, but not yet performed, is capitalised as deferred revenue. The Group concluded that there is no significant financing component for these contracts since these projects are typically short-time and agreed invoicing reflect the progression on the work performed.

Commerce Solution

The most common types of revenue streams in Commerce Solution are:

Cloud Computing

- Software as a Service (SaaS)
- SW consulting & implementation on SaaS
- Fintech services
- Revenue from services in administration and collection of accounts receivables

Refer to description of revenue recognition above under Visma Enterprise, SMB and Customs Solutions.

Cloud Infrastructure Services

The most common types of revenue streams in Cloud Infrastructure Services are:

- Cloud infrastructure implementation
- Cloud Infrastructure maintenance
- Sale of hardware

Cloud infrastructure implementation and services

Revenue from services related to the implementation of cloud infrastructure. Cloud infrastructure is defined as the mission critical infrastructure utilized by the customer to operate and/or

access public and private cloud systems. Implementation services are defined as own performance obligation and recognised when delivered.

Cloud Infrastructure

recurring agreements and hosting

Revenue from services related to the maintenance of cloud infrastructure, and field-service, consultancy, and hosting of servers. Hosting services are recognised on a straight-line basis over the contract period, usually 12 months. Advance payments are recognised as liability (deferred revenue) in the balance sheet.

Sale of hardware

Revenue related to hardware acquired in from third parties is earned when the hardware is delivered, and the control has been transferred to the customer.

Other types of revenues within the Group

Interest income

Revenue is recognised as interest accrues (using the effective interest method). Interest income is included in finance revenue in the income statement.

Dividends

Dividend is recognised in the income statement when the shareholders' right to receive dividend has been determined by the general meeting.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage

of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section Financial instruments below.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Cost to obtain a contract

The Group usually does not pay sales commission to its partners on sales to customers. In the few occasions when the Group paid sales commission, the Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions (included as part of cost of sales) because the amortisation period of the asset that the Group otherwise would have used is one year or less. If the expected amortisation period of the assets is more than one year and Group expects to recover, the Group recognise the incremental costs of obtaining a contract as an assets in its financial statements.

Amortization of capitalized contract costs

Any capitalized costs are amortized, with the expense recognised on a systematic basis that is consistent with the Group's transfer of the related services to the customer.

Pensions

The Group has pension schemes where the company's commitment is to contribute to the individual employee's pension scheme (contribution plans).

Contributions paid to the pension plans are expensed.

In addition to the defined contribution schemes the Group has one defined benefit plan in Sweden covering 11 employees.

Income tax

The tax expense consists of the tax payable and changes to deferred tax.

Tax payable

Taxes payable assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. Taxes payable are recognised directly in equity to the extent that they relate to equity transactions.

Deferred taxes

Deferred income tax is provided using the liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred taxes are recognised directly

in equity to the extent that they relate to equity transactions.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Property and equipment

Property and equipment acquired by Group companies are stated at historical cost, except the assets of acquired subsidiaries that were stated at the fair values at the date of acquisition. Depreciation is charged on a straight-line basis over the estimated useful life of the assets. The amount to be depreciated is the carrying amount less the asset's residual value. Useful life and residual value are reviewed at least annually and reflect the pattern in which the benefits associated with the asset are consumed. A change in the useful life or depreciation method is accounted for prospectively as a change in accounting estimate.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Ordinary repair and maintenance (day-to-day servicing) of tangible assets is recorded as an operating cost, whereas improvements are capitalised and depreciated over its useful life. An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains or losses on the sale or disposal of fixed assets are recorded as other operating revenues or other operating costs respectively in the year the item is derecognised.

The carrying values of property and equipment are reviewed for

impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property and equipment is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the income statement.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as interest cost.

Inventories

Inventories are valued at the lower of cost and net realisable value. The original cost of purchased goods is the purchase price and is based on the FIFO principle. The original cost of work in progress and own manufactured goods are the direct cost of production plus a share of the indirect cost of production based on normal operating capacity but excluding borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Inventories are reduced for estimated obsolescence.

Cash and cash equivalents

Cash and cash equivalents comprise bank deposits, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Restricted cash is included as cash and cash equivalents. Bank overdrafts are included within borrowings in current liabilities on the statement of financial position.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net outstanding bank overdraft.

Earnings per share

Earnings per share is calculated by dividing the majority shareholders share of the profit/loss for the period by the weighted average number of ordinary shares outstanding over the course of the period. When calculating diluted earnings per share, the average number of shares outstanding is adjusted for all share options that have a potential dilutive effect. Options that have a dilutive effect are treated as shares from the date they are issued.

Leases

Finance leases, which transfer to the

Group substantially all the risk and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Cash flow

The cash flow statement has been drawn up in accordance with the indirect method and report cash flows during the period classified by operating, investing and financing activities. Cash and cash equivalents consist of cash and cash equivalents as defined under cash and cash equivalents, net outstanding bank overdraft.

Investment in an associate

The Group's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Under the equity method, the investment in the associate is carried in the statement of financial position

at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The income statement reflects the share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of associates is shown on the face of the income statement outside operating profit. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associates.

The financial statements of the associate are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investment in its associates. The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate' and its carrying value and recognizes the amount in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investments at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

- Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section Revenue from contracts with customers above.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets

- Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when

the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, and the vendor loan note included under other non-current long-term receivables.

The Group does not have any financial assets at fair value through OCI.

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Financial assets - Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and

either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a

significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group is setting provisions based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

- Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Financial liabilities

- Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. The Group does not have any financial liabilities at fair value through profit or loss.

Loans and borrowings is the category most relevant to the Group. After initial recognition, interestbearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings. For more information, refer to note 20.

Financial liabilities - Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments such as interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

The Group had only cash flow hedges.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship

to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

Before 1 January 2018, the documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Beginning 1 January 2018, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash-flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly as other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the income statement in other operating expenses. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss. If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in

accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Equity

Financial instruments are classified as liabilities or equity in accordance with the underlying economic realities.

Interest, dividend, gains and losses relating to a financial instrument classified as a liability will be presented as an expense or income. Amounts distributed to holders of financial instruments that are classified as equity will be recorded directly in equity.

Costs of equity transactions

Transaction costs directly related to an equity transaction are recognized directly in equity after deducting tax expenses.

Other equity

Reserve

This reserve contains the total net increase in the fair value of non-current assets that have been revalued at an amount which exceeds their cost. The reserve also contains total net changes in the fair value of financial instruments classified as available for sale until the investment has been sold or it has been determined that the investment is of no value.

Translation differences

Translation differences arise in connection with exchange-rate differences of consolidated foreign entities.

Exchange-rate differences in monetary amounts (liabilities or receivables) which are in reality a part of a company's net investment in a foreign entity are also included as translation differences.

If a foreign entity is sold, the accumulated translation difference

linked to the entity is reversed and recognized in the income statement in the same period as the gain or loss on the sale is recognized.

Discontinued operations

The Group classifies non-current assets and disposal groups as held for distribution to equity holders of the parent if their carrying amounts will be recovered principally through a distribution rather than through continuing use. Such non-current assets and disposal groups classified as held for distribution are measured at the lower of their carrying amount and fair value less costs to distribute. Costs to distribute are the incremental costs directly attributable to the distribution, excluding finance costs and income tax expense.

The criteria for held for distribution classification is regarded as met only when the distribution is highly probable and the asset or disposal group is available for immediate distribution in its present condition. Actions required to complete the distribution should indicate that it is unlikely that significant changes to the distribution will be made or that the decision to distribute will be withdrawn. Management must be committed to the distribution expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for distribution.

Assets and liabilities classified as held for distribution are presented separately as current items in the statement of financial position. A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

Or

- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

The Group has two discontinued operations in 2018, the Hosting division and most of the Retail division, and one in 2017. Additional disclosures are provided in Note 26. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

Adoption of new and amended standards and interpretations

The Group applied IFRS 15 and IFRS 9 for the first time. The Group also applied for the first time certain other standards and amendments, which are effective for annual periods beginning on or after 1 January 2018.

The nature and the impact of each new standard and amendment are described below. Although these new standards and amendments applied for the first time in 2018 they did not have a material impact on the annual consolidated financial statements of the Group.

IFRS 9 Financial Instruments: Classification and Measurement

In July 2014, the final version of IFRS 9 Financial Instruments was issued

which reflects all phases of the financial instrument project and replaced IAS 39 Financial Instruments: Recognition and Measurements and all previous version of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting.

With the exception of hedge accounting, which the Group applied prospectively, the Group has applied IFRS 9 retrospectively, with the initial application date of 1 January 2018 and adjusting the comparative information for the period beginning 1 January 2017.

Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent solely payments of principal and interest' on the principal amount outstanding. The assessment of the Group's business model was made as of the date of initial application, 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact on the Group. The Group continued measuring at fair value all financial assets previously held at fair value under IAS 39. The following are the changes in the classification of the Group's financial assets:

- Trade receivables and Other non-current financial assets (i.e., vendor loan note) previously classified as

Loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as Debt instruments at amortised cost.

The Group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's financial liabilities.

Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Upon the adoption of IFRS 9, the Group did not recognise additional impairment on the Group's Trade receivables as the Group had and has low credit loss on contract assets, refer to the Note 6.

Hedge accounting

The Group applied hedge accounting prospectively. At the date of initial application, all of the Group's existing hedging relationships were eligible to be treated as continuing hedging relationships.

Under IAS 39, all gains and losses arising from the Group's cash flow hedging relationships were eligible to be subsequently reclassified to profit or loss. However, under IFRS 9, gains and losses arising on cash flow hedges of forecast purchases of non-financial assets need to be incorporated into the initial carrying amounts of the non-financial assets. This change does not impact the Group's hedge accounting as the Group has only interest rate swaps

subjected to hedge accounting.

Summary

The Group did not have significant impact on its income statements, other comprehensive income, statement of financial position or statement of cash flows after initial application of the standard due to the low credit loss on contract assets and the non-complex nature of the financial liabilities, refer to Note 6 and Note 20, respectively. The Group has extended and amended its disclosures to be in line with the new standard.

IFRS 15 Revenue from Contracts with Customers (including amendments for effective date)

Under IFRS 15, the revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. This new revenue standard is superseding all current revenue recognition requirement under IFRS. The standard applies to all revenue contracts and provides a model for the recognition and measurement of sales of some non-financial assets (e.g., disposals of property, plant and equipment). IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as of 1 January 2018.

The cumulative effect of initially applying IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under IAS 11, IAS 18 and related Interpretations.

The effect of adopting IFRS 15 as of 1 January 2018 did not have material impact on the income statements, OCI, statement of financial positions or the Group's operating, investing and financing cash flows.

The Group had a high level of decomposition in their revenue recognition under the old practice, and contracts were decomposed based on sales prices to the customers. The Group does not have any material bundled contract without separately identifiable market priced services and only have immaterial variable considerations, discounts and service-type warranties. The Group has identified a minor implementation impact on cost of obtaining a contract and SaaS implementation fees. The maximum impact of the former is amounting to MNOK 3,6 while the total sales income from SaaS implementation was MNOK 52,3 (0,46 % of sales revenue). Since the cumulative effect of initially applying IFRS 15 is immaterial, the Group has decided not to adjust the opening balance of the retained earnings.

The Group has extended its disclosure information on revenue recognition according to IFRS 15.

IFRIC Interpretation 22 Foreign currency transactions and advance consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

The EU has adopted the interpretation and is effective from 01. January 2018. The Group has implemented the interpretation but it has no material impact to do Group.

The Group has not early adopted any other Standards, Interpretations or Amendments in 2018.

New and amended IFRSs and IFRICs with future effective dates

Standards and interpretations that are issued up to the date of issuance of the consolidated financial statements, but not yet effective are disclosed below. The Group's intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued. The Group has considered to list and address only those standards, amendments and interpretations which are relevant and expected to have an impact on the Group's financial position, performance and/or disclosures.

The Group anticipates that all of the below standards, amendments and interpretations will be adopted in the Group's financial statements for the period commencing 1 January 2019 or after.

IFRS 16 Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The new leases standard requires lessees to recognise assets and liabilities for most leases i.e. account for all leases under a single on balance sheet model.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, the Group, as a lessee, will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting is substantially unchanged from current accounting under IAS 17.

Furthermore, the standard required lessees and lessors to make more extensive disclosure requirement.

The standard is effective for annual periods beginning on or after 1 January 2019.

Visma will apply IFRS 16 using the full retrospective approach with the date of initial application of 1 January 2019. Comparative information will be restated and the cumulative effect on equity upon implementation will be recognized against the opening balance of retained earnings as of 1 January 2018.

The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value.

During 2018, the Group has performed a detailed impact assessment of IFRS 16. Visma will recognize a lease liability of NOK 1.7 billion as at 1 January 2019 (NOK 1.4 billion 1 January 2018) and a corresponding right of use asset of NOK 1.6 billion as at 1 January 2019 (NOK 1.3 billion as at 1 January 2018), with the difference of approximately NOK 0.1 billion recognized in retained earnings for the Group at 1 January 2018.

Annual Improvements 2012 – 2014.

IASBs annual improvements project 2012 – 2014 includes amendments to a number of standards:

- IFRS 1 First-time adoption of IFRS - Deletion of short-term exemption for the first-time adoption. This amendment does not have any impact on the Group. Effective date is 01 January 2018
- IAS 28 Investments in associates and joint ventures - clarification that measuring investees at fair value through profit or loss is an investment-

by-investment choice. Effective for annual periods beginning on or after 1 January 2018 but EU has not yet endorsed this amendment. This clarification applies for venture capital organization or entity which has an interest in an associate or joint venture that is an investment entity. Therefore, this amendment does not have any impact on the Group.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation addresses separate consideration of uncertain tax treatments, the assumptions an entity makes about the examination, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and how an entity considers changes in facts and circumstances of tax treatments by taxation authorities.

Effective for annual periods beginning on or after 1 January 2019 and EU has endorsed this amendment with the same effective date. Early adoption is permitted

Annual Improvements 2015 – 2017.

IASBs annual improvements project 2015 – 2017 includes amendments to a number of standards. The Group expect that the following amendments may have impact for the Group:

- IAS 23 Borrowing Costs- Borrowing costs eligible for capitalisation

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

Effective for annual periods beginning on or after 1 January 2019 and EU has endorsed this amendment with the same effective date. Early adoption is permitted.

Definition of a Business

- Amendments to IFRS 3

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Effective for annual periods beginning on or after 1 January 2020. EU endorsement is expected in 2019.

Definition of Material

- Amendments to IAS 1 and IAS 8

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

Effective for annual periods beginning on or after 1 January 2020. EU endorsement is expected in 2019.

The Conceptual Framework for Financial Reporting

Effective immediately for the IASB and the IFRS IC. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020. EU endorsement is expected in 2019.

The revised Conceptual Framework for

Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event.

Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognised in the consolidated financial statements:

Provision for expected credit losses of trade receivables and contract assets

The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).



The provision rates are initially based on the Group's historical observed default rates. The Group will calibrate the provisions to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 6.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Taxes

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the

amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Total tax payable is also depending on whether Visma would be allowed to change the Group contributions from previous years as a response to the present judgment. Refer to note 10 for further descriptions.

Fair value measurements of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 20 for further disclosures.

Contingent consideration (earn-out), resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor (refer Note 1 for details).

Events after the balance sheet date

New information on the company's financial position on the statement of financial position which becomes known after the balance sheet date and which provides evidence of conditions that existed at the balance sheet date is recorded in the annual accounts. Events after the balance sheet date that are indicative of conditions that arose after the balance sheet date and that do not affect the company's financial position on the statement of financial position but which will affect the Company's financial position in the future are disclosed if significant. Refer to Note 25 for events after balance sheet date which are relevant for the current year.

NOTE 1 - ACQUISITIONS OF BUSINESS, ASSETS AND NON-CONTROLLING INTEREST

(NOK 1,000)

Name	Description	Acquisition date	Percentage of voting equity instruments acquired	Cost price	Cost associated with the acquisition ¹⁾	Consideration total
Admincontrol AS	Fees	20.01.2018		-	375	375
School Thing Limited	Last year earn-out, paid this year	10.01.2018		20 318	-	20 318
School Thing Limited	Last year earn-out, paid this year	12.03.2018		40 564	-	40 564
Bluegarden A/S	Last year earn-out, paid this year	31.01.2018		129 560	-	129 560
Bluegarden A/S	Last year earn-out, paid this year	12.09.2018		100 156	267	100 423
Co3 A/S	E-commerce software	11.01.2018	100,00%	75 713	229	75 942
Optiway AB	Geographic IT services	10.01.2018	100,00%	102 242	246	102 488
Dinero Regnskab Aps	Change in estimated earn-out	31.12.2017		5 338	-	5 338
Dinero Regnskab Aps	Last year earn-out, paid this year	04.04.2018		60 369	-	60 369
Mind4IT A/S	Last year earn-out, paid this year	04.04.2018		28 888	-	28 888
Digital Illustrated Oy	Last year earn-out, paid this year	04.04.2018		15 405	-	15 405
Cox Consulting Oy	Last year earn-out, paid this year	04.04.2018		5 549	-	5 549
Visma PPG Oy	Last year earn-out, paid this year	04.04.2018		72 027	-	72 027
NYCE Solutions AB	Last year earn-out, paid this year	04.04.2018		5 603	-	5 603
Mystore AS	Last year earn-out, paid this year	04.04.2018		16 336	-	16 336
Smartskill AS	Last year earn-out, paid this year	04.04.2018		15 320	-	15 320
Smartskill AS	Change in estimated earn-out	04.04.2018		7 495		
Visma bWise AS	Deferred payment	04.04.2018	10,00%	12 531	-	12 531
Kapacity A/S	Business analytics consulting	25.04.2018	100,00%	148 919	144	149 063
MyOpt Consulting OY	Artificial intelligence consulting	26.04.2018	100,00%	54 829	298	55 127
Megaflex OY	Last year earn-out, paid this year	26.04.2018		5 030	-	5 030
Trollweb Solutions ApS	Acquisition of minority shareholdings	04.05.2018	25,00%	194	-	194
Tradinghouse AS	Advantage	20.06.2018	100,00%	2 160	330	2 490
Smartdok AS	Property management solutions	01.06.2018	100,00 %	291 426	432	291 858
WGR Data AB	E-cmmerce solutions	11.06.2018	100,00%	64 657	232	64 888
Agenteq Solutions OY	Property management solutions	20.06.2018	100,00%	211 283	1 543	212 825
Lessmore AB	Advantage	06.07.2018	100,00%	45 416	60	45 476
Doneco Aps	Change in estimated earn-out	04.07.2018		-1 898	-	-1 898
Doneco Aps	Last year earn-out, paid this year	04.07.2018		2 534	-	2 534
Pink Web Applications BV	Customer interaction platform	06.07.2018	100,00%	78 663	1 054	79 716
Raet Group	Fees	01.07.2018		-	6 257	6 257
Raet Group	Cloud HRM solutions	05.07.2018	100,00%	5 864 431	5 349	5 869 780
Trimma AB	Last year earn-out, paid this year	09.08.2018		41 346	281	41 627
Aditro Public Oy	ERP Public	06.09.2018	100,00%	404 285	1 110	405 395
Raet Group	Adjustment of deferred	10.10.2018		-233 714	-	-233 714
Visma International Holding AS	Fees	10.10.2018		-	1 527	1 527
Visma Software International AS	SaaS app (asset deal)	04.10.2018		3 209	-	3 209
Triangel Solutions AS	Time and resource management software	02.10.2018	100,00%	66 000	344	66 344
Meat Digital AS	Magento consulting	15.10.2018	100,00%	14 125	147	14 272
Merit Tarkvara AS	Cloud ERP	08.10.2018	100,00%	86 579	-	86 579
KBOSS.hu Kft	Cloud e-invoicing	02.10.2018	100,00%	182 007	-	182 007
Websystemer AS	Cloud solutins for real estate agencies	06.11.2018	100,00%	243 000	1 850	244 850
ProActive International BV	SaaS Procurement-to-Pay solutions	07.11.2018	100,00%	297 366	678	298 044
Idella Groep BV	Cloud pension software	14.11.2018	100,00%	199 179	804	199 983
Bluegarden A/S	Last year earn-out, paid this year	18.12.2018		29 704	-	29 704
Visma International Holding AS	Fees	20.12.2018		-	459	459
Visma bWise AS	Deferred payment	21.12.2018	20,00%	29 207	-	29 207
Svensk e-identitet AB	Change in estimated earn-out	31.12.2018		21 171	-	21 171
Total				8 864 521	24 015	8 881 041

NOTE 1 CONTINUED

(NOK 1,000)

The cash outflow on acquisition are as follows:

Cost price (excluded costs associated with the acq.)	8 275 811
Last year earn-out, paid this year	588 710
Change in estimated earn-out	(32 106)
Deferred payment	(3 323 794)
Sale of Visma Labs A/S	(63 985)
Cash paid	5 444 636
Net cash acquired with the acquisitions	127 308
Net cash (outflow)/inflow	(5 317 327)
Other intangible assets acquired	379 351
Machinery and equipment acquired	36 558
Net investment in businesses	4 901 418

1) Costs associated with the acquisition are expensed as "Other operating expenses".

Visma Tampuuri Oy

On 20 June Visma acquired 100% of the voting shares in Agenteq Solutions Oy (renamed Visma Tampuuri Oy). Tampuuri is a Finnish supplier of Property Management solutions.

Kapacity A/S

On 25 April Visma acquired 100% of the voting shares in Capacity A/S. Capacity is a Danish provider of Business Analytics consulting.

Smartdok AS

On 1 June Visma acquired 100 % of the voting shares in Smartdok AS. Smartdok is a Norwegian supplier of Resource Management Systems for the contracting industry.

Raet

On 5 July Visma acquired 100 % of the voting shares in Raet Group. Raet is a Dutch provider of HRM solutions.

Aditro Public Oy

On 6 September, Visma acquired 100% of the voting shares in Aditro Public Oy. Aditro Public is a Finnish provider of HRM solutions.

KBOSS.hu Kft

On 2 October Visma acquired 100% of the voting shares in KBOSS.hu Kft. KBOSS is a Hungarian provider e-invoicing solutions.

Merit Tarkvara AS

On 8 October Visma acquired 100% of the voting shares in Merit Tarkvara AS. Merit is an Estonian provider of ERP solutions.

Websystemer AS

On 6 November Visma acquired 100% of the voting shares in Websystemer AS. Websystemer AS is a Norwegian provider of software for real estate agencies.

ProActive International BV

On 7 November Visma acquired 100% of the voting shares in ProActive International BV. ProActive is a Dutch supplier of Procurement-to-Pay solutions.

Idella Groep BV

On 14 November Visma acquired 100% of the voting shares in Idella Groep BV. Idella is a Dutch provider of pension software.

Consideration for the acquisitions include the acquisition-date fair value of contingent consideration.

*Estimated earn out in the balance sheet for all entities are considered at the best estimate. Adjustments to earn-outs are related to earn-out payments made during 2018 due to revised earn-out conditions and acquisition of the remaining equity stake in certain subsidiaries as specified in the table above. The aggregated effect on investment in purchased rights, goodwill, contracts and customer relationships is shown in note 4.

NOTE 1 CONTINUED

(NOK 1,000)

The aggregated fair value of identifiable assets and liabilities and the goodwill arising at the date of acquisition for material transactions (acquisition cost over NOK 150m) are:

(NOK 1,000)	Idella Groep BV	Aditro Public Oy	Smart- dok AS	Raet Group	ProActive Intern- ational BV	KBOSS.hu Kft	Web- systemer AS	Visma Tampuuri Oy
Deferred tax assets				1 145			64	
Shares			458					
Machinery and equipment	9 834	18	467	17 551	2 014	255	588	3 460
Property			125	3 773			254	
Other long-term receivables	79		2 693	1 241				
Inventories	100							
Trade receivables	9 946	9 917	3 376	217 666	3 659	2 154	1 670	9 867
Other short term receivables	38 697	8 921	1 131	141 779	5 639	118	2 788	951
Cash and cash equivalents	17 214	50 815	16 555	171 596	17 076	3 458	23 993	63 208
Other intangible assets	4 134	31 132		357 959		1 584	1 245	216
Assets	80 004	100 803	24 805	912 710	28 388	7 570	30 600	77 702
Other long-term liabilities	662			9 663				
Deferred tax liability	1 106		20	3 040				
Bank overdraft								
Trade creditors	37 097	4 930	535	66 087	487	916	2 035	452
Public duties payable	803	8 228	4 302	71 205	660	568	3 715	2 541
Tax payable		598	738	157 902	2 444	(128)	1	
Other current liabilities	9 160	28 818	18 331	389 747	18 341	4 392	3 273	29 500
Liabilities	48 828	42 574	23 926	697 645	21 933	5 748	9 024	32 493
Fair value of net assets	31 482	58 229	879	215 066	6 456	1 822	21 576	45 209
Non-controlling interests	306							
Goodwill arising on acquisition	78 373	152 000	155 909	2 801 267	157 096	88 454	109 158	64 658
Other intangible assets	49 795	101 071	72 857	992 206	74 342	45 502	60 750	52 821
Contracts and customer relationship arising on acquisition	69 713	141 500	101 999	2 491 455	104 078	63 703	85 050	73 949
Deferred tax liability	(29 877)	(48 514)	(40 217)	(870 915)	(44 605)	(17 473)	(33 534)	(25 354)
Total acquisition cost	199 179	404 285	291 426	5 629 078	297 366	182 007	243 000	211 283
Net cash acquired with the subsidiary	(17 214)	(50 815)	(16 555)	169 033	(17 076)	(3 458)	(23 993)	(63 208)
Cash paid	199 179	404 285	89 715	3 086 444	204 149	36 909	132 000	211 283
Net cash outflow	181 966	353 470	73 160	3 255 476	187 073	33 451	108 007	148 075
Deferred payment			201 711	2 542 635	93 217	145 098	111 000	
Revenue for the year	152 149	243 297	46 714	1 522 641	63 256	16 278	81 170	100 034
Revenue for the period before acquisition	129 071	154 314	17 819	753 592	51 517	10 522	66 782	47 946
Revenue contribution to the Visma Group	23 078	88 983	28 894	769 049	11 739	5 755	14 388	52 088
Profit for the year	12 396	3 594	(13 693)	(225 342)	8 796	6 061	17 352	34 184
Profit for the period before acquisition	15 837	3 675	(4 111)	(231 282)	8 921	1 482	21 539	34 649
Profit contribution to the Visma Group	(3 441)	(82)	(9 582)	5 939	(125)	4 578	(4 187)	(465)

The goodwill arising on these acquisitions are attributable to the anticipated profitability of the operations and to the anticipated synergies. Goodwill arising on the acquisitions is usually not tax deductible. For further comments on goodwill arising from acquisitions, please see Note 4.

NOTE 1 CONTINUED

(NOK 1,000)

ACQUISITIONS AFTER THE BALANCE SHEET DATE

Name	Description	Acquisition date	Percentage of voting equity instruments acquired	Cost price	Cost associated with the acquisition	Consideration total
Brainshare IT sp.z o.o	Accounting solutions	21/01/2019	100.0%	48 794 507	669 438	49 463 945
EBPI Holding BV	Government communication portals	01/02/2019	100.0%	976 358 160	2 912 607	979 270 766
IMS A/S	Case management solutions	07/03/2019	100.0%	78 796 731	177 284	78 974 015
Provad Oy	AI for customer service	02/04/2019	100.0%	78 390 496	446 270	78 836 766
Avento AS	BI consulting	02/04/2019	100.0%	82 107 500	307 500	82 415 000
Roxit Groep BV	Government administration software	02/04/2019	100.0%	1 100 923 022	15 294 779	1 116 217 800

The initial accounting for the business combination is incomplete at the time these financial statements are authorised for issue. Hence disclosures related to purchase price allocation is not provided.

NOTE 2 - SEGMENT AND DISAGGREGATED REVENUE INFORMATION

CONSOLIDATED

The Group's primary reporting format is business areas and its secondary format is geographical distribution.

For management purposes, the Group is organised into business units based on the market their customer operates in with different risk and rates of return. The Group has five reportable segments as follows:

- a) Small and Medium Businesses (SMB)
- b) Enterprise
- c) Custom Solutions
- d) Commerce Solutions
- e) Cloud Infrastructure Services

The SMB division offers small to medium sized businesses a complete range of business admin solutions; including web based ERP and invoicing, CRM solutions, purchasing management and e-commerce solutions.

Enterprise provides private enterprises with full-scale ERP and procurement systems along with public sector production systems for areas such as school administration and child protective services.

Custom Solutions offers custom development to Government and Large accounts.

Commerce Solutions provide debt collection, accounts receivable and other financial services.

Cloud Infrastructure Service offers cloud enabling solutions for the nordic retail segment industry.

Transfer prices between business segments are set at an arm's length basis in a manner similar to transactions with third parties.

Visma AS, national holding companies and internal IT are disclosed under "Other".

Summarised financial information concerning each of the Company's reportable business segments is as follows:

OPERATING SEGMENTS

	2018						
(NOK1,000)	SMB	Enterprise	Custom Solutions	Commerce Solutions	Cloud Infrastructure Services	Other	Total
Revenues							
Total segment revenues	5 310 822	4 576 944	1 960 004	1 023 893	493 009	524 291	13 888 963
Internal revenues	846 421	991 481	207 115	36 817	2 738	415 079	2 499 651
External revenue on each group of similar products and services							
On-premises Software	1 761 082	1 249 507	527 773	0	0	0	3 538 363
Cloud Computing	2 592 180	2 211 291	1 204 665	975 122	466 680	103 203	7 553 142
Other	111 138	124 665	20 451	11 954	23 591	6 008	297 808
External revenues	4 464 401	3 585 464	1 752 890	987 076	490 271	109 212	11 389 313
Growth (external) %	18,9%	53,8%	49,7%	38,5%	9,8%	-8,4%	33,4%
External revenue by timing of revenue recognition							
Services transferred at a point in time	449 896	1 112 973	1 533 598	35 814	44 096	10 859	3 187 236
Services provided over time	4 014 505	2 472 491	219 292	951 262	446 175	98 353	8 202 076
External revenues	4 464 401	3 585 464	1 752 890	987 076	490 271	109 212	11 389 313
EBITDA	1 456 875	755 138	293 067	237 209	34 977	17 654	2 794 919
EBITDA margin	32,6%	21,1%	16,7%	24,0%	7,1%	16,2%	24,5%
Profit before tax	1 024 453	80 966	165 501	126 427	12 699	-284 365	1 125 681
Assets	8 745 609	14 543 308	2 774 214	2 122 376	579 622	879 546	29 644 675

NOTE 2 CONTINUED

(NOK1,000)	2017*						Total
	SMB	Enterprise	Custom Solutions	Commerce Solutions	Cloud Infrastructure Services	Other	
Revenues							
Total segment revenues	4 539 978	3 003 384	1 332 637	712 785	602 567	261 974	10 453 326
Internal revenues	784 094	671 685	161 860	0	155 886	142 743	1 916 269
External revenue on each group of similar products and services							
On-premises Software	1 861 393	1 154 563	487 259	0	1 713	1	3 504 929
Cloud Computing	1 790 269	1 137 617	662 846	707 485	420 113	110 189	4 828 520
Other	104 222	39 519	20 671	5 300	24 855	9 041	203 608
External revenues	3 755 884	2 331 699	1 170 776	712 785	446 681	119 231	8 537 056
External revenue by timing of revenue recognition							
Services transferred at a point in time	493 221	633 486	1 048 173	39 263	40 175	11 855	2 266 174
Services provided over time	3 262 663	1 698 213	122 604	673 522	406 505	107 376	6 270 883
External revenues	3 755 884	2 331 699	1 170 776	712 785	446 681	119 231	8 537 056
EBITDA	1 240 008	488 961	181 862	152 098	51 848	-13 553	2 101 225
EBITDA margin	33,0%	21,0%	15,5%	21,3%	11,6%	-11,4%	24,6%
Profit before tax	818 580	140 564	118 248	94 487	35 243	-214 416	992 704
Assets	8 573 475	6 314 111	1 943 241	1 028 001	452 438	1 394 541	19 705 807
Reconciliation			2018		2017*		
Profit before taxes and discontinued operations			1 125 681		992 704		
Net financial items			294 328		225 637		
Result from associated companies			3 050		7 840		
Depreciations and amortisations			1 371 860		875 043		
EBITDA from operating segments			2 794 919		2 101 225		
EBITDA			2 794 919		2 101 225		

Assets for associated companies are disclosed under "Other".

GEOGRAPHICAL AREAS

	2018			2017*		
	Net sales	% of net sales	**Long lived assets	Net sales	% of net sales	**Long lived assets
Norway	3 878 848	34,1%	4 647 557	2 990 687	35,0%	4 056 728
Sweden	3 033 754	26,6%	2 496 663	2 952 848	34,6%	3 087 576
Denmark	1 625 240	14,3%	3 550 622	990 049	11,6%	3 632 458
Finland	1 718 205	15,1%	2 329 583	1 277 324	15,0%	1 880 828
Netherlands	1 133 265	10,0%	8 230 431	326 147	3,8%	818 570
Total	11 389 313	100,0%	21 254 856	8 537 056	100,0%	13 476 160

* 2017 has been restated to reflect the effect of discontinued operations. Please refer to note 26 for more information.

** Long lived assets is defined as intangible assets, less deferred tax assets.

Assets and liabilities in foreign operations, including goodwill and fair value adjustments, are translated into NOK using the exchange rate applicable at the end of the reporting period. Income and expenses relating to foreign operations are translated into NOK using the average exchange rate. Exchange-rate differences are recognised in other comprehensive income.

NOTE 3 - PAYROLL AND PERSONNEL EXPENSES

CONSOLIDATED

(NOK 1,000)	2018	2017*
Salaries	3 492 085	2 813 850
Employer's national insurance contributions	687 194	523 727
Pension expenses	350 823	253 477
Other personnel expenses	791 070	449 216
Total	5 321 171	4 040 271
Average number of man-year	8 876	6 262

* 2017 has been restated to reflect the effect of discontinued operations. Please refer to note 26 for more information.

Pensions

Visma has contribution-based schemes in the Netherlands, Denmark, Finland, Sweden and Norway. The company is for the Norwegian employees required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension (Lov om obligatorisk tjenestepensjon). The company's pension scheme meets the requirements of that law. The annual contribution to the scheme is expensed as the year's pension expenses. Visma has no obligation beyond the annual contribution. Expenses related to the contribution plan were TNOK 350 823 in 2018 and TNOK 253 727 in 2017. In addition to the defined contribution-based schemes, Visma has one defined benefit plan in Sweden covering 11 employees.

NOTE 4 - GOODWILL AND OTHER INTANGIBLE ASSETS

CONSOLIDATED

(NOK 1,000)	Trademark	Technology	Software rights	Capitalized development expenses	Contracts & Customer relationships	Goodwill
Cost as at 1 January 2018, net of accumulated amortisation	0	0	2 031 632	404 425	2 586 780	8 453 324
Acquisitions	0	0	1 621 259	379 351	3 367 662	3 971 354
Additions	0	0	0	103 441	0	0
Disposal	0	0	(66 500)	(25 778)	(43 175)	(497 652)
Amortisation	0	0	(508 524)	(144 131)	(658 480)	0
Exchange adjustments	0	0	97 888	(39 524)	104 690	116 816
Balance at 31 December 2018	0	0	3 175 755	677 784	5 357 476	12 043 842
Carrying amount at 1 January 2018						
Cost	5 004	129 543	3 470 680	759 340	4 644 419	8 584 527
Accumulated amortisation and impairment	(5 004)	(129 543)	(1 439 048)	(354 915)	(2 057 640)	(131 203)
Carrying amount at 1 January 2018	0	0	2 031 632	404 425	2 586 780	8 453 324
Carrying amount at 31 December 2018						
Cost	5 004	129 543	5 123 327	1 176 830	8 073 596	12 175 045
Accumulated amortisation and impairment	(5 004)	(129 543)	(1 947 572)	(499 046)	(2 716 120)	(131 203)
Carrying amount at 31 December 2018	0	0	3 175 755	677 784	5 357 476	12 043 842

NOTE 4 CONTINUED

Contracts and Customer relationships represent intangible assets purchased through the effect of business combinations. The useful lives of these intangible assets were estimated as having a finite life and is amortised under the straight-line method over a period of 4-7 years. These assets are tested for impairment where an indicator on impairment arises. Purchased rights represent intangible assets purchased through the effect of business combinations. The useful lives of these intangible assets were estimated as having a finite life and is amortised under the straight-line method over a period of 4-15 years. These assets are tested for impairment where an indicator on impairment arises.

Technology represents intangible assets purchased through the effect of business combinations. The useful lives of these intangible assets were estimated as having a finite life and is amortised by using the declining balance method. Trademark represents intangible assets purchased through the effect of business combinations and is amortised with 12% by using the declining balance method.

Development costs are internally generated and amortised under the straight-line method over a period of 4 years.

Goodwill represents intangible assets purchased through the effect of business combinations. These assets are not amortised, but are annually tested for impairment or if an indicator on impairment arises. Reference is made to Note 23.

INVESTMENT IN PURCHASED RIGHTS, GOODWILL, CONTRACTS AND CUSTOMER RELATIONSHIPS

(NOK 1,000)	Acquired (year)	Software rights	Capitalized development expenses	Contracts & Customer relationships	Goodwill
Co3 A/S	2018	18 928	-	26 499	32 818
Optiway AB	2018	25 561	-	35 785	50 293
Kapacity A/S	2018	37 230	-	52 122	67 459
MyOpt Consulting OY	2018	13 707	751	19 190	28 983
Tradinghouse AS	2018	-	-	756	1 769
Smartdok AS	2018	72 857	-	101 999	155 909
WGR Data AB	2018	16 164	-	22 630	31 466
Agenteq Solutions OY	2018	52 821	-	73 949	64 658
Lessmore AB	2018	11 354	-	15 896	24 844
Pink Web Applications BV	2018	19 666	914	27 532	33 467
Raet Group	2018	992 206	339 300	2 491 455	2 802 905
Aditro Public Oy	2018	101 071	31 132	141 500	152 000
Triangel Solutions AS	2018	16 500	-	23 100	30 880
Meat Digital AS	2018	-	-	4 944	5 824
Merit Tarkvara AS	2018	21 645	-	30 303	42 553
KBOSS.hu Kft	2018	45 502	-	63 703	88 454
Websystemer AS	2018	60 750	1 245	85 050	109 158
ProActive International BV	2018	74 342	1 991	104 078	157 096
Idella Groep BV	2018	49 795	4 137	69 713	78 373
Adjustments*	2018	-8 838	-120	-22 540	12 446
Total		1 621 259	379 351	3 367 662	3 971 354

* Adjustments are related to earn-out payments for Dinero, Digital Illustrated, Cox, PPG, Smartskill, bWise, Megafelx, Doneco, e-Identitet, sale of Visma Labs A/S and development of an app for Visma Business. For further details and comments on acquisitions, please see Note 1

NOTE 4 CONTINUED

(NOK 1,000)	Trademark	Technology	Software rights	Capitalized development expenses	Contracts & Customer relationships	Goodwill
Cost as at 1 January 2017, net of accumulated amortisation	0	0	1 531 124	264 999	1 389 124	6 100 589
Acquisitions	0	0	774 281	144 718	1 530 972	1 989 244
Additions	0	0	0	68 532	0	0
Disposal	0	0	0	0	0	0
Amortisation	0	0	(402 105)	(80 224)	(458 760)	0
Exchange adjustments	0	0	128 332	6 399	125 443	363 492
Balance at 31 December 2017	0	0	2 031 632	404 425	2 586 780	8 453 324
Carrying amount at 1 January 2017						
Cost	5 004	129 541	2 568 067	539 691	2 988 004	6 231 792
Accumulated amortisation and impairment	(5 004)	(129 543)	(1 036 943)	(274 692)	(1 598 880)	(131 203)
Carrying amount at 1 January 2017	0	0	1 531 124	264 999	1 389 124	6 100 589
Carrying amount at 31 December 2017						
Cost	5 004	129 543	3 470 680	759 340	4 644 419	8 584 527
Accumulated amortisation and impairment	(5 004)	(129 543)	(1 439 048)	(354 915)	(2 057 640)	(131 203)
Carrying amount at 31 December 2017	0	0	2 031 632	404 425	2 586 780	8 453 324

	2018	2017
The Group has incurred the following software research and development expenses	1 686 027	1 417 795

Research and development expenses include salaries for employees in the Group's development department and an estimate of the development department's proportional share of the operating expenses. Development expenses have been assessed by the Group in accordance with IAS 38.

NOTE 5 - TANGIBLE FIXED ASSETS

CONSOLIDATED

(NOK 1,000)	Machinery and equipment	Property*	Total
At 1 January 2018	122 384	21 718	144 101
Investment	79 778	2 346	82 124
Investment from acquisition of subsidiary	36 558	0	36 558
Disposal and scrap	0	0	0
Impairment	0	0	0
Depreciation for the year	(60 724)	0	(60 724)
Adjustment	(8 670)	0	(8 670)
At 31 December 2018	169 327	24 063	193 390
At 1 January 2018			
Cost	901 682	31 896	933 578
Accum. depreciation	(779 298)	(10 178)	(789 476)
At 1 January 2018	122 384	21 718	144 101
At 31 December 2018			
Cost	1 009 349	34 242	1 043 590
Accum. depreciation	(840 022)	(10 178)	(850 201)
At 31 December 2018	169 327	24 063	193 390
Depreciation rates (straight line method)	10-33.33%	0 - 4%	

(NOK 1,000)	Machinery and equipment	Property*	Total
At 1 January 2017	94 189	21 151	115 340
Investment	62 526	567	63 093
Investment from acquisition of subsidiary	10 808	0	10 808
Disposal and scrap	(96)	0	(96)
Impairment	0	0	0
Depreciation for the year	(54 707)	0	(54 707)
Adjustment	9 664	0	9 664
At 31 December 2017	122 384	21 718	144 101
At 1 January 2017			
Cost	818 780	31 329	850 109
Accum. depreciation	(724 591)	(10 178)	(734 769)
At 1 January 2017	94 189	21 151	115 340
At 31 December 2017			
Cost	901 682	31 896	933 578
Accum. depreciation	(779 298)	(10 178)	(789 476)
At 31 December 2017	122 384	21 718	144 102
Depreciation rates (straight line method)	10-33.33%	0 - 4%	

* Properties that are not depreciated are tested for impairment where an indicator of impairment arise.

NOTE 6 - TRADE RECEIVABLES, CONTRACT ASSETS AND CONTRACT LIABILITIES

CONSOLIDATED

(NOK 1,000)	2018	2017
Accounts receivables	1 899 349	1 373 708
Contract assets	164 563	134 498
Total trade receivables and contract assets	2 063 912	1 508 206
Expected credit loss	(31 366)	(20 602)
Total trade receivables and contract assets net of expected credit loss	2 032 545	1 487 604
Net accounts receivables	1 867 982	1 353 106
Contract liabilities	1 489 302	1 343 393

On a consolidated basis the allowance for expected credit losses at 31.12.2018 is TNOK 31 366 while at 31.12.2017 it was TNOK 20 602.

MOVEMENT IN ALLOWANCE FOR EXPECTED CREDIT LOSS AND CONTRACT ASSETS

Allowance for expected credit losses 1 January	20 602	15 296
Effect from (disposals) and acquisitions of business	3 450	2 627
Bad debts recognised as expense (expense reduction)	10 042	4 914
Recovered amounts previously written off	(2 727)	(2 236)
Provisions for bad debt 31 December	31 366	20 602

MOVEMENTS IN CONTRACT ASSET BALANCE

Opening balance 1 January	134 498
Additions to Balance during 2018	186 848
Amount from opening Balance recognized in P&L	(239 062)
Additions through M&A	96 540
Disposals	-14 261
Closing Balance 31 December	164 563

AGE DISTRIBUTION OF ACCOUNTS RECEIVABLES FROM INVOICED DATE

(NOK 1,000) 31 DECEMBER 2018	Trade receivables						Total
	Days past invoicing						
	Contract assets	Current (<31 days)	31-60 days	61-90 days	91-180 days	181+ days	
Expected credit loss rate	0,18%	0,18%	0,90%	8,43%	23,16%	40,06%	1,52%
Carrying amount at default	164 563	1 364 080	417 883	55 821	27 084	34 482	2 063 912
Expected credit loss	303	2 509	3 764	4 705	6 273	13 812	31 366

(NOK 1,000) 31 DECEMBER 2017	Trade receivables						Total
	Days past invoicing						
	Contract assets	Current (<31 days)	31-60 days	61-90 days	91-180 days	181+ days	
Expected credit loss rate	0,14%	0,14%	1,80%	15,47%	23,08%	32,62%	1,37%
Carrying amount at default	134 498	1 170 393	137 644	19 974	17 854	27 842	1 508 206
Expected credit loss	189	1 648	2 472	3 090	4 120	9 081	20 602

The expected credit loss is estimated based on historically incurred losses or events. The Group's accounts receivable which have been due for more than 180 days, excluding VAT, amount to TNOK 34 482 (TNOK 27 842 in 2017). Credit days varies between 15 and 45 days. There were no material individual items. The company considers the provision for expected credit loss to be adequate.

UNSATISFIED PERFORMANCE OBLIGATIONS

(NOK 1,000)	2018
Within one year	26 121
More than one year	-
Total	26 121

NOTE 7 - OTHER CURRENT AND LONG-TERM RECEIVABLES

CONSOLIDATED

OTHER CURRENT RECEIVABLES

(NOK 1,000)	2018	2017
Prepaid expenses	184 781	102 221
Other current receivables	127 424	115 407
Prepaid taxes	16 984	2 820
Revenues recognized not invoiced / work in progress	164 563	134 498
Total other current receivables	493 753	354 947

OTHER LONG TERM RECEIVABLES

(NOK 1,000)	2018	2017
Vendor loan note*	461 033	430 952
Other long term receivables	27 666	23 934
Total other long term receivables	488 699	454 886

* In 2016, Visma sold its BPO division. Part of the purchase price was paid in kind through the issuance of a NOK 400m Vendor Loan Note accruing 7% interest and recognized in the balance sheet under long term receivables.

NOTE 8 - OTHER OPERATING EXPENSES

CONSOLIDATED

(NOK 1,000)	2018	2017*
Rent	408 951	306 599
Other office expenses	165 092	121 307
Telecom, postage and IT	255 540	168 754
Travel expenses	135 841	108 680
Car expenses incl leasing	65 756	44 144
Sales and marketing	195 981	169 502
Audit, lawyers' fees and other consulting services	290 530	254 206
Bad debts	17 214	18 015
Total other operating expenses	1 534 905	1 191 206

* 2017 has been restated to reflect the effect of discontinued operations. Please refer to note 26 for more information.

NOTE 9 - FINANCIAL INCOME AND EXPENSES

CONSOLIDATED

(NOK 1,000)	2018	2017*
Financial income include:		
Dividend/transfer from investments	5 000	23 400
Other interest income	14 255	22 859
Foreign exchange gains**	0	0
Other financial revenues (PIK)	63 246	24 254
Total financial income	82 501	70 513
Financial expenses include:		
Interest expense	318 483	267 688
Foreign exchange losses**	5 630	14 752
Other financial expenses***	52 716	13 710
Total financial expenses	376 829	296 150

* 2017 has been restated to reflect the effect of discontinued operations. Please refer to note 26 for more information.

** Foreign exchange gains/losses are in all material respects associated with inter-company items that represent foreign exchange risk for the Group that is not considered part of a net investment.

*** Other financial expenses consists mainly of funding fees amortized in connection with the long term interest bearing loans.

NOTE 10 - INCOME TAX

The major components of income tax expense for the years ended 31 December 2018 and 2017 are:

(NOK 1,000)	2018	2017
Consolidated statement of profit and loss		
Current income tax charge	339 341	205 570
Changes in deferred taxes	-141 234	-26 690
Income tax expense reported in the statement of profit or loss	198 107	178 880
Consolidated statement of other comprehensive income (loss)		
Net gain (loss) on financial hedging instruments	(939)	36 746
Net (gain)/loss on actuarial gains and losses	0	(1 543)
Deferred tax charged to OCI	(939)	35 203

Below is an explanation of why the tax expense for the year does not make up 23% of the pre-tax profit. 23% is the tax rate of the parent company Visma AS.

	2018	2017
Ordinary profit before tax from continuing operations	1 125 681	992 704
Profit/(loss) before tax from discontinued operations	657 627	-65 762
Ordinary profit before tax	1 783 309	926 943
23 % (24%) tax on ordinary profit before tax	410 161	222 466
Adjustments in respect of current income tax of previous years		
Permanent differences*	(148 542)	8 322
Different tax rate in group companies	(12 465)	(19 337)
Change in tax rates**	(48 364)	(11 150)
Loss (profit) from associated company	(702)	(1 882)
Tax from prior year	0	0
Non taxable dividend received	(4 850)	(22 698)
Recognised previous unrecognised tax loss	0	0
Tax expense	195 239	175 722
Income tax expense reported in the statement of profit or loss	198 107	178 880
Income tax attributable to a discontinued operation	-2 869	-3 157
Effective tax rate from continuing operations	17,6%	18,0%

* Mainly related to the Hosting and Retail division divestments in 2018.

** The following countries have changed the corporate tax with effect from 2018 affecting the temporary differences and deferred tax as at 31.12:

- Norway changed corporate tax rate from 23% to 22%
- Netherlands changed corporate tax rate from 25% to 24,3%

NOTE 10 CONTINUED

DEFERRED TAX AND DEFERRED TAX ASSETS

	Consolidated statement of financial position		Consolidated statement of profit or loss	
	2018	2017	2018	2017
Current assets/liabilities	101 852	93 315	8 537	-19 517
Fixed assets/long term liabilities	2 016 173	1 129 288	-182 403	32 862
Tax losses carried forward	(7 386)	(40 018)	32 632	-40 035
Net deferred tax liability / (asset)*	2 110 639	1 182 584	-141 234	(26 690)
Reflected in the statement of financial position as follows:				
Deferred tax asset	52 863	77 563		
Deferred tax liability	2 163 502	1 260 148		
Net deferred tax liability / (asset)	2 110 639	1 182 585		
	2018	2017		
Deferred tax opening balance	1 182 585	826 403		
Taken to other comprehensive income including currency effects	(939)	(10 362)		
Change in group contribution related parties	(130 319)	(116 468)		
Currency effects	30 918	23 777		
Changes due to acquisitions	1 197 666	509 317		
Changes due to disposals*	(27 099)			
Taken to profit and loss	(142 173)	(50 083)		
Deferred tax closing balance	2 110 639	1 182 585		

*The tax losses carried forward relate in all material respect to acquisitions made. The losses are available indefinitely to offset against future taxable profits in the companies in which the losses arose and through realistic tax planning strategies within different tax regimes.

NOTE 11 - RELATED PARTY DISCLOSURES

CONSOLIDATED

Visma AS	Registered office	Holding%**	Book value***
Visma Danmark Holding A/S*	Copenhagen	100,00%	794 960 997
Visma Romania Holding SRL *	Sibiu	100,00%	49 954 150
Visma Finland Holding OY*	Helsinki	100,00%	244 789 512
Visma Nederland Holding BV*	Amsterdam	100,00%	500 394 522
Visma Norge Holding AS*	Oslo	100,00%	2 090 776 632
Visma Sverige Holding AB*	Växjö	100,00%	6 080 187
Visma International Holding AS*	Oslo	100,00%	428 988 569
Visma Latvia Holding SIA *	Riga	100,00%	53 416 300
Visma Treasury AS	Oslo	100,00%	5 000 000
Visma Labs s.r.o	Košice	100,00%	3 343 655
Total (NOK)			4 177 704 524

Visma Norge Holding AS

Visma Software International AS	Oslo	100,00%	519 718 353
Visma Software AS	Oslo	100,00%	562 563 079
Tripletex AS	Oslo	100,00%	59 018 636
Visma Unique AS	Oslo	100,00%	233 215 250
Websystemer AS	Bergen	100,00%	244 849 844
Visma IT & Communications AS	Oslo	100,00%	66 326 991
Visma Collectors AS*	Trondheim	100,00%	183 735 963
Visma Smartskill AS,N	Sarpsborg	100,00%	132 146 225
Visma Commerce AS	Oslo	100,00%	12 845 694
Visma Advantage AS	Oslo	100,00%	32 508 050
Exso AS,N	Baråker	100,00%	266 234 526
Visma Consulting AS	Oslo	100,00%	214 663 481
bWise AS	Oslo	100,00%	115 820 641
Visma Software Labs AS	Oslo	100,00%	611 129 176
Visma Mamut AS	Oslo	100,00%	38 509 839
Mystore.no AS	Tromsø	100,00%	110 880 638
Trollweb Solutions AS	Sandnes	100,00%	74 977 898
Meat Digital AS	Fredrikstad	100,00%	14 272 344
Admincontrol AS	Oslo	100,00%	396 226 573
Smartdok AS	Alta	100,00%	291 858 230
Raet Belgium NV	Brussels	0,00%	1
Raet Peru SAC	Lima	0,10%	7 447
Raet Mexico	Mexico City	0,03%	383
Sugra NV	Brussels	0,07%	1
Tradinghouse AS	Røyken	100,00%	2 489 688
Triangel Solutions AS	Molde	100,00%	66 343 750
Total (NOK)			4 250 342 699

NOTE 11 CONTINUED

Visma Sverige Holding AB	Registered office	Holding%**	Book value***
Visma Software AB	Malmø	100,00%	166 488 771
InExchange Factorum AB	Skövde	100,00%	210 637 668
Visma Spcs AB	Växjö	100,00%	920 299 345
Visma Esscom AB	Bromman	100,00%	131 817 328
Visma Collectors AB	Helsingborg	100,00%	250 386 195
Visma Advantage AB	Stockholm	100,00%	30 674 009
Visma Finans AB	Växjö	100,00%	4 997 792
Information Factory AB	Uppsala	100,00%	104 312 163
Visma Enterprise AB	Stockholm	100,00%	590 804 120
Visma Labs AB	Stockholm	100,00%	531 841 238
Visma IT & Communications AB	Växjö	100,00%	2 220 000
Visma Commerce AB	Linköping	100,00%	252 689 765
Spendency AB	Stockholm	50,10%	11 500 000
Optivasys AB	Gothenburg	100,00%	57 857 357
Visma Lindhagen AB	Stockholm	100,00%	4 000 000
Visma Consulting AB*	Kista	100,00%	293 862 026
Movenium AB	Stockholm	100,00%	36 916
Visma Vipsen AB*	Växjö	100,00%	164 083 286
Speedledger AB	Gothenburg	100,00%	238 405 562
Trollweb Solutions AB	Norrköping	100,00%	25 252 525
WGR Data AB	Stockholm	100,00%	70 021 001
Bluegarden AB	Stockholm	100,00%	500 000
Medvind Informationsteknik AB	Stockholm	100,00%	408 000
Visma Comenius AB	Kalmar	100,00%	152 090 852
Svensk e-identitet AB	Uppsala	100,00%	85 040 390
Admincontrol Sweden AB	Stockholm	100,00%	24 264 483
Lessmore AB	Örebro	100,00%	49 721 372
Total (SEK)			4 374 212 164

Visma Danmark Holding A/S			
LogBuy Danmark ApS	Copenhagen	100,00%	32 805 826
Visma Software A/S	Copenhagen	100,00%	58 946 298
Visma Consulting A/S	Copenhagen	100,00%	171 425 155
Mind4IT A/S	Copenhagen	100,00%	93 775 193
Co3 A/S	Ikast	100,00%	58 466 015
Kapacity A/S	Copenhagen	100,00%	114 410 627
Dinero Regnskab ApS	Copenhagen	100,00%	156 391 784
Visma e-economic A/S	Copenhagen	100,00%	1 098 331 587
Trollweb Solutions ApS	Copenhagen	100,00%	720 863
Visma Bluegarden A/S	Copenhagen	100,00%	1 152 052 916
Total (DKK)			2 937 326 264

NOTE 11 CONTINUED

Visma Finland Holding Oy	Registered office	Holding%**	Book value***
Visma PPG Oy	Turku	100,00%	26 517 594
Visma Labs Oy	Helsinki	100,00%	2 700
Visma Software Oy	Espoo	100,00%	40 336 047
Visma Enterprise Oy	Helsinki	100,00%	49 600 383
Octo3 Oy	Lappeenranta	100,00%	9 612 660
Megaflex Oy	Helsinki	100,00%	13 366 676
Visma Consulting Oy	Helsinki	100,00%	15 929 199
Digital Illustrated Finland Oy	Helsinki	100,00%	5 286 682
Weoptit Oy	Helsinki	100,00%	5 702 692
Movenium Oy	Espoo	100,00%	7 810 797
Visma Solutions Oy	Lappeenranta	100,00%	56 341 182
Visma Passeli Oy	Pori	100,00%	20 334 663
Visma Public Oy	Espoo	100,00%	41 468 388
Visma Tampuuri Oy	Helsinki	100,00%	22 475 302
Total (EUR)			314 784 965

Visma Nederland BV*

Visma Software BV*	Schiphol-Rijk	100,00%	99 425 022
Visma Teleboekhouden BV	Schiphol-Rijk	100,00%	5 223 626
Davilex BV	Houten	100,00%	5 357 973
ProActive International BV*	Haarlem	100,00%	31 265 078
Emerald Bidco BV****	Amersfoort	100,00%	612 287 033
Pinkweb Applications IP BV*	Amersfoort	100,00%	8 449 038
Idella Groep BV*	Amersfoort	100,00%	20 833 772
Total (EUR)			782 841 541

Visma Latvia Holding SIA*

Visma Enterprise SIA	Riga	100,00%	6 131 369
Visma Software Labs SIA	Riga	100,00%	350 000
Visma Consulting SIA	Riga	100,00%	250 000
Total (EUR)			6 731 369

Visma Romania Holding SRL*

Visma Software SRL	Sibiu	100,00%	18 500 000
Total (RON)			18 500 000

NOTE 11 CONTINUED

Visma International Holding AS*	Registered office	Holding%**	Book value***
KBOSS.hu KFT	Budapest	100,00%	182 443 232
School Thing Limited	Dublin	100,00%	81 772 601
Visma Software Spa	Krakow	100,00%	15 653 486
Visma Lietuva UAB	Vilnius	100,00%	69 940 372
Visma Labs Ltd	Cork	100,00%	5 929 732
Visma Collectors Spa z.o.o	Warszawa	100,00%	5 800 339
Mamut Software Ltd	London	100,00%	16 402 612
Merit Tarkvara AS	Pärna	100,00%	86 578 752
Comenius Talent Management Ltd	Luton	100,00%	17 811 075
Raet Iberia SL	Madrid	100,00%	22 165 270
Raet Chile SpA	Santiago	100,00%	959 317
Raet Argentinia SA	Buenos Aires	100,00%	32 559 101
Raet Columbia SAS	Bogota	100,00%	1
Raet Peru SAC	Lima	99,90%	1 248 889
Raet Mexico S. De R.L de C.V.	Mexico city	99,97%	7 441 501
Total (NOK)			546 706 281

* Parent company in subgroup.

** For all Group companies, the holding is equal to the proportion of voting capital.

*** Book value in the company accounts of the individual company in the Group. In the company accounts shares in subsidiaries are recognized according to the cost method.

**** Emerald Bidco BV is the parent company of the Raet group where the main operating entity is Raet BV with registered office in Amersfoort, the Netherlands.

The Raet group is held 100 % by Emerald Bidco BV and the recorded book value is €87 436 720 Euro.

(NOK 1,000)	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties	Loans to related parties	Loans from related parties
Associates:						
SuperInvest AS - Group	24 253	4 045	2 349	20	0	0
Key management personnel of the group:	0	0	0	0	0	0

Reference is made to Note 16 for information about compensation of key management personnel of the group. Reference is made to the "Statement of changes in equity" note for information about group contribution to Archangel AS and Visma Group Holding AS.

The ultimate parent

Metatron AS is the ultimate parent entity of the group.

Other than administrative services, there were no transactions between the Visma group and Metatron AS during the financial year.

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2018, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

NOTE 12 - BANK DEPOSITS AND LOANS

The consolidated accounts include cash and bank deposits of TNOK 5 148 003 (TNOK 3 665 241 in 2017).

Of this, restricted cash amounts to TNOK 144 837 (TNOK 133 043 in 2017), whereof TNOK 63 780 relates to guarantee liabilities.

Group account facilities

In the Nordic countries, Visma Treasury AS has a group facility with Danske Bank, in which all units participate. The group account facility has been established to promote optimal cash flow management. In the agreement with Danske Bank, a cash-pool agreement is included where all affiliated entities accounts are zero-balanced. A tool for cash management and interest simplifies the financial control of the groups capital. The agreement gives an opportunity to enter limit appertaining to an entities account, which gives detailed control on unit level.

Interest bearing loans

The debt facilities were re-structured in May 2014 as part of an restructure of the debt profile in the Group. Related to this the senior debt facilities were extended. Further amendments were also made in March 2017. The financing benefits Visma with increased operational flexibility.

Senior facility loans are nominated in NOK, SEK, EUR and DKK

No form of compliance certificates is established on the Visma Group level. On the Archangel Group, form of compliance certificates were established on 03.12.2010. After the re-financing in September 2013 new form of compliance were established 05.09.2013 on the Visma Group Holding Group level. There were no breach of these covenants in 2018. The group is expected to pass all covenant-hurdles in the future.

(NOK 1 000)	Interest*	Interest			Interest accrued	Nominal value 31.12.2018	Due in		
		margin	Interest				2019	2020	2021
Senior Visma Sverige Holding AB	-0,35%	3,50%	3,15%	SEK	23 391	2 282 655	100 000	100 000	2 082 655
Senior Visma Finland Holding OY	-0,27%	3,50%	3,23%	EUR	667	63 479	0	0	63 479
RCF Visma Finland Holding OY	-0,27%	3,50%	3,23%	EUR	788	75 000	0	0	75 000
Senior Visma Danmark Holding AS	-0,15%	3,50%	3,35%	DKK	17 433	1 600 000	0	0	1 600 000
Senior Visma Nederland BV	-0,27%	3,50%	3,23%	EUR	2 086	197 170	0	0	197 170
Senior Visma Nederland BV TLB3	-0,27%	3,50%	3,23%	EUR	2 701	250 000	0	0	250 000
RCF Visma Nederland BV	-0,27%	3,50%	3,23%	EUR	430	70 000	0	0	70 000
Total Visma group translated to NOK				NOK	112 286	10 868 517	97 010	97 010	10 674 497
Expected interests to be paid				NOK			397 629	394 571	391 418
Interest swap Visma Sverige Holding AB				SEK	3 615	500 000			
Interest swap Visma Sverige Holding AB				SEK	1 253	400 000			
Interest swap Visma Finland Holding OY				EUR	247	50 000			
Interest swap Visma Danmark Holding A/S				DKK	1 566	460 000			
Interest swap Visma Danmark Holding A/S				DKK	512	300 000			
Interest swap Visma Nederland BV				EUR	143	26 000			
Interest swap Visma Nederland BV				EUR	32	30 000			
Interest swap Visma Nederland BV				EUR	64	60 000			
Interest swap Visma Nederland BV				EUR	67	60 000			
Total Visma group translated to NOK				NOK	12 988	4 133 878			

* Interest; For loans in NOK NIBOR - SEK STIBOR - EUR EURIBOR - DKK CIBOR

Reference is made to Note 20 for information about termination date and interest rate on interest swap agreements.

NOTE 12 CONTINUED

Average effective interest rate on financial instruments	2018	2017
Interest bearing deposits	0,32%	0,48%
Revolving credit facility	3,23%	3,35%
Acquisition facility	3,23%	3,35%
Loan secured by mortgage	3,66%	4,48%
Acquisition financing Visma AS		
Acquisition financing national holding companies	9 329 003	
Capitalised borrowing cost	(8 030)	
Other non interest bearing long term borrowings	2 444 003	
Total	11 764 977	

Reference is made to note 20 for information about interest risk and interest hedging instruments.
Trade payables are non-interest bearing and are normally settled on terms between 15 and 60 days.

Changes in Liabilities arising from financing activities	1 January 2018	Cash Flows	Foreign exchange movement	Changes in fair values	Other	31 December 2018
Short-term interest bearing bank loans	100 000	-100 000	0	0	97 010	97 010
Revolving credit facility	793 080	626 651	22 773	0	0	1 442 504
Long term interest bearing loans and borrowings	5 804 317	3 433 997	175 299	0	-92 639	9 320 973
Financial Hedging instruments	82 891	0	0	920	0	83 812
Total liabilities from financing activities	6 780 288	3 960 648	198 072	920	4 371	10 944 299

The 'Other' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings.

NOTE 13 - OTHER RESERVES

CONSOLIDATED

(NOK 1,000)	Financial hedging instruments (net of tax)	Exchange differences on translation of foreign operations (net of tax)	Other changes	Total other reserves
As at 1 January 2017	(122 652)	222 029	46 548	145 925
Changes in 2017	27 927	273 569	5 164	306 660
At 31 December 2017	(94 725)	495 598	51 712	452 585
Changes in 2018	(713)	66 554	-	65 841
At 31 December 2018	(95 439)	562 152	51 712	518 426

The following describes the nature of the equity component of other reserves:

Financial hedging instruments

This includes fair value changes of interest swap contracts (net of tax, ref. note 20).

Exchange differences on translation of foreign operations

Foreign currency translation includes exchange differences arising from the translation of the financial statements of foreign subsidiaries (net of tax).

NOTE 14 - SHARE CAPITAL AND SHAREHOLDER ISSUES

CONSOLIDATED

At 31.12.2018, the company's share capital consists of 1 share with a nominal value of NOK 186,700,500 fully paid. One share entitles the holder to one vote. No changes to the number of shares has taken place in 2018. The share capital was increased by NOK 187 on 19 July 2018.

Shareholders at 31.12.2018	Holding (%)
Archangel AS	100%
Total	100%

NOTE 15 - SHARES OWNED BY THE BOARD AND EXECUTIVE EMPLOYEES

CONSOLIDATED

At the end of the financial year, members of the Board and executive employees owned the following shares in the ultimate parent company, Metatron AS.

	Holding
Board of Directors:	0,96%
Executive employees:	
Øystein Moan (CEO)	0,93%
Tore Bjerkan (CFO)	0,29%
Eivind Gundersen (Division Director Visma Software SMB)	0,03%
Total	1,28%

METATRON AS

Shareholder/Nominee	Ordinary A-shares	Preference B-shares	Total # Shares	%
Trio Debtco S.a.r.l. - Hg Capital funds	23 971 326	5 968 860 434	5 992 831 760	40,9%
Philomelos S.a.r.l. - Cinven funds	9 745 682	2 426 674 941	2 436 420 623	16,6%
Hornbeam Investment Pte Ltd - GIC funds	7 742 324	1 927 838 738	1 935 581 062	13,2%
Trio Co-Invest 2 S.a.r.l. - ICG funds	4 327 259	1 077 487 428	1 081 814 687	7,4%
Vesuvius Luxco S.a.r.l. - Montagu funds	3 526 257	878 038 030	881 564 287	6,0%
Jounce Debtco S.a.r.l. - Hg Capital funds	3 934 534	979 698 914	983 633 448	6,7%
Emerald Holdings S.a.r.l. - Hg Capital funds	1 587 989	395 409 472	396 997 461	2,7%
VMIN 2 AS	8 201 139	713 475 992	721 677 131	4,9%
Other management	5 734 999	206 452 462	212 187 461	1,4%
Total	68 771 509	14 573 936 411	14 642 707 920	100,0%

Only ordinary A-shares have voting rights.

During 2018, there was one share issue in Metatron AS. Shares were issued to Emerald Holdings S.a.r.l (396 997 461 shares).

NOTE 16 - COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

CONSOLIDATED

(NOK 1,000)	2018	2017
CEO SALARY AND OTHER REMUNERATION		
Salaries and benefits in kind	6 395	6 189
Bonus	7 000	7 786
Other	160	139
Total remuneration	13 554	14 115

The CEO's contract of employment provides for a termination payment equivalent to 18 months' salary.

The CEO has a bonus agreement that is subject to achieved revenue and EBTIDA.

Payment to the pension contribution plan amounted to NOK 51 502 in 2018.

No loans have been granted to or security pledged for members of the management group.

(NOK 1,000)	2018	2017
REMUNERATION TO THE MANAGEMENT (does not include CEO)		
Salaries and benefits in kind	24 798	18 440
Bonus	8 798	7 703
Other	1 252	1 045
Total remuneration	34 848	27 188

The executive management contract of employment provides for a termination payment between 6 and 12 months' salary.

The executive management has a bonus agreement that is subject to achieved EBITDA.

No loans have been granted to or security pledged for members of the management group.

Loans to employees

In some countries, employees are entitled to loans from the Group. The interest on loans to employees is not lower than the market interest rate. The other borrowing terms and conditions are generally the same as normal market terms and conditions. Loans to employees comprised in 2018 to TNOK 225 compared to TNOK 127 in 2017.

Remuneration to the board of directors

The Board will propose to the general meeting that the Board's remuneration for 2018 is set at TNOK 750 (TNOK 750) to the chairman of the Board.

The remuneration is paid in full by Visma AS.

REMUNERATION TO THE AUDITORS	2018				2017			
	Visma AS	Other Group companies	Other Auditors	Total	Visma AS	Other Group companies	Other Auditors	Total
(NOK 1,000)								
Audit services	954	13 801	1 374	16 128	1 104	13 334	1 334	15 772
Other attestation services	475	801		1 276	246	1 917		2 163
Tax services	169	597		766	344	358		702
Other services	6 009	2 392		8 401	10 989	105		11 094
Total	7 606	17 591	1 374	26 571	12 683	15 714	1 334	29 731

All fees are exclusive of VAT.

NOTE 17 - SECURED DEBT AND GUARANTEE LIABILITIES

CONSOLIDATED

Debtor	Actual guarantee debtor	Creditor	Type of guarantee	Guarantee limit
Visma AS	Visma Software BV, NL	Van Lanschot Bankiers N.V, NL	liability	TEUR no limit
Visma AS	DSB Business Solution International	Dell Products, Dublin, IR	liability	TEUR no limit
Visma AS	Visma Lindhagen AB, SE	Remulus Svealand 2AB, Stockholm, SE	lease of premises	TSEK 326 880
Visma AS	Visma Malmö AB, SE	AB Remulus Bassängkajen Malmö, Malmö, SE	lease of premises	TSEK 90 216
Visma AS	Visma AS, NO	Barcode 112 AS, Oslo	lease of premises	TNOK 45 233
Visma AS	Exso AS	Dell AS, NO	liability	TNOK 100
Visma AS	Visma Finland Holding Oy	Sponda Oyj	lease of premises	TEUR 73
Visma Danmark Holding AS	Visma Consulting A/S, DK	PFA Eiendomme A/S	lease of premises	TDKK 5
Visma Finland Holding Oy	Visma Consulting Oy	Tamro Oyj	liability	TEUR no limit
Visma Norge Holding AS	Visma Exso AS, NO	Naviga 10 AS	lease of premises	TNOK 0,2
Visma Norge Holding AS	Visma Exso AS, NO	Nils Hansensvei 3 AS	lease of premises	TNOK 1
Visma Norge Holding AS	Visma IT&C AS, NO	Digiplex Rosenholm AS, Oslo	lease of premises	TNOK 1
Visma Norge Holding AS	Visma Norge Holding AS, NO	Fram Eiendom AS, Oslo	lease of premises	TNOK 36 304
Visma Norge Holding AS	Visma Software International AS, NO	Dikeveien 54 Eiendom AS	lease of premises	TNOK 6
Visma Romania Holding Srl	Visma Software Srl	S.C Timisoara Office Building Srl	lease of premises	TEUR 185
Visma Romania Holding Srl	Visma Software Srl	S.C. Hattrick Office SRL	lease of premises	TEUR 179
Visma Sverige Holding AS	Visma EssCom AB	Gårdsfogdevägen 5-7, Bromma, SE	lease of premises	TSEK 2
Total guarantees			TNOK	490 620

Security is granted for loans as described in note 12 as follows:

Shares

Visma AS has pledged shares in the respective national holding companies. The national holding companies have pledged it's share holdings in subsidiaries. Refer to note 11 which describe the group structure.

Account receivables

Pledges on account receivables are established in most countries. In Finland and Sweden floating charge is established on some subsidiaries.

Operating assets

Pledges on operating assets are established in most Norwegian companies.

All securities granted will always be subject to local law.

NOTE 18 - COMMITMENTS

CONSOLIDATED

Operating lease commitments - Group as lessee

The Group has entered into commercial leases on certain motor vehicles and IT machinery. These leases have an average duration of between 1 and 5 years with no renewal options included in the contracts. There are no restrictions placed upon the lessee by entering these leases.

In addition the Group has entered into commercial property leases related to the Group's office buildings. These leases have remaining terms of between 1 and 10 years. As of 31.12.2018, 9 037 square meters in the office in Bjørvika is subleased, at a yearly value of MNOK 23.2.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	2018	2017
Within one year	470 293	375 861
After one year but no more than four years	1 410 880	1 127 582
More than five years	226 509	251 676

NOTE 19 - INFORMATION ON CALCULATION OF EARNINGS PER SHARE

CONSOLIDATED

The calculation is based on the following information:

(NOK 1,000)	2018	2017*
Majority's share of the Group's profit/loss for the year		
– Continuing operations	925 300	812 368
– Discontinued operations	660 496	-60 436
Majority's share of the Group's profit/loss for the year (NOK 1,000)	1 585 796	751 933
Time-weighted average number of shares 31 December	1,00	1,00
Earnings per share (NOK)	1 585 795 508	751 932 674
Effect of dilution:		
Share options	-	-
Time-weighted average number of shares 31.12 including options	1,00	1,00
Diluted earnings per share (NOK)	1 585 795 508	751 932 674

* 2017 has been restated to reflect the effect of discontinued operations. Please refer to note 26 for more information.

Earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year plus the effect of all dilutive potential ordinary shares.

NOTE 20 - FINANCIAL INSTRUMENTS

CONSOLIDATED

Market and technology risks

As all companies, Visma is exposed to general economical fluctuations and GDP developments in the different countries where Visma is selling its products and services. As a technology company, Visma is also exposed to risks associated with dramatic shifts in technology, and resulting changes in the competitive landscape. Competition have been present in our markets for many years and although Visma is used the competition it remains a constant challenge to preserve and gain market shares.

The market and technology risk exposure is however limited by the following factors:

- The products and services provided to a large degree cater to requirements that are mandatory and necessary regardless of the economical cycle
- Visma has many customers in different countries, and in many different verticals. This lowers the exposure to events affecting a single country or vertical market. Visma has many small customers, which simplifies the projects are simpler and lowers implementation risks.
- Visma has a wider range of products and services than its competitors, which provides more opportunities for cross-selling, more product sales to each customer, and less churn.
- Visma utilises both Microsoft based technology and Open Source/Java technology.

Financial risk

The Group's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has loan and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The Group has also entered into derivative instruments for hedging purposes, these derivatives have the same maturity as the bank debt - December 5th 2021. The Group does not use financial instruments, including financial derivatives, for trading purposes. The Group's senior management oversees the management of these risks.

Guidelines for risk-management have been approved by the board. The most significant financial risks for the Group are interest rate risk, liquidity risk, credit risk and exchange rate risk. The board and Management continuously evaluate these risks and determine policies related to how these risks are to be handled within the Group.

Credit risk

The Group are exposed to credit risk primarily related to accounts receivable and other current assets. The Group limits the exposure to credit risk through credits evaluation of its customers before credit are given.

The Group has no significant credit risk linked to an individual customer or several customers that can be regarded as a group due to similarities in the credit risk. The risk is limited due to the large number of customers and small amounts being invoiced to each customer.

The Group has guidelines for ensuring that sales are only made to customers that have not experienced any significant payment problems, and that outstanding amounts do not exceed certain credit limits.

The Group has not provided any guarantees for third parties liabilities. The maximum risk exposure is represented by the carrying amount of the financial assets in the balance sheet. The Group regards its maximum credit risk exposure to the carrying amount of trade receivables (see Note 6) and other current assets (see Note 7).

Interest-rate risk

The Group is exposed to interest-rate risk through its funding activities (see Note 12). All of the interest bearing debt has floating interest rate conditions which make the Group influenced by changes in the market rate. The objective for the interest rate management is to minimize interest costs and at the same time keep the volatility of future interest payments within acceptable limits. The Group has loans in NOK, DKK, SEK and EUR giving a natural hedge for the interest rate risk to the underlying cash flow in the companies.

NOTE 20 CONTINUED

	Adjustment in interest rates	Effect on profit before tax, TNOK
2018	± 50bps	± 33 673
2017	± 50bps	± 21 790

Derivative instruments designated as cash flow hedging instruments

Parts of the groups cash flow are related to interest rate risk. As a part of the refinancing in 2014, the group entered into interest rate contracts covering approximately 50% of the loan amounts. Interest rate contracts were also amended in 2017 to reflect the tenth amendment to the loan facilities. Interest rate for loans with floating rate has been hedged using interest rate swaps, where the group receives floating rate and pays fixed rate. The hedge is expected to exactly offset changes in expected cash flows due to fluctuations in the interest rate over the term of the debt. The effectiveness of the hedge relationship will be periodically assessed during the life of the hedge by comparing the current terms of the swap and the debt to assure they continue to coincide.

The table below shows the fair value of the interest swap contracts.

(NOK 1,000)	Fixed interest		Nominal value	Fair value*
Visma Sverige Holding AB from 14.03.16 to 05.12.21	0,62%	SEK	400 000	(3 811,2)
Visma Sverige Holding AB from 05.09.13 to 05.12.21	1,88%	SEK	500 000	(22 704,5)
Visma Finland Holding OY from 07.09.15 to 05.12.21	1,25%	EUR	50 000	(19 883,4)
Visma Danmark Holding A/S from 07.09.15 to 05.12.21	0,90%	DKK	460 000	(15 500,4)
Visma Nederland BV from 07.09.15 to 05.12.21	1,42%	EUR	26 000	(11 652,8)
Visma Nederland BV from 05.09.18 to 05.12.21	0,06%	EUR	30 000	(1 478,3)
Visma Nederland BV from 05.09.18 to 05.12.21	0,06%	EUR	60 000	(2 460,0)
Visma Nederland BV from 05.09.18 to 05.12.21	0,08%	EUR	60 000	(2 774,1)
Visma Danmark Holding A/S from 27.03.18 to 05.12.21	0,38%	DKK	300 000	(3 546,9)
Total in NOK				(83 811,6)

* Fair value adjustment as market to market value at year end 2018, for the remaining life of the contracts.

Effect from hedging instruments on profit and balance sheet in 2018

(NOK 1,000)	2018	2017
Effect of net gain(loss) on financial hedging instruments recognized as other comprehensive income	(939)	36 746
Tax impact of gain/loss on financial hedging instruments recognized as other comprehensive income	225	(8 819)
Effect of financial hedging instruments in statement of financial position	83 812	82 891
Tax impact of change on hedging instruments in statement of financial position	(20 464)	(20 257)

NOTE 20 CONTINUED

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due (reference is made to Note 12 for the loan repayment schedule). The Groups approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Groups reputation. Surplus liquidity is primarily invested in bank deposits.

Exchange rate risk

The Group is exposed to changes in the value of NOK relative to other currencies (SEK, DKK and EUR), due to production and sales operations in foreign entities with different functional currencies. The net income of the Group is also affected by changes in exchange rates, as the profit and loss from foreign operations are translated into NOK using the weighted average exchange rate for the period. The Group has loans denominated in SEK, DKK and EUR to reduce the cash flow risk in foreign currency. The following table sets the Group's sensitivity for potential adjustments in NOK exchange rate, with all the other variables kept constant. The calculation is based on equal adjustments towards all relevant currency. The effect in the profit is a result of adjustments in monetary items.

	Adjustment in interest rates	Effect on profit before tax, TNOK
2018	± 5%	± 31 014
2017	± 5%	± 25 404

Capital structure and equity

The primary focus of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholders value. The group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives policies or processes during the financial year. The Group monitors capital according to covenants described in note 12, and a measure of the ratio of net debt divided by total capital plus net debt as shown below.

	2018	2017
Interest-bearing debt	10 868 517	6 713 456
Less cash and cash equivalents	5 148 003	3 665 241
Net debt	5 720 514	3 048 215
Majority's equity	9 935 457	7 517 820
Total equity and net debt	15 655 970	10 566 034
Debt ratio	37%	29%

Determination of fair value

The fair value of financial assets classified as "available for sale" is determined by reference to published price quotations in an active market. For unquoted financial assets the fair value has been estimated using a valuation technique based on assumptions that are not supported by observable market prices.

Fair value of deferred consideration for acquisitions has been estimated using a valuation technique based on management's judgement of current and expected future financial performance of acquired companies and is therefore based on assumptions that are not supported by observable market prices.

The following of the Group's financial instruments are not measured at fair value: cash and cash equivalents, trade receivables, other current receivables, overdraft facilities and long-term debts. The carrying amount of cash and cash equivalents and overdraft facilities is approximately equal to fair value since these instruments have a short term to maturity. Similarly, the carrying amount of trade receivables and trade payables is approximately equal to fair value since they are entered into on "normal" terms and conditions. The fair value of loan notes have has been calculated using market interest rates.

NOTE 20 CONTINUED

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments.

(NOK 1,000)	2018		2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	5 148 003	5 148 003	3 665 241	3 665 241
Trade receivables	1 867 982	1 867 982	1 353 106	1 353 106
Available-for-sale investments	42 967	42 967	43 642	43 642
Other non-current assets	488 699	488 699	454 885	454 885
Financial liabilities				
Revolving credit facility	1 442 504	1 442 504	793 080	793 080
Short-term interest bearing bank loans	97 010	97 010	100 000	100 000
Trade and other payables	614 475	614 475	468 322	468 322
Financial hedging instruments	83 812	83 812	82 891	82 891
Current liabilities related to acquisitions	1 675 931	1 675 931	518 343	518 343
Non current liabilities related to acquisitions	823 850	823 850	340 040	340 040
Interest-bearing loans and borrowings:				
Bank loans	9 329 003	9 329 003	5 820 376	5 820 376

Fair value and carrying amounts of bank loans are not materially different because of variable interest rates and low credit spreads.

Fair value hierarchy

As at 31 December 2018, the Group held the following financial instruments measured at fair value:

(NOK 1,000)	31 Dec. 2018	Level 1	Level 2	Level 3
Assets measured at fair value				
Available-for-sale investments	42 967			42 967
Liabilities measured at fair value				
Financial hedging instruments	83 812		83 812	
Current liabilities related to acquisitions	1 675 931			1 675 931
Non current liabilities related to acquisitions	823 850			823 850

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

NOTE 21 - AVAILABLE-FOR-SALE FINANCIAL ASSETS

CONSOLIDATED

(NOK 1,000)	Fair value 01.01.2018 IFRS	Additions and reductions	2018
Shares unlisted			
Project X International Ltd	38 723	0	38 723
Other	4 919	(675)	4 244
Total	43 642	(675)	42 967

Available-for-sale financial assets consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate. The fair value of the unlisted shares has been estimated using a valuation technique based on assumptions that are not supported by observable market prices or rates. Management believes the estimated fair values resulting from the valuation technique which are recorded in the statement of financial position are reasonable and the most appropriate at the balance sheet date.

NOTE 22 - OTHER CURRENT AND NON-CURRENT LIABILITIES

CONSOLIDATED

(NOK 1,000)	2018	2017
Other current liabilities		
Deferred revenue	1 489 302	1 343 393
Accrued interests	125 273	88 702
Deferred payment	210 746	518 343
Institutional deferred payment	1 465 186	0
Other short-term liabilities	1 080 663	846 158
Total other current liabilities	4 371 169	2 796 596

Ref. note 17 for security to guarantee short term debt.

Ref. note 25 for conversion of institutional deferred payment to equity after the balance sheet date.

(NOK 1,000)	2018	2017
Other non-current liabilities		
Deferred payment	823 850	336 009
Other non-current liabilities	45 588	18 593
Total other non-current liabilities	869 438	354 602

NOTE 23 - IMPAIRMENT TESTING OF GOODWILL

CONSOLIDATED

Goodwill acquired through business combinations has been allocated to 5 cash generating units (CGU) for impairment testing as follows:

- 1 SMB and Commerce Solutions
- 2 Enterprise
- 3 Cloud Infrastructure Services
- 4 Custom Solutions
- 5 Other (IT & HQ)

Key assumptions used in value-in-use calculations

The recoverable amount of the segments units has been determined based on a value in use calculation. Cash flow projections are based on budget for 2019 approved by management. For the period 2020-2022, management assumes an annual nominal increase in revenues of 3% and an annual EBITDA improvement of 0,5%. Management expects the Group's share of the market to be stable over the budget period. The discount rate applied to cash flow is 7,0% (2017: 7,0%) and cash flows beyond year 2022 are extrapolated using a 1% growth rate (2017: 1%). Based upon the similarity of market conditions within the Nordic market, the same method for determining recoverable amounts has been applied across the different countries.

Carrying amount of goodwill

(NOK 1,000)	2018	2017
SMB and Commerce Solutions	5 066 491	4 561 223
Enterprise	5 510 439	2 248 389
Cloud Infrastructure Services	304 814	564 431
Custom Solutions	1 147 496	801 908
Other (IT & HQ)	14 602	277 373
Total	12 043 842	8 453 324

The recoverable amounts for the different cash generating units are higher than the carrying amounts and no impairment loss is recognised in 2018. With regard to the assessment of value-in-use of the different cash generating units above, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the units to materially exceed its recoverable amounts. Estimated cash flows and growth rates used in determining the value in use exclude any estimated future cash inflows or outflows expected to arise from future restructuring or from improving or enhancing the asset's performance.

NOTE 24 - INVESTMENTS IN ASSOCIATED COMPANIES

CONSOLIDATED

Investments in associates are accounted for under the equity method. These are investments of a strategic nature in companies in which the Group has significant influence by virtue of its ownership interest.

Visma AS has the following investments in associates:

Entity	Country	Registered Office	Ownership interest	Carrying amount 31.12.2017	Investments and reductions	Net profit (loss) 2018	Carrying amount 31.12.2018	Fair value
SuperInvest AS - Group	Norway	Oslo	22,2%	76 076	0	-3 050	73 026	73 026
Total				76 076	0	-3 050	73 026	73 026

SuperInvest AS is an unlisted company, and fair value is based on the offer price when de-listed, adjusted for Visma's share of net profit (loss).

A summary of the financial information on the individual associated companies, based on 100% figures:

Entity	Assets	Liabilities	Equity	Revenues	Profit (loss) for the year
SuperInvest AS - Group*	543 515	217 839	325 676	416 166	9 483
Total	543 515	217 839	325 676	416 166	9 483

* Unaudited numbers 2018.

NOTE 25 - EVENTS AFTER THE BALANCE SHEET DATE

CONSOLIDATED

Significant events after the balance sheet date that occur before the Board of Directors has approved the financial statements may make it necessary to change the annual financial statements or to disclose the matter in the notes to the financial statements. If new information emerges regarding a matter that existed on the balance sheet date, and the matter is significant, the financial statements must be changed. If events concern matters that arose after the balance sheet date, the matters may have to be disclosed in a note.

Visma has in 2019 acquired the following companies: Brainshare IT sp.z o.o, EBPI Holding BV, IMS A/S, Provad Oy, Avento AS, Roxit Groep BV. Please refer to note 1 for more information.

The following 3 changes to the ownership structure of the mother company Metatron AS have occurred in 2019:

11.01.2019	HG Capital sold their 396 997 461 shares owned through Emerald Holdings S.a.r.l to the CPPIB fund CPP Investment Board Europe S.a r.l.
26.04.2019*	A share capital increase was performed, where HG Capital subscribed for 487 248 335 new shares through the fund Emerald New Holdco S.a.r.l.
16.05.2019	Cinven sold their 2 436 420 623 shares owned through Philomelos S.a.r.l to HG Capital fund Fenrir Bidco S.a.r.l (2 081 459 259 shares) and CPPIB fund CPP Investment Board Europe S.a r.l (354 961 364 shares)

* The subscription amount was settled as contribution in kind by transferring the loan note issued by Visma Nederland BV to HG Capital as part of the consideration for the Raet acquisition.

The loan agreement was amended and extended during February of 2019. The amendment included an increase of the existing senior facility in Visma Finland Holding of EUR 75m, and a new senior facility in Visma Nederland BV of EUR175m. A portion of the funds was used to repay the drawn amounts on the revolving credit facilities in Visma Finland Holding Oy (EUR 75m) and Visma Nederland BV (EUR 70m). The revolving credit facility limit was also increased from NOK 1 500m to NOK 2 000m.

NOTE 26 - DISCONTINUED OPERATIONS

CONSOLIDATED

On September 28th, Visma sold its Retail division except aftermarket entities Esscom and Exso to US private equity firm STG. The net consideration for the sale was TNOK 471 412. The gain from the sale of TNOK 116 492 is presented in the consolidated financial statement under discontinued operations.

On June 18th, Visma sold its Hosting division to Axcel. The net consideration for the sale was TNOK 914 52. The gain from the sale of TNOK 541 626 is presented in the consolidated financial statement under discontinued operations.

NOTE 26 CONTINUED

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

(NOK 1,000)	Retail 28.09.2018	Hosting 18.06.2018
ASSETS		
Deferred tax assets	285	-
Shares	-	-
Other intangible assets	321 610	311 495
Machinery and equipment	4 055	22 252
Property	-	-
Other long-term receivables	-	2 494
Inventories	19 845	-
Trade receivables	124 370	7 976
Other short term receivables	34 569	4 573
Cash and cash equivalents	42 563	113 456
Assets	547 297	462 246
LIABILITIES		
Other long-term liabilities	-	-
Deferred tax liability	9 620	13 730
Bank overdraft	-	-
Trade creditors	24 074	8 809
Public duties payable	31 701	4 547
Tax payable	-2 577	-2 605
Other current liabilities	115 991	80 745
Liabilities	178 809	105 226
Value of net assets	368 488	357 020
Attributable to equity holders of Visma AS	368 416	357 020
Non controlling interests	71	-
Net consideration	471 412	914 521
Net income	-13 496	15 874
Gain on sale	116 492	541 626

NOTE 27 - RAET CONSOLIDATION

CONSOLIDATED

On 5th July 2018 Visma purchased the Raet group, headquartered in Amersfoort, from HG Capital. Raet provides HR software and services primarily for the Dutch market but also have a strong presence in Latin America. Raet is included in the consolidated statement of income for Visma AS with TNOK 769 049 operating revenue and TNOK 5 939 profit for the year.

As the Raet group is not filing consolidated financial statements, the consolidated operating revenue and profit for the year is specified in the table below.

(NOK 1,000)	2018		
	Jan - Jun	Jul - Dec	Jan - Dec
Total operating revenue	755 952	769 049	1 525 001
Profit for the year	-225 974	5 939	-220 034

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PROFIT AND LOSS STATEMENT – 1 JAN. - 31 DEC.

VISMA AS

(NOK 1,000)	Note	NGAAP 2018	NGAAP 2017
OPERATING REVENUE			
Other revenue	1	153 855	120 939
Total operating revenue		153 855	120 939
OPERATING EXPENSES			
Cost of goods sold	1	39 000	32 000
Payroll and personnel expenses	2	75 711	67 897
Depreciation and amortisation expenses		1 464	435
Other operating expenses	3	21 370	22 456
Total operating expenses		137 545	122 788
Operating profit		16 310	(1 849)
FINANCIAL ITEMS			
Financial income	4	1 330 502	921 878
Financial expenses	4	(50 407)	(53 615)
Net financial items		1 280 095	868 264
Profit before taxes		1 296 405	866 415
Taxes	5	170 604	137 350
Profit for the year		1 125 801	729 065
Transfers and allocations			
Transferred to / (from) retained earnings		1 125 801	729 065
Total transfers and allocations	6	1 125 801	729 065
Group contribution paid (net after tax)		630 819	649 822

BALANCE SHEET – 31 DEC

VISMA AS

(NOK 1,000)	Note	NGAAP 2018	NGAAP 2017
ASSETS			
Non-current assets			
Intangible assets			
Deferred tax assets	5	262	0
Total intangible assets		262	0
Tangible fixed assets			
Property		23 807	21 718
Machinery and equipment		3 415	1 400
Total tangible fixed assets		27 222	23 118
Financial assets			
Shares in subsidiaries	8	4 177 705	3 198 011
Investment in associated companies	8	100 723	100 723
Total financial fixed assets		4 278 427	3 298 733
Total non-current assets		4 305 911	3 321 851
Current assets			
Inter-company receivables		848 097	676 667
Other current receivables	8	0	30
Total receivables		848 907	676 697
Cash and cash equivalents		195 169	490 448
Total current assets		1 043 265	1 167 146
TOTAL ASSETS		5 349 176	4 488 997

(NOK 1,000)	Note	NGAAP 2018	NGAAP 2017
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Paid-in capital			
Share capital		186 701	186 700
Share premium reserve		1 230 560	89 000
Other paid-in capital		413 113	352 251
Total paid-in capital	6	1 830 373	627 952
Retained earnings			
Retained earnings		2 689 288	2 001 330
Total equity	6	4 519 661	2 629 282
Non-current liabilities			
Deferred tax liability	5	0	2 028
Other long-term interest bearing loans and borrowings		20 536	925 426
Total non-current liabilities		20 536	927 454
Current liabilities			
Short-term bank loans		0	100 000
Short term liabilities to group companies		771 196	792 846
Trade creditors		4 555	645
Public duties payable		1 298	1 846
Other current liabilities		31 931	36 924
Total current liabilities		808 980	932 261
Total liabilities		829 516	1 859 715
TOTAL EQUITY AND LIABILITIES		5 349 176	4 488 997

Oslo, 23 May 2019



ØYSTEIN MOAN
Chairman of the Board and CEO



JEAN BAPTISTE VINCENT
ROGER ROBERT BRIAN
Director



TIMO LARJOMAA
Director



CHRISTOPHER JAMES GOOD
Director



EDWARD SHUCKBURGH
Director



NICHOLAS JAMES HUMPHRIES
Director



VINITH NAGARAJAN
Director



SØREN HOLT
Director



MERETE HVERVEN
Director

CASH FLOW STATEMENT - 1 JAN. - 31 DEC.

VISMA AS

(NOK 1,000)	NGAAP 2018	NGAAP 2017
Ordinary profit / loss before tax	1 296 405	866 415
Depreciation and amortisation expenses	1 464	435
Cash inflow from interest	(3 677)	(9 583)
Cash outflow from interest	50 407	52 034
Group contribution received	(769 354)	(601 707)
Dividend received from group companies	(550 500)	(278 370)
Dividend/transfer from investments	(5 000)	(23 400)
Write-down of shares	0	1 656
Cash flow from operations	19 744	7 479
Changes in debtors	3 910	(2 585)
Changes in public duties payable	(548)	(655)
Non-cash related financial items	(13 414)	(4 496)
Change in intercompany receivables/payables	(191 055)	(132 185)
Change in other accruals	99 346	67 269
Net cash flow from operations	(82 018)	(65 172)
Investment in tangible fixed assets	6 268	622
Sale of (investment in) businesses	(643 064)	(574 449)
Net cash flow from investments	(636 796)	(573 828)
Net cash flow from share issues	0	94 000
Received dividend/group contribution	1 232 167	2 404 420
Payment of dividend/group contribution	(792 846)	(2 086 644)
Cash inflow (repayments) of interest bearing loans	0	606 561
Cash inflow from interest	3 677	9 583
Cash outflow from interest	(21 435)	(38 881)
Net cash flow from financing activities	421 564	989 040
Net cash flow for the year	(297 250)	350 040
Cash and cash equivalents 1.1	490 448	131 590
Net foreign exchange difference	1 971	8 818
Cash and cash equivalents 31.12	195 169	490 448

ACCOUNTING PRINCIPLES

The annual accounts for Visma AS are prepared according to the Norwegian Accounting Act 1998, generally accepted accounting principles and apply for the period 1 January to 31 December 2017.

REVENUE RECOGNITION

The revenue consists of revenue from providing management services and marketing and branding activity provided to group companies. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made.

SUBSIDIARIES AND INVESTMENT IN ASSOCIATES

Subsidiaries and investments in associates are valued by the cost method in the company accounts. The investment is valued as cost of acquiring shares in the subsidiary, providing that write down is not required. Write down to fair value will be carried out if the reduction in value is caused by circumstances which may not be regarded as incidental, and deemed necessary by generally accepted accounting principles. Write downs are reversed when the cause of the initial write down are no longer present.

Dividends and group contributions are recognized in the same year as appropriated in the subsidiary accounts. If dividends exceed withheld profits after acquisition, the exceeding amount represents reimbursement of invested capital, and the distribution will be subtracted from the value of the acquisition in the balance sheet.

BALANCE SHEET CLASSIFICATION

Net current assets comprise creditors due within one year, and entries related to goods circulation. Other entries are classified as fixed assets and/or long term creditors. Current assets are valued at the lower of acquisition cost

and fair value. Short term creditors are recognized at nominal value. Fixed assets are valued by the cost of acquisition, in the case of non incidental reduction in value the asset will be written down to the fair value amount. Long term creditors are recognized at nominal value.

TRADE AND OTHER RECEIVABLES

Trade receivables and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful debts. Provisions for doubtful debts are calculated on the basis of individual assessments. In addition, for the remainder of accounts receivables outstanding balances, a general provision is carried out based on expected loss.

FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using the year end exchange rates. All exchange differences are recognised in the income statement.

SHORT TERM INVESTMENTS

Short term investments (stocks and shares are valued as current assets) are valued at the lower of acquisition cost and fair value at the balance sheet date. Dividends and other distributions are recognized as other investment income.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is capitalized and depreciated over the estimated useful economic life. Direct maintenance costs are expensed as incurred, whereas improvements and upgrading are assigned to the acquisition cost and depreciated along with the asset. If carrying value of a non current asset exceeds the estimated recoverable amount, the asset is written

down to the recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value.

INCOME TAX

Tax expenses in the profit and loss account comprise both tax payable for the accounting period and changes in deferred tax. Deferred tax is calculated at 23 percent on the basis of existing temporary differences between accounting profit and taxable profit together with tax deductible deficits at the year end. Temporary differences both positive and negative are balanced out within the same period. Deferred tax assets are recorded in the balance sheet to the extent it is more likely than not that the tax assets will be utilized.

To what extent group contribution not is registered in the profit and loss, the tax effect of group contribution is posted directly against the investment in the balance.

CASH FLOW STATEMENT

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term highly liquid placement with original maturities of three months or less.

USE OF ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts in the profit and loss statement, the measurement of assets and liabilities and the disclosure of contingent assets and liabilities on the balance sheet date. Actual results can differ from these estimates.

Contingent losses that are probable and quantifiable are expensed as occurred.

NOTE 1 - REVENUE

VISMA AS

(NOK 1,000)	2018	2017
Management service fee invoiced to group companies*	114 855	88 939
Invoiced marketing/branding expenses to group companies**	39 000	32 000
Total	153 855	120 939

* The company has chosen to centralize certain management activities in order to provide them at a lower cost and at higher quality compared to what each of the companies would be able to achieve on a separate basis. Central activities are strategic business development, finance and treasury, organizing of audit, legal activities.

** All companies in the Visma Group are obliged to use the Visma brand and logo. Thus all marketing activities performed by business units are to be done according to the Visma brand code. The companies pay a fee to the marketing department.

NOTE 2 - PAYROLL AND PERSONNEL EXPENSES

VISMA AS

(NOK 1,000)	2018	2017
Salaries	52 510	43 371
Salaries to employees other group units*	14 344	16 769
Employer's national insurance contributions	6 343	6 213
Pension expenses	948	605
Other personnel expenses	1 567	938
Total	75 711	67 897
Average number of man-years	18	15

For further information regarding compensation of key management, loans to employees and pensions, see note 3 and 16 in the consolidated accounts.

* Invoiced salary expenses regarding group management and management trainees hired in other group units.

NOTE 3 - OTHER OPERATING EXPENSES

VISMA AS

(NOK 1,000)	2018	2017
Rent	4 709	4 313
Other office expenses	7 898	7 298
Telecom, postage and IT	231	207
Travel expenses	2 530	1 503
Car expenses incl leasing	149	270
Sales and marketing	1 117	892
Audit, lawyers' fees and other consulting services*	4 736	7 972
Total other operating expenses	21 370	22 456

* Reference is made to note 16 in the consolidated financial statement.

NOTE 4 - FINANCIAL INCOME AND EXPENSES

VISMA AS

(NOK 1,000)	2018	2017
Financial income includes the following items:		
Dividend/transfer from investments and associated companies	5 000	23 400
Dividend from group companies	550 500	278 370
Other interest income	3 677	9 583
Foreign exchange gains	1 971	8 818
Group contribution	769 354	601 707
Total financial income	1 330 502	921 878
Financial expenses include:		
Interest expense	21 435	38 881
Write-down of shares	0	1 581
Other financial expenses	28 972	13 153
Total financial expenses	50 407	(53 615)

NOTE 5 - TAX ON ORDINARY PROFITS

VISMA AS

Deferred tax liabilities and assets are calculated on the basis of the temporary differences between book values and tax-related values in the balance sheet. All calculations are based on a nominal tax rate in respective tax-area.

(NOK 1,000)	2018	2017
Tax payable (tax effect of Group contribution)	170 688	137 272
Changes in deferred taxes	(84)	78
Income tax expense	170 604	137 350

SUMMARY OF TEMPORARY DIFFERENCES MAKING UP THE BASIS FOR THE DEFERRED ASSET/DEFERRED TAX LIABILITY

(NOK 1,000)		
Current assets/liabilities	0	9 679
Fixed assets/long term liabilities	(1 191)	(1 297)
Net temporary differences	(1 191)	8 382
Net deferred tax liability / (asset)	-262	1 928

NOTE 5 CONTINUED

VISMA AS'S TAX PAYABLE FOR THE YEAR HAS BEEN COMPUTED AS FOLLOWS:

(NOK 1,000)	2018	2017
Ordinary profit before tax	1 296 405	866 415
Permanent differences	1 084	6 577
Change in temporary differences	9 573	41
Non taxable dividend received from subsidiaries	(550 500)	(278 370)
Non taxable dividend received from Norwegian associated companies	(4 850)	(22 698)
Net taxable group contribution received / (paid)	(751 712)	(571 965)
Taxable profit	(0)	(0)

EXPLANATION OF WHY THE TAX EXPENSE FOR THE YEAR DOES NOT MAKE UP 23% OF THE PRE-TAX PROFIT

(NOK 1,000)	2018	2017
Ordinary profit before tax	1 296 405	866 415
23% (24%) tax on ordinary profit before tax	298 173	207 940
Adjustments in respect of current income tax of previous years	(262)	176
Permanent differences	(880)	(3 869)
Effect change in corporate tax	188	(88)
Non taxable dividend received from foreign subsidiaries	(126 615)	(66 809)
Tax expense	170 604	137 350
Effective tax rate	13 %	16 %

NOTE 6 - MOVEMENT IN EQUITY

VISMA AS

(NOK 1,000)	Paid-in share capital	Share premium reserve	Other paid-in capital	Retained earnings	Total equity
Equity as at 01.01.2018	186 700	89 000	352 251	2 001 330	2 629 282
Profit (loss) for the period				1 125 801	1 125 801
Group contribution from/(to) parent company			60 862	(437 844)	(376 982)
Issue of share capital	0,2	1 141 560			1 141 560
Equity as at 31.12.2018	186 701	1 230 560	413 113	2 689 288	4 519 661

For further information regarding share capital, shareholder issues and shares owned by the board and executive employees, see note 14 and 15 in the consolidated accounts.

For further information regarding notes, see notes 5,7,11,12,17 and 21 to the consolidated accounts.

NOTE 7 - COMMITMENTS

OPERATING LEASE COMMITMENTS - VISMA AS AS LEASEE

Visma AS has entered into a commercial property lease in Bjørvika, Oslo.
The location is fully subleased to external parties at a yearly value of NOK 23.2m.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

(NOK 1,000)	2018	2017
Within one year	23 234	22 450
After one year but no more than four years	46 469	44 899
More than five years	0	0

NOTE 8 - OTHER MATTERS

VISMA AS

For further information regarding share capital, shareholder issues and shares owned by the board and executive employees, see note 14 and 15 in the consolidated accounts. Visma AS's direct subsidiaries are listed below.

	Registered office	Holding %**	Book value***
VISMA AS			
Visma Danmark Holding A/S*	Copenhagen	100,00%	794 960 997
Visma Romania Holding SRL*	Sibiu	100,00%	49 954 150
Visma Finland Holding OY*	Helsinki	100,00%	244 789 512
Visma Nederland Holding BV*	Amsterdam	100,00%	500 394 522
Visma Norge Holding AS*	Oslo	100,00%	2 090 776 632
Visma Sverige Holding AB*	Växjö	100,00%	6 080 187
Visma International Holding AS*	Oslo	100,00%	428 988 569
Visma Latvia Holding SIA*	Riga	100,00%	53 416 300
Visma Treasury AS	Oslo	100,00%	5 000 000
Visma Labs s.r.o	Košice	100,00%	3 343 655
Total (NOK)			4 177 704 524

For further information regarding notes, see notes 5,7,11,12,17, 18, 21 and 24 to the consolidated accounts.



Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6, NO-0191 Oslo
Postboks 1156 Sentrum, NO-0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Visma AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Visma AS comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the balance sheet as at 31 December 2018, and profit and loss statement and cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the statement of financial position as at 31 December 2018, the income statement, statement of cash flows and the statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- ▶ the financial statements are prepared in accordance with the law and regulations;
- ▶ the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway;
- ▶ the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 27 May 2019
ERNST & YOUNG AS

Thomas Embretsen
State Authorised Public Accountant (Norway)



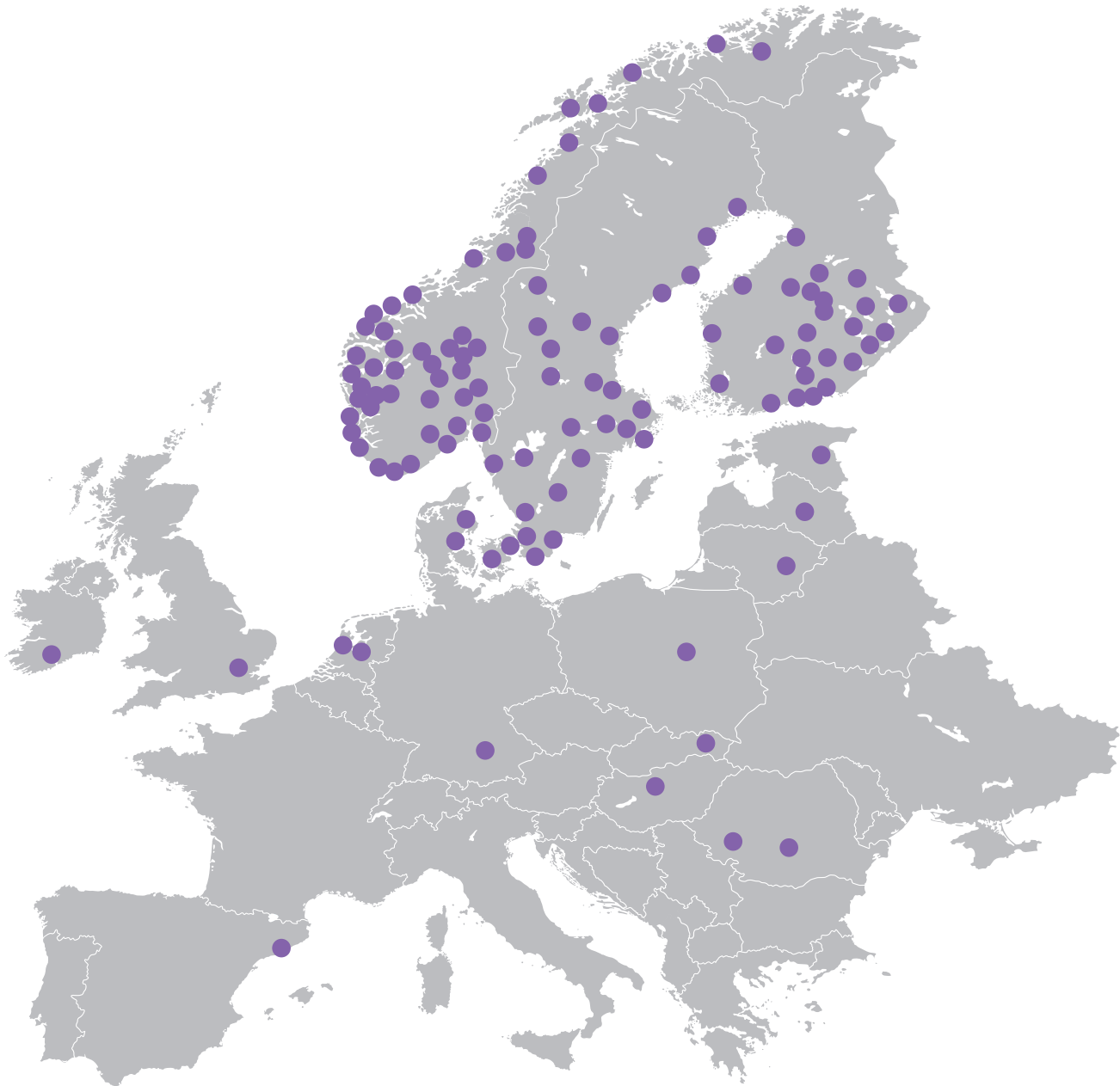


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Karenlyst allé 56, 0277 Oslo