

**EVRY**

Digital  
+dvantage

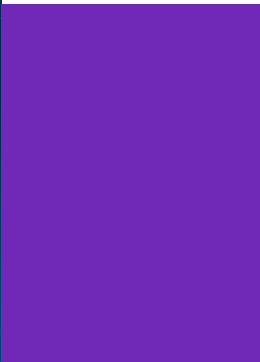


Interim Report for Q3 2018

OSLO BØRS TICKER: EVRY

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# About EVRY

EVRY is one of the leading IT services and software providers in the Nordic region and has more than 10,000 customers across the private and public sectors. Every day more than five million people in the Nordic region use solutions delivered by EVRY. Through its strong local presence and in-depth technological and commercial insight, EVRY is a driving force for innovation and modernisation at its customers. EVRY reported turnover of NOK 12.6 billion in 2017 and has around 8,500 employees across nine countries. Its headquarter is located at Fornebu just outside Oslo, and the company is listed on Oslo stock exchange.

[www.evry.com](http://www.evry.com)

# Financial highlights

The third quarter of 2018 continued with strong growth of 4% and solid earnings

- Revenue of NOK 3 005 million in Q3 2018, representing an organic growth of 4.0%
- Revenue of NOK 9 499 million YTD 2018, representing an organic growth of 3.9%
- EBITDA<sup>1</sup> of NOK 467 million in Q3 2018, representing an EBITDA margin<sup>1</sup> of 15.5%
- EBITDA<sup>1</sup> YTD 2018 of NOK 1 269 million, representing an EBITDA margin<sup>1</sup> of 13.4%
- Other income and expenses of NOK 108 million in Q3 2018, reduced by NOK 105 million from Q3 2017
- Last Twelve Months (LTM) Cash Conversion of 82.8%
- Backlog of NOK 17.8 billion as of 30 September 2018
- EPS<sup>1</sup> of NOK 0.79 in Q3 2018

(NOK million)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2017
Operating revenue	3 005	2 917	9 499	9 183	12 596
Organic growth	4.0 %	1.9 %	3.9 %	1.9 %	2.4 %
EBITDA <sup>1</sup>	467	472	1 269	1 264	1 821
EBITDA margin (%) <sup>1</sup>	15.5 %	16.2 %	13.4 %	13.8 %	14.5 %
EBITA <sup>1</sup>	413	408	1 107	1 073	1 569
EBITA margin (%) <sup>1</sup>	13.7 %	14.0 %	11.7 %	11.7 %	12.5 %
Free cash flow	34	-29	3	-33	913
Cash conversion (LTM)			82.8 %	84.1 %	91.6 %
Backlog (NOK billion)			17.8	17.9	18.0
Earnings per share <sup>1</sup>	0.79	0.75	1.87	1.76	2.82

1) Before other income and expenses

Organic growth is defined as revenue adjusted for impacts from acquisitions, divestment and foreign currency effects

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Björn Ivroth, CEO of EVRY explains:

*"I am pleased to see that EVRY continues to deliver solid earnings as well as strong organic growth in Q3. This favourable development is driven by good momentum in our business. All business areas reported stable order intakes of small and medium sized contracts during the quarter, which is the basis for us maintaining a strong backlog."*

*"We can in this quarter clearly see that we are benefiting from the investments we have made and our unique position as the end-to-end solutions provider in certain industry verticals. By combining our digital and cloud-based offerings within Consulting, Application and Platform Services with industry expertise, we create business value for our customers. We continue to invest to build differentiated capabilities and capture new growth opportunities. This is exemplified this quarter with our acquisition of Exonor, a future-oriented e-health company."*

# Business update

EVERY has a solid footprint within several industry sectors in the Nordics, like financial services, public and healthcare, retail, logistics, as well as the small- and medium-sized enterprise market (“SME”). IT-spend in these sectors are increasing and are predicted to be substantial in the years to come. This indicates an attractive opportunity for EVERY to expand its business offerings and capture the growth potential. To fully utilise the untapped market potential, EVERY needs to focus on customer relevance both in terms of deep industry specific knowledge and integrated service offerings for industry specific needs.

EVERY has identified common need areas across all industry segments for its customers. These areas include strengthening of customer relationships by providing relevant services and expertise, engaging employees by promoting productiveness and develop skills, enhance agility, efficiency and quality in core processes, develop and improve security, compliance and modernization of core systems. By adapting these needs into the organisation, EVERY is positioned to deliver and creating desired business value not only for its customers, but also the customers’ customers. The combination of capabilities such as industry specific knowledge, customer insight and technological expertise is the company’s competitive advantage. EVERY aims to drive scale and efficiency through partnerships, automation and more standardized processes and offerings.

*EVERY’s goal is to improve the services and business value that the company delivers to its customers, based on more standardized, flexible and repeatable concepts*

EVERY wants to leverage on its ability to deliver industry specific value propositions to its customers. This is based on deep industry knowledge combined with capabilities of both mature and emerging technology. The company’s local and regional market presence when approaching and delivering services to customers in the sizable SME-segment is also the company’s strength. Through implementation of a more integrated and scalable offering model, EVERY’s goal is to improve the services and business value that the company delivers to its customers. The model is based on more standardized, flexible and repeatable concepts. These concepts are and will be delivered through external partnerships and a critical mass of consultants with relevant capabilities, broad industry competence and expertise. The key industry segments for EVERY are Public & Health, Retail & Logistics, Industries & Services and SME, in addition to Financial Services.

EVERY’s number one position within the Financial Services segment in the Nordics is achieved through industry expertise acquired over many years. The integrated service offerings built on EVERY’s own IP based core banking and payment platform, and the unique position and experience built within the ATM and Cards segments underline this fact. This platform and position make Financial Services well positioned to capture future growth over the coming years and is the

proof point of a successful go to market model combined with an integrated offering that drive scalability and growth.

EVERY has proven in the Financial Services segment that the combination of industry expertise and integrated service offerings is a successful model. This is the model EVERY now is replicating across key industries for creating digital advantages for its customers in other industry segments. This means combining the offerings of Consulting, Application and Platform services with industry expertise to address the customers business challenges with a holistic perspective. Moreover, to capture the significant market potential that is identified in the key industry segments that EVERY is targeting.

*EVERY has proven in the Financial Services segment that the combination of industry expertise and integrated service offerings is a successful model*

## EXAMPLES OF HOW EVERY IS POSITIONED AND USES NEW TECHNOLOGY WITHIN SELECTED INDUSTRIES

Over the coming years, the healthcare sector will be investing significantly in modernizing its core technology systems and making greater use of industry-standard systems, to improve patient care and simplify collaboration within and between individual health trusts. Critical success factors for achieving these goals include improving work processes, simplifying how people collaborate, and improving training and service levels.

EVERY has, over several years, had a strong positioning within the healthcare sector, and is continuously strengthening its focus on health technology across the Nordic region, underpinned by the acquisition of Exonor in the third quarter of 2018. Exonor is a leading provider of strategic consultancy and support services in relation to implementing clinical IT systems. This acquisition will strengthen EVERY’s expertise in what is an operationally critical area for Nordic health trusts, and position EVERY to meet the future needs for health solutions in the healthcare sector.

With its strategic consultancy expertise and technical knowledge about managing and supporting core systems, Exonor helps its customers to modernize successfully, and to realize the full potential of digitalization. Exonor delivers strategic consultancy in relation to implementing and using clinical health systems. The company has also set up a service desk that serves hospitals across the Nordic region. The acquisition of Exonor is in line with EVERY’s healthcare strategy to positioning itself as a future-oriented healthcare technology partner focusing on specialized solutions based on own developed IP, partnership with leading healthcare suppliers, deep healthcare business knowledge, e-health solutions and skills.

The Automotive industry, which falls into EVERY’s Retail & Logistics key industry segment, is another example of EVERY delivering greater business value through the combination of deep industry knowledge and technological expertise, leveraging on resources and capabilities from both the Nordics and the Ukraine. The industry is currently exposed to new market dynamics such as the introduction of new electrical vehicles and engines, external car connection solutions, car sharing/pooling, efficient workshops and

maintenance etc. Being a car technician in the future implies significant changes to their daily work practices, combined with which competence and capabilities are required as the automotive industry becomes more technologically complex. Consequently, the importance of education and training of technicians will increase.

Volvo and EVRY have made a proof of concept (“PoC”) that has been very successful in identifying a more efficient way of supporting car technicians in their daily work and reducing capacity restraints in the workshop. Volvo and EVRY have collaborated closely to develop an iPad application and an augmented reality application for the Microsoft HoloLens (a holographic computer and head-mounted display), for use in the Innovation Office at Volvo Car Corporation. The aim is to assist technicians in the workshop and increase the overall workshop capacity by using digital tools whilst improving quality.



EVRY has also a solid step inside the Norwegian oil and gas industry in its key industry segment Industries and Services. On the Norwegian Continental Shelf (“NCS”) the 27 oil and gas operators spend approximately NOK 50 billion each year on products and services for running a safe and efficient production, involving more than 4 000 suppliers from around the globe. Matching the best provider for the thousands of requests is a major task that is time consuming and does not always make the best match on service or product quality, suitability, availability or price. For more than 20 years a system for qualifying the 4 000+ suppliers has been in place, called Achilles JQS, a Joint Qualification System (“JQS”) to match the operator requirements with the best suited suppliers in the market. A roadmap for digital transformation was needed, and EVRY has together with EPIM (Exploration & Production Information Management/ the owner of the JQS-Concept) developed a substitute for the old JQS. The first phase of the New Joint Qualification System was to establish a new technological platform based on leading open source and modern programming techniques. The new system has three main benefits:

Firstly, the suppliers would not need to update their key business information as it is already available and is continually updated with changes from public sources such as Brønnøysundregisteret. The benefit for the suppliers is a reduction of time spent on updating the information.

Secondly, the operators’ ability to find the best match for their requirements is unique, as the new JQS will have a much better “match system” where intuitive user interfaces guide

you through the search for companies able to deliver according to your specifications, and rate companies on their previous performance. EVRY has also developed a chat-bot (automatic helpdesk that learns from interaction with the users) which will help the users onto the new platform, greatly alleviating the first line support that EVRY has established for supporting this core system on the NCS.

Thirdly, the JQS system core is also viewed as a future basis for expanding the capabilities to cover other areas of importance for global purchase processes.

The new and intelligent EPIM JQS has the potential for huge saving in operational cost, and equally important, making sure that the right product and service is matched with the requirement in a bewildering pool of suppliers.

## Backlog, projects and selected new contracts

EVRY ended the third quarter of 2018 with a backlog of NOK 17.8 billion, compared to NOK 18.8 billion as of June 2018. As the quarter is highly impacted by summer holiday and less new sale activity, it is normal that the backlog decreases somewhat during the third quarter. The backlog as of September 2017 was NOK 17.9 billion.

EVRY Financial Services closed the period with a backlog of NOK 8.0 billion, compared to NOK 7.7 billion as of September 2017. Financial Services continues to achieve revenue growth, building on the positive momentum of previous quarters, driven by broad-based demand across all solution and service areas. This was reflected in the number of new agreements signed in this quarter. In total, EVRY Financial Services signed more than 150 new contracts in this quarter, not only with large Nordic banks, but also with many of the medium and small-sized banks in the Nordic market.

While enjoying particularly good traction around front-to-back digital solutions in the third quarter, EVRY is also seeing a clear trend for banks to be more focused on a new type of value creation and new business models, what these mean for their business going forward and how a component-based core banking and payment platform could help them to achieve on their digital ambitions.

The main driver of growth in the third quarter of 2018 was the card and mobile payment area. Several of the banks with which EVRY signed agreements in the previous quarter have now gone live with their mobile payment solutions. In addition, we are currently in the implementation phase with another ten banks in relation to similar solutions. We are seeing both incumbent banks as well as new entrants and start-ups increasingly seek partnerships with independent service providers that can deliver new and innovative card payment solutions based on new mobile technology.

EVRY is especially pleased that one of the largest banks in Norway has decided to renew its agreement for card fraud prevention solutions for a five-years’ period, and also that several agreements on card management services have been renewed. Growth in the third quarter was also powered by increases in the number and volume of card transactions processed across countries.

In Norway, the demand for digitization services continues to be high. Private enterprises, of all sizes and in all industries, as well as Public organisations, are all interested in identifying and creating digital advantages that benefit their customers, employees and owners.

In this quarter there were no major infrastructure outsourcing deals in play, but there is good momentum in the market for medium sized infrastructure outsourcing type opportunities. The shift from traditional infrastructure to public cloud-based infrastructure is gaining momentum and resulting in more opportunities in this market.

The market for application and digital services continues to be strong in the third quarter with focus on fast growing areas such as intelligent automation through development and deployment of software robots that replace humans in doing repetitive and mundane tasks. The more traditional application and services market, such as packaged ERP and BI deployments, is also healthy. Backlog for Norway as of September 2018 ended at NOK 6.6 billion, compared to NOK 7.0 billion as of the same period of 2017.

NORCE (Norwegian Research Centre), one of Norway's largest independent research institutes with around 700 employees, has been through a tender process for a complete ERP-solution which include financial/accounting, project, HR and payroll modules for their projects. EVRY reached an agreement for the Unit4 solution, where the contract also includes consulting services and operations. EVRY won the 3-year contract in competition with mainly national players and outperformed the competitors with a more advanced (and complex) project management tool.

Norges Forskningsråd gives monetary support for Norwegian start-ups and/or innovation driven businesses. Today, it is manual work to sort out the extensive volume of applications for monetary support into the right category, competence and group. The Artificial Intelligence (AI) solutions that have now been developed by EVRY will automate the processes and support Norges Forskningsråd to improve the process timeline, as well as focusing on security, compliance and quality in the selection process, which has been high on the agenda. EVRY was chosen as the preferred partner due to the extensive competence and experience that was demonstrated for Norges Forskningsråd in the tender process, combined with a sophisticated implementation model. EVRY did not present the solution with the lowest price, but quality was the most important selection criteria.

ISS, one of the world's leading facility services with more than 500 000 employees in 50 countries, has signed a new 4-year Client as a Service ("CaaS") agreement including full replacement and leasing of around 1 700 computers in Norway, in addition to client hosting on a new SCCM platform. Under this CaaS agreement, all ISS employees in Norway will get a new and modern PC and a more flexible, safe and affordable client management.

EVRY Sweden has won several smaller digital transformation and consultant projects during the quarter and experienced a steady order intake of smaller consultants projects especially within the retail and public sector. EVRY Sweden had a backlog of NOK 3.2 billion as of September 2018 (equal to September 2017). During the quarter EVRY has established

two important partnerships with Cornerstone OnDemand and IFS.

EVRY and Cornerstone OnDemand, a global leader in cloud-based learning and human capital management software, have established a strategic partnership, for offering private and public organizations powerful solutions to better recruit, manage, develop, engage and reward the workforce in Sweden, Norway and Finland. Cornerstone OnDemand will add a lot of opportunities to EVRY's existing customer base, while EVRY's dominant position in the Nordic region offers Cornerstone OnDemand customers' additional expertise in adapting solutions based on local and legal requirements.

EVRY has also extended their partnership agreement with IFS. The two companies have worked closely together for several years, and through the expanded partnership EVRY will sell IFS Applications licenses as well as offering implementation and support services to its customers. Through the partnership, the IFS Applications will become one of EVRY's leading ERP platforms, with a large potential in the Nordic region. Collaboration with IFS is an important part of EVRY's future focus on application services. With a clear industry focus, IFS fits into the orientation to different industries. EVRY will also offer additional solutions that connect to IFS's business systems in areas like artificial intelligence, robotization and internet of things.

# Group performance

## Summary of the third quarter of 2018

This interim report relates to EVRY's performance in the third quarter of 2018 relative to the third quarter of 2017. All figures are in NOK million unless otherwise stated. All comments regarding EBITDA and EBITA exclude other income and expenses. Please refer to page 28 for a description of the Alternative Performance Measures.

### Revenues

The Group reported operating revenue for the third quarter of 2018 of NOK 3 005 million compared to NOK 2 917 million in the third quarter of 2017. Adjusted for currency impact and acquisitions, the organic growth was 4.0% in the third quarter of 2018.

EVRY reported a backlog of NOK 17.8 billion at the end of September 2018, a decrease of NOK 1.0 billion from NOK 18.8 billion at the end of June 2018. See "Business Update" for more information about new contracts and projects awarded in the third quarter.

The Group's revenues are divided into different service lines based on the type of product or services that are offered;

**Consulting Services:** Bringing together business strategy, design thinking and technology, and making the best use of new, emerging IT technologies and competencies in consultancy and advisory services on digital strategy and service in business development

**Application Services:** Addressing customers' needs for business solutions by implementing and running systems developed by the Group or based upon third-party vendor software

**Digital Platform Services:** Providing access to efficient and reliable IT infrastructure and focusing on hybrid cloud solutions with related application services to enable customers' digital business

**Fulfilment Services:** Supply of devices and software for customers' workforces, including laptops, mobile devices and equipment for collaboration

#### CONSULTING SERVICES

Revenues within Consulting Services were NOK 972 million, equal to 30.9% of total group revenues in the third quarter of 2018. In the third quarter of 2017 Consulting Services revenues amounted to NOK 980 million or 31.9% of total group revenues. Organically this implies a decrease of 1.5% quarter on quarter.

The utilisation rate in the third quarter of 2018 (Norway and Sweden combined) was 77.3%, a decrease of 0.1 percentage point compared to the same quarter last year.

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Organic growth  
in Q3 2018

4.0 %

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Operating revenue  
in Q3 2018

3 005

NOK million

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EBITA<sup>1</sup>  
in Q3 2018

413

NOK million

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EBITA margin<sup>1</sup>  
in Q3 2018

13.7%

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1) Before other income and expenses

## APPLICATION SERVICES

Revenues within Application Services were NOK 996 million in the third quarter of 2018, which represent 31.7% of total group revenues. In the third quarter of 2017 Application Services revenues amounted to NOK 936 million (30.5% of total revenues), equal to an organic growth of 8.3% in the third quarter of 2018.

Of the revenues within Application Services, Financial Services amounted to NOK 495 million or 49.7% of the total Application Services revenues. In the third quarter of 2017 the Financial Services' revenues were NOK 444 million. The growth was mainly driven by increased revenues within this business area. The card business has been performing well YTD and is the main driver behind the growth in Financial Services. Application Services within Financial Services grew by 12.1% in the third quarter of 2018, and 9.6% YTD 2018.

## DIGITAL PLATFORM SERVICES AND FULFILMENT SERVICES

Revenues within Digital Platform Services (Infrastructure Services) were NOK 942 million, equal to 30.0% of total group revenues in the third quarter of 2018. In the third quarter of 2017, Digital Platform Services revenues amounted to NOK 957 million, or 31.2% of total group revenues. Organically this was a decline of 0.1% in the third quarter of 2018.

Revenues within Fulfilment Services were NOK 233 million, equal to 7.4% of total group revenues in the third quarter of 2018. In the third quarter of 2017 Fulfilment Services revenues amounted to NOK 197 million, or 6.4% of total group revenues.

## CONSULTING SERVICES

(NOK million)	Q3 2018	Q3 2017	Organic growth	YTD 2018	YTD 2017	Organic growth
Revenues Consulting Services	972	980	-1.5 %	3 209	3 209	0.0 %
In % of total group revenues <sup>1</sup>	30.9 %	31.9 %		32.3 %	33.1 %	
Utilisation Norway (in percent)	78.7 %	79.1 %		80.9 %	80.8 %	
Utilisation Sweden (in percent)	75.1 %	74.8 %		78.9 %	80.4 %	
Utilisation Norway and Sweden (in percent)	77.3 %	77.4 %		80.1 %	80.6 %	
Number of billable consultants Norway				1 191	1 107	
Number of billable consultants Sweden				931	840	
Number of billable consultants Norway & Sweden				2 122	1 947	

## APPLICATION SERVICES

(NOK million)	Q3 2018	Q3 2017	Organic growth	YTD 2018	YTD 2017	Organic growth
Revenues Application Services	996	936	8.3 %	3 069	2 852	8.3 %
In % of total group revenues <sup>1</sup>	31.7 %	30.5 %		30.9 %	29.4 %	
Where of revenues within Financial Services	495	444	12.1 %	1 518	1 386	9.6 %
In % of total revenues <sup>1</sup>	49.7 %	47.5 %		49.4 %	48.6 %	

## DIGITAL PLATFORM SERVICES AND FULFILMENT SERVICES

(NOK million)	Q3 2018	Q3 2017	Organic growth	YTD 2018	YTD 2017	Organic growth
Revenues Digital Platform Services	942	957	-0.1 %	2 824	2 883	-1.4 %
In % of total group revenues <sup>1</sup>	30.0 %	31.2 %		28.4 %	29.7 %	
Revenues Fulfilment Services	233	197	20.9 %	833	759	10.7 %
In % of total group revenues <sup>1</sup>	7.4 %	6.4 %		8.4 %	7.8 %	

1) Before Group eliminations

## Profitability

### EBITDA AND EBITA BEFORE OTHER INCOME AND EXPENSES

EBITDA in the third quarter of 2018 was NOK 467 million, compared to NOK 472 million in the third quarter of 2017. The EBITA in the third quarter of 2018 was NOK 413 million, representing an EBITA margin of 13.7%. In the third quarter of 2017 the corresponding figures were an EBITA of NOK 408 million and an EBITA margin of 14.0%.

Both EVRY Financial Services and EVRY Norway reported increased EBITA in the third quarter of 2018 relative to the third quarter of 2017. Within Financial Services, the increased profitability was mainly due to high activity within the Card Services area (both physical and virtual cards), where the business model is highly scalable for delivering of larger projects as been experienced over the last quarters. While the Banking area was delivering steady business in the third quarter of 2018. In EVRY Norway the positive profitability enhancement was driven by higher delivery of Application Services, partly off set by somewhat lower activity level within the consultancy business and lower add-on sales within infrastructure services. The utilisation in the third quarter of 2018 has been exposed to new employments that came in and not up to speed on billable projects before end of September.

### OTHER INCOME AND EXPENSES

Other income and expenses totalled NOK 108 million in the third quarter of 2018, which were related to the IBM partnership transition and transformation project. In the third quarter of 2017 other income and expenses totalled NOK 213 million, which implies a reduction of NOK 105 million.

### NET FINANCIAL EXPENSES, PROFIT BEFORE TAX AND EARNINGS PER SHARE

Net financial expenses for the third quarter of 2018 were NOK 36 million, a decrease of NOK 6 million from NOK 42 million for the corresponding period in 2017. The net financial expenses were positively impacted by an agio effect of NOK 18 million in the third quarter of 2018. In the third quarter of 2017, the agio effect was NOK 3 million.

Profit before tax (EBT) for the third quarter of 2018 was NOK 269 million as compared to an EBT of NOK 150 million for the third quarter of 2017. The effective tax rate for the third quarter of 2018 was 22.6%, representing a tax expense of NOK 61 million. The effective tax rate for the third quarter of 2017 was 23.3%, representing a tax expense of NOK 35 million.

Earnings per share (EPS) was NOK 0.56 for the third quarter of 2018, compared to NOK 0.31 per share for the third quarter of 2017. Adjusted for other income and expenses, the EPS was NOK 0.79 for the third quarter of 2018 compared to NOK 0.75 per share for the corresponding quarter of 2017.

## Cash flow

### CASH CONVERSION AND DSO

LTM Cash conversion as of September 2018 ended at 82.8%, compared to 84.1% as of LTM September 2017. The reduced cash conversion was mainly explained by higher growth in EBITDA vs. Net Cash Flow, which can be explained by lower

working capital inflow in the third quarter of 2018 as the quarter ended on a weekend.

EVRY continues the improvement on the Days Sales Outstanding (DSO), which was reduced by 0.4 days from 36.7 days LTM September 2017 to 36.3 days as of end September 2018.

### NET CASH FLOW AND FREE CASH FLOW

Net cash flow from operations in the third quarter of 2018 was NOK 10 million, an improvement of NOK 415 million from negative NOK 405 million in the third quarter of 2017. Adjusted operational cash flow for the third quarter of 2018 was NOK 120 million, up from NOK 60 million for the corresponding quarter in 2017. The third quarter of 2018 was less negatively impacted by transition and transformation expenses related to the IBM partner agreement, as these are reduced from NOK 338 million to NOK 92 million in of the third quarter of 2018.

Net cash flow from operations for the first nine months of 2018 was negative NOK 186 million as compared to negative NOK 1 246 million for the first nine months of 2017. Adjusted operational cash flow for the first nine months of 2018 was NOK 263 million, compared to NOK 204 million in the first nine months of 2017. The operational cash flow in the first nine months of 2018 was negatively impacted by payments to IBM in relation to the transformation and transitions projects, while YTD 2017 also were impacted by expenses related to the IPO process conducted during first half of 2017.

Net investments in assets for the first nine months of 2018 totalled NOK 259 million, compared to NOK 237 million for the same period in 2017. Investment in tangible operating assets amounted to NOK 90 million for the first nine months of 2018, while investment in in-house developed software amounted to NOK 187 million. The corresponding figures for first nine months of 2017 were NOK 112 million and NOK 142 million respectively. Investment in group companies amounted to NOK 149 million in the first nine months of 2018, where the major part was related to the acquisition of Findwise AB and the Exonor Group in Sweden, as well as acquisition of the remaining 10% shares in EVRY Financing AS (now fully controlled by EVRY Group).

Net cash flow from financing for the first nine months of 2018 was negative NOK 22 million. The company paid out dividend to the shareholders of NOK 464 million in May 2018, where temporary draw downs on the Revolving Credit Facility has been done to bridge the pay out. The net cash flow from financing for the first nine months of 2017 was NOK 870 million and was highly impacted by the IPO process and refinancing completed in June 2017.

Free cash flow for the first nine months of 2018 was NOK 3 million compared to negative NOK 33 million for the same period in 2017. The financial items paid in the first nine months of 2018 was NOK 138 million, reduced by NOK 214 million from NOK 352 million in the first nine months of 2017.

## Equity and capital structure

The equity as of 30 September 2018 was NOK 2 688 million, equal to an equity ratio of 24.3%, compared to an equity of

NOK 3 096 million and an equity ratio of 28.7% at the end of September 2017. The reduced book equity is explained by two major events: Dividend of NOK 464 million paid out to the shareholders in May 2018, and the IFRS 15 implementation effect of NOK 391 million which had a negative impact on the book value of the equity. The IFRS implementation effect is due to the change in recognition of revenues related to software licenses within Financial Services (see note 1 to the Interim Financial Statement for more information).

The Group had total outstanding long-term interest-bearing debt of NOK 5 015 million and a cash balance of NOK 260 million as of 30 September 2018. This implies a net interest-bearing debt (NIBD) of NOK 4 807 million and a net leverage of 2.63x LTM EBITDA.

#### FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements. Statements herein, other than statements of historical fact, regarding future events or prospects, are forward-looking statements. EVRY has based these forward-looking statements on its current views with respect to future events and financial performance. These views involve a number of risks and uncertainties, which could cause actual results to differ materially from those predicted in the forward-looking statements and from the past performance of EVRY.

Although EVRY believes that the estimates and projections reflected in the forward-looking statements are reasonable, they may prove materially incorrect, and actual results may materially differ, e.g. as the result of risks related to the IT services and software markets in general or EVRY including those described in the Prospectus provided in connection with the IPO and other information made available by EVRY. As a result, you should not rely on these forward-looking statements. EVRY undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent required by law.

# Business Area Performance

The Group's activities are divided into three reporting business areas for 2018. The business areas reflect the main markets served and correspond with the structure used for reporting to the Group's decision makers.

Operating revenue (NOK million)	Q3 2018	Q3 2017	Organic growth	YTD 2018	YTD 2017	Organic growth	2017
EVERY Norway	1 324	1 325	0.0 %	4 287	4 248	0.9 %	5 769
EVERY Sweden	734	758	-0.5 %	2 409	2 436	-0.6 %	3 312
EVERY Financial Services	813	762	7.3 %	2 479	2 333	6.5 %	3 222
Other	134	73		325	167		294
Group	3 005	2 917	4.0 %	9 499	9 183	3.9 %	12 596

EBITA (NOK million)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2017
EVERY Norway	137	134	423	427	603
EVERY Sweden	66	78	193	231	325
EVERY Financial Services	135	132	333	305	432
Other	76	65	159	110	209
Group (before other income and expenses)	413	408	1 107	1 073	1 569
Other income and expenses	-108	-213	-356	-954	-1 215
Group	305	194	751	119	353

EBITA margin (%)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2017
EVERY Norway	10.3 %	10.1 %	9.9 %	10.0 %	10.5 %
EVERY Sweden	9.0 %	10.2 %	8.0 %	9.5 %	9.8 %
EVERY Financial Services	16.6 %	17.3 %	13.4 %	13.1 %	13.4 %
Group (before other income and expenses)	13.7 %	14.0 %	11.7 %	11.7 %	12.5 %
Group	10.1 %	6.7 %	7.9 %	1.3 %	2.8 %

## EVERY Norway

Operating revenue for EVERY Norway for the third quarter of 2018 was NOK 1 324 million, in line with the third quarter of 2017. The utilisation related to billable consultants was 78.7% in the third quarter of 2018, compared to 79.1% in the third quarter of 2017.

EVERY Norway reported an EBITA of NOK 137 million for the third quarter of 2018, an increase of NOK 3 million from NOK 134 million in the third quarter of 2017. The EBITA margin for the third quarter of 2018 was 10.3% as compared to 10.1% in the same period of 2017.

EVERY Norway's order backlog at 30 September 2018 was NOK 6.6 billion, a decrease of NOK 0.7 billion from NOK 7.3 billion at the end of June 2018.

## EVERY Sweden

Operating revenue for EVERY Sweden for the third quarter of 2018 was NOK 734 million, a decrease of NOK 24 million from NOK 758 million in the third quarter of 2017 equal to an organic growth of -0.5%. The utilisation of the billable consultants was 75.1% in the third quarter of 2018, an increase of 0.3 percentage points compared to the third quarter of 2017.

EVERY Sweden reported an EBITA of NOK 66 million for the third quarter of 2018, compared to NOK 78 million in the third quarter of 2017. The reduced profitability was mainly due to lower add-on sales within the Infrastructure Services. The EBITA margin for the third quarter of 2018 was 9.0% as compared to 10.2% in the third quarter of 2017.

EVERY Sweden's order backlog at 30 September 2018 was NOK 3.2 billion, at the same level as end of June 2018.

## EVERY Financial Services

Operating revenue for Financial Services for the third quarter of 2018 was NOK 813 million, an increase of NOK 51 million from NOK 762 million for the third quarter of 2017. This was equivalent to an organic revenue growth of 7.3% relative to the third quarter of 2017, where the larger part of the growth comes from the Card services area (delivery of physical and virtual card solutions). The Card Services area has shown a sustainable revenue growth over the past two years.

EVERY Financial Services reported an EBITA of NOK 135 million for the third quarter of 2018, compared to NOK 132 million for the third quarter of 2017. The EBITA improvement was as mentioned above related to high activity within the Card Services area, delivering an EBITA margin of 18.3%, an increase of 1.4% percentage points compared to the third quarter of 2017. The Banking area reported an EBITA margin of 15.8% in the third quarter of 2018, compared to 17.5% for the corresponding period in 2017.

EVERY Financial Services' order backlog at 30 September 2018 was NOK 8.0 billion, a decrease of NOK 0.3 billion from NOK 8.3 billion at the end of June 2018.

### FINANCIAL SERVICES

(NOK million)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2017
<b>Cards</b>					
Revenue	245	221	735	650	912
EBITA	45	37	121	88	119
EBITA margin	18.3 %	16.9 %	16.4 %	13.5 %	13.0 %
<b>Banking</b>					
Revenue	568	542	1 744	1 683	2 310
EBITA	90	95	212	218	313
EBITA margin	15.8 %	17.5 %	12.1 %	12.9 %	13.5 %
<b>Financial Services Total</b>					
Revenue	813	762	2 479	2 333	3 222
EBITA	135	132	333	305	432
EBITA margin	16.6 %	17.3 %	13.4 %	13.1 %	13.4 %

# Other

Revenue related to EVRY's Global Delivery organisation totalled NOK 272 million for the third quarter of 2018, an increase of NOK 47 million from NOK 225 million in the third quarter of 2017.

EBITA for the third quarter of 2018 was NOK 44 million, compared to NOK 34 million in the same period of 2017. The EBITA margin for the third quarter of 2018 was 16.2% as compared to 15.1% for the third quarter of 2017. The EBITA margin in the third quarter of 2018 was positively impacted by high utilisation in EVRY India and the USD and EUR strengthening against the local Indian currency (Rupee).

Approximately 60% of the revenue within Global Delivery relates to external customers outside EVRY Group. In addition to providing services to customers in Norway and Sweden, the centres in Ukraine and India also address markets in Western Europe and the United States. The Global Delivery units consist of approximately 3 200 FTEs across India, Ukraine and Latvia and have had high utilisation over several quarters and delivered a stable EBITA margin.

Intra-group eliminations totalled NOK 138 million for the third quarter of 2018 as compared to NOK 153 million for the third quarter of 2017. Expenses associated with corporate functions that were not allocated to EVRY's segments totalled NOK -31 million in the third quarter of 2018, at the same level as in the third quarter of 2017.

## OTHER

(NOK million)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2017
<b>Global Delivery</b>					
Revenue	272	225	761	686	930
EBITA	44	34	119	102	140
EBITA margin	16.2 %	15.1 %	15.7 %	14.8 %	15.0 %
<b>Group eliminations/Group costs</b>					
Revenue	-138	-153	-437	-519	-636
EBITA	31	31	40	9	69
<b>Other total</b>					
Revenue	134	73	325	167	294
EBITA	76	65	159	110	209

# Key figures and financial ratios

This interim report relates to EVRY's performance in the third quarter of 2018 relative to the third quarter of 2017. All figures are in NOK million unless otherwise stated. All comments regarding EBITDA and EBITA exclude other income and expenses. Please refer to page 28 for a description of the Alternative Performance Measures.

(NOK million)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2017
<b>Income statement</b>					
Operating revenue	3 005	2 917	9 499	9 183	12 596
EBITDA	358	259	913	332	629
Adjusted EBITDA	467	472	1 269	1 264	1 821
Adjusted EBITDA margin (%)	15.5 %	16.2 %	13.4 %	13.8 %	14.5 %
EBITA	305	194	751	119	353
Adjusted EBITA	413	408	1 107	1 073	1 569
Adjusted EBITA margin (%)	13.7 %	14.0 %	11.7 %	11.7 %	12.5 %
Other income and expenses	108	213	356	954	1 215
Operating profit (EBIT)	305	192	749	108	339
Net financial items	-36	-42	-180	-638	-673
Profit/-loss for the period	208	115	421	-399	-261
Adjusted profit/-loss for the period attributable to the shareholders (owners of the parent company)	292	277	695	563	899
<b>Cash flow</b>					
Adjusted operational cash flow	120	60	263	204	1 272
Net operational investments (CAPEX)	-86	-90	-259	-237	-359
Free cash flow	34	-29	3	-33	913
Cash conversion (LTM)			82.8 %	84.1 %	91.6 %
Net working capital			341	203	-476
DSO (LTM)			36.3	36.7	36.3
<b>Financial position (per end of period)</b>					
Total assets			11 039	10 801	11 383
Goodwill			5 699	5 675	5 736
Total equity			2 688	3 096	3 238
Equity ratio			24.3 %	28.7 %	28.4 %
Net interest-bearing liabilities (NIBD)			4 807	4 413	3 807
<b>Employees</b>					
Number of employees end of period			8 785	8 554	8 545
Global Delivery in percent of total employees			36.3 %	35.6 %	35.7 %
Full-time employees (in percent)			97.8 %	97.3 %	97.6 %
Number of billable consultants (Norway and Sweden)			2 122	1 947	
Utilisation (Norway and Sweden)	77.3 %	77.4 %	80.1 %	80.6 %	
<b>Growth/Sales</b>					
Total revenue growth	3.0 %	2.7 %	3.4 %	1.9 %	2.9 %
Currency effects	1.9 %	-0.1 %	1.0 %	1.2 %	0.5 %
Acquisition and Divestment impact	-0.9 %	-0.6 %	-0.5 %	-1.3 %	-1.0 %
Organic growth	4.0 %	1.9 %	3.9 %	1.9 %	2.4 %
Backlog (NOK billion)			17.8	17.9	18.0
<b>Stock market ratios</b>					
Earnings per share (NOK)	0.56	0.31	1.13	-1.25	-0.82
Diluted earnings per share	0.56	0.31	1.13	-1.25	-0.82
Adjusted earnings per share (NOK)	0.79	0.75	1.87	1.76	2.82
Number of shares issued	370 806 077	370 806 077	370 806 077	370 806 077	370 806 077
Number of treasury shares	1 001 744	-	1 001 744	-	-
Average number of shares	370 806 077	370 806 077	370 806 077	319 072 529	319 072 529
Average number of shares (diluted)	371 304 615	370 806 077	371 396 558	319 072 529	319 113 095

# Condensed consolidated interim financial statements

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# Condensed consolidated statement of comprehensive income

(NOK million)	Note	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2017
Operating revenue	3	3 005	2 917	9 499	9 183	12 596
Cost of goods sold		1 005	1 050	3 239	3 117	4 281
Salaries and personnel costs		1 284	1 166	4 119	3 932	5 341
Other operating costs		249	229	872	870	1 154
Other income and expenses	4	108	213	356	954	1 215
Depreciation and write-down of tangible assets and in-house developed software		53	64	162	190	252
Operating profit/-loss before amortisation of customer contracts (EBITA)		305	194	751	119	353
Amortisation of customer contracts		-	2	2	11	14
Operating profit/-loss (EBIT)		305	192	749	108	339
Net financial items		-36	-42	-180	-638	-673
Profit/-loss before tax		269	150	569	-530	-333
Taxes		61	35	149	-130	-72
Profit/-loss for the period		208	115	421	-399	-261
<b>Other comprehensive income</b>						
Cash flow hedges		7	-2	22	100	99
Currency translation differences		-12	-68	-132	6	50
Actuarial gains/-losses on defined benefit pension plans		-	-	-	-	-41
Total other comprehensive income		-5	-70	-109	106	108
Total comprehensive income for the period		203	45	311	-293	-153
<b>Total comprehensive income for the period is allocated as follows</b>						
Owners of the parent		203	45	311	-294	-154
Non-controlling interests		-	-	-	1	1
<b>Earnings per share (basic and diluted)</b>						
Earnings per share, basic (NOK)		0.56	0.31	1.13	-1.25	-0.82
Earnings per share, diluted (NOK)		0.56	0.31	1.13	-1.25	-0.82

# Condensed consolidated statement of financial position

(NOK million)	Note	30.09.18	30.09.17	31.12.17
Goodwill		5 699	5 675	5 736
Other intangible assets		1 482	1 256	1 310
<b>Total intangible assets</b>		<b>7 181</b>	<b>6 931</b>	<b>7 046</b>
Total tangible assets		320	379	376
Total non-current financial assets	3	366	236	339
<b>Total non-current assets</b>		<b>7 868</b>	<b>7 546</b>	<b>7 762</b>
Accounts receivable		1 638	1 576	1 663
Other current receivables	3	1 273	1 333	1 078
Bank deposits		260	346	880
<b>Total current assets</b>		<b>3 172</b>	<b>3 255</b>	<b>3 621</b>
<b>Total assets</b>		<b>11 039</b>	<b>10 801</b>	<b>11 383</b>
Equity		2 688	3 096	3 238
Non-controlling interests		-	1	1
<b>Total equity and non-controlling interests</b>		<b>2 688</b>	<b>3 097</b>	<b>3 239</b>
Provision for liabilities		274	231	274
Non-current non-interest-bearing liabilities	3	475	46	12
Non-current interest-bearing liabilities	5	5 015	4 706	4 623
<b>Total non-current liabilities</b>		<b>5 764</b>	<b>4 983</b>	<b>4 910</b>
Accounts payable		667	695	934
Duties payable, vacation allowance		866	786	986
Other current liabilities	3	1 055	1 240	1 314
<b>Total current liabilities</b>		<b>2 588</b>	<b>2 721</b>	<b>3 234</b>
<b>Total equity and liabilities</b>		<b>11 039</b>	<b>10 801</b>	<b>11 383</b>

# Condensed consolidated statement of cash flow

(NOK million)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2017
Profit/-loss before tax	269	150	569	-530	-333
Depreciation, write-down and amortization	54	67	164	224	290
Tax paid	-19	-30	-32	-79	-52
Net financial items	-12	13	41	286	278
Change in net working capital	-303	-571	-908	-856	-177
Other changes	132	432	429	1 159	1 268
Cash effect from other income and expenses	-110	-466	-449	-1 450	-1 767
<b>Net cash flow from operations</b>	<b>10</b>	<b>-405</b>	<b>-186</b>	<b>-1 246</b>	<b>-495</b>
Investment in tangible operating assets	-32	-49	-90	-112	-176
Investment in in-house developed software	-60	-47	-187	-142	-206
Sale of tangible operating assets (sales proceeds)	6	6	18	18	24
Investment in group companies	-20	-	-149	-9	-9
<b>Net cash flow from investments</b>	<b>-107</b>	<b>-90</b>	<b>-409</b>	<b>-246</b>	<b>-368</b>
Draw down of new debt	325	300	925	5 240	5 240
Repayment of debt	-100	-102	-452	-7 537	-7 637
Proceeds from equity issued	-9	15	-32	3 167	3 167
Dividends paid	-	-	-464	-	-
<b>Net cash flow from financing</b>	<b>216</b>	<b>214</b>	<b>-22</b>	<b>870</b>	<b>770</b>
Changes in foreign exchange rates	-3	-17	-3	-22	-17
<b>Net change in cash flow</b>	<b>116</b>	<b>-298</b>	<b>-620</b>	<b>-644</b>	<b>-110</b>
Opening balance bank deposits	144	644	880	990	990
<b>Closing balance bank deposits</b>	<b>260</b>	<b>346</b>	<b>260</b>	<b>346</b>	<b>880</b>

# Condensed consolidated statement of changes in equity

(NOK million)	Attributable to equity holders of the parent				Non-controlling interests	Total equity
	Share capital	Other paid-in capital	Other equity	Total		
Equity as of 31 December 2017	649	2 589	-	3 238	1	3 239
Implementation effect of IFRS 15		-391		-391	-	-391
Equity as of 1 January 2018	649	2 198	-	2 847	1	2 848
Profit/-loss for the period			421	421	-	420
Other comprehensive income			-109	-109	-	-109
Purchase/sale of treasury shares	-2		-28	-30	-	-30
Transactions with non-controlling interests			-	-	-1	-1
Dividend			-464	-464	-	-464
Sharebased options employees			23	23	-	23
Allocation of equity		-157	157	-	-	-
Equity as of 30 September 2018	647	2 041	-	2 688	-	2 688

(NOK million)	Attributable to equity holders of the parent				Non-controlling interests	Total equity
	Share capital	Other paid-in capital	Other equity	Total		
Equity as of 1 January 2017	468	-	-275	193	1	194
Profit/-loss for the period			-400	-400	1	-399
Other comprehensive income			106	106	-	106
Issue of share capital	181	2 999	-	3 180	-	3 180
Sharebased options employees			17	17	-	17
Allocation of equity		-552	552	-	-	-
Equity as of 30 September 2017	649	2 447	-	3 096	1	3 097

# Notes

## NOTE 1 – GENERAL ACCOUNTING PRINCIPLES

EVRY (Group) consists of EVRY ASA and its subsidiaries. EVRY ASA is a limited liability company, incorporated in Norway and listed on the Oslo Stock Exchange as of 21 June 2017. These condensed consolidated interim accounts cover the Group and the Group's interests in associated companies and joint arrangements. As a result of rounding differences, numbers or percentages may not add up to the totals given.

These interim condensed consolidated accounts for the nine months ending 30 September 2018 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not contain all the information and disclosures required in an annual financial report and should be read in conjunction with the Group's annual report for 2017. The annual report can be found at [investor.evry.com](http://investor.evry.com).

The interim consolidated financial accounts have been produced in accordance with the accounting policies followed in the Group's annual financial accounts for the year ended 31 December 2017, except for the implementation of the new revenue recognition standard IFRS 15 *Revenue from Contract with Customers* which has been implemented from 1 January 2018. In addition, EVRY has implemented IFRS 9 *Financial Instruments*, however this has not had any significant impact on the Group's consolidated interim financial statements.

### IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

The new standard establishes a five-step model to account for revenue arising from contracts with customers. The core principle of IFRS 15 is that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard requires entities to exercise judgement, taking into consideration all 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.

The Group adopted IFRS 15 using the modified retrospective method where the cumulative effect of the implementation has been applied only to the most current period presented. Only contracts not completed at 31 December 2017 have been subject to transition to IFRS 15. The implementation effect on equity 1 January 2018 is related to sale of licenses in the Financial Services business area and amount to NOK 391 million. Below is the implementation effect specified on the relevant line items:

(NOK million)

Deferred tax asset	117
Retained earnings	391
Deferred income	-508

### Consulting Services

Consulting services are performed over time and thereby will be recognised over time, as the customer simultaneously receives and consumes the benefits of the services. Total hours incurred will be used to measure the progress in the over-time revenue recognition.

For consulting services with fixed prices, the revenue recognition will be made linearly over the contract period.

### Application Services

Sale of licenses (right to use) that are distinct are recognised at a point in time when the customer is able to use and benefit from the license. Sale of licenses that are part of a bundled contract (right to access) are not distinct and are recognised over the contract period.

Revenue from software developed specifically for customers is recognised over the development period in line with the degree of completion. The degree of completion is calculated on the basis of the number of hours of work delivered to date divided by the total number of hours estimated for the delivery in total.

### Digital Platform Services

Where operating services are provided through volume-based contracts, revenue is recognised on the basis of the actual use of services by the customer, or on a linear basis over the period of the contract for term-based contracts. Sales of dialogue services are recognised as revenue on the basis of actual customer usage. Revenue from service and maintenance contracts is recognised in the accounts over the period of the contract, as the customer simultaneously consumes the service and maintenance as it is performed.

Revenue from a transition project that is an integrated part of a subsequent operating services contract is recognised on a linear basis over the period of the operating services contract as this is when the customer receives and consumes the benefits from the project. Revenue from a transition project that is not related to an operating services contract is recognised when the customer receives and benefits from the project.

## NOTE 1 – GENERAL ACCOUNTING PRINCIPLES (CONT.)

### Fulfilment services

Sale of software and hardware will be recognised at a point in time when the customer obtains control of the goods, which is assumed to be at delivery.

### Variable considerations

Some contracts can have transaction prices which vary based on contract terms. Variable consideration includes discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items. The variable consideration is estimated at contract inception and constrained until the related uncertainty is resolved.

For EVRY, the most common variable consideration relates to SLA penalties, volume discounts and price regulations. Variable consideration will be estimated using either an 'expected value' or 'most likely amount' method, whichever better predicts the consideration to which EVRY will be entitled and will be treated as an adjustment to the transaction price (reduction of revenue). SLA and price regulations are allocated to the service, which is a series of distinct services and will be accounted for as it occurs (SLA) or based on calculations of volume fluctuations (at year-end). Price regulations will not be allocated to services already performed, only prospectively.

### Warranty obligations

The standard defines two types of warranties;

- (i) Assurance-type warranties, and
- (ii) Service-type warranties

Assurance-type warranties are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, while service-type warranties represent a distinct service and is a separate performance obligation. EVRYs contracts do not contain any warranties that could have been sold separately. EVRY does not provide any warranties beyond promising that the deliverables meet the agreed specifications, i.e. SLA, and these warranties therefore do not represent separate performance obligations.

### Principal versus agent considerations

EVRY often uses subcontractors or partners to fulfil its contracts with customers. When using partners or subcontractors, the issue is whether EVRY should report revenue based on the gross amount billed (EVRY is the principal) or the net amount retained (that is, the amount billed to the customer less the amount paid to the subcontractor), because EVRY has only earned a commission fee (EVRY is the agent). In most cases, EVRY is fully responsible for the goods and services delivered towards the customer and has the discretion in setting the prices to the customer and is regarded as principal in the contract.

### Contract costs

Under the new standard, there are two types of contract costs where an asset must be recognised;

- (i) incremental costs of obtaining a contract, and
- (ii) costs incurred in fulfilling a contract

Incremental costs of obtaining a contract (e.g. sales commission) will be recognised as an asset if EVRY expects to recover them, either directly through reimbursement, or indirectly through the inherent margin in the contract. Costs such as bid costs, negotiations, meetings and contract writing are not considered incremental and are expensed as incurred, unless they are explicitly chargeable to the customer.

Under IFRS 15, entities will capitalise the costs to fulfil a contract if they relate directly to the contract, generate or enhance the resources used to satisfy performance obligations and are expected to be recovered. These costs include direct labour, direct materials, allocation of costs directly related to the contract, costs explicitly chargeable to the customer and other costs that are only incurred because the entity entered into the contract. However, costs that relate to past performance or performance obligations that have already been transferred to the customer and have already been expensed, cannot be capitalised. In order for costs to meet the 'expected to be recovered' criterion, costs need to be either explicitly reimbursable under the contract or reflected in the pricing on the contract and recoverable through margin.

IFRS 15 requires these costs to be recognised as an asset and amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

### Presentation and disclosure requirements

As required for the condensed interim financial statements, EVRY disaggregates revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Refer to note 3 for the disclosure of disaggregated revenue.

## NOTE 2 – ESTIMATES

The preparation of the interim financial statements requires the use of evaluations, estimates and assumptions that affect the application of the accounting principles and amounts recognized as assets and liabilities, income and expenses. The important assessments underlying the application of the Group's accounting policies and the main sources of uncertainty are the same for the interim financial statements as for the consolidated financial statements for 2017.

## NOTE 3 - REVENUES AND CONTRACT ASSETS/LIABILITIES

EVERY aggregates its revenues from contracts with customers by geographic location and service area as EVERY believes that this best depicts how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors.

### Q3 2018

(NOK million)	EVERY Financial Services	EVERY Norway	EVERY Sweden	Other	Total
<b>Service line</b>					
Consulting Services	41	449	211	272 <sup>1)</sup>	972
Application Services	495	302	200	-	996
Digital Platform Services	277	451	215	-	942
Fulfilment Services	-	124	109	-	233
Group eliminations	-	-	-	-138	-138
<b>Total</b>	<b>813</b>	<b>1 324</b>	<b>734</b>	<b>134</b>	<b>3 005</b>

1) Global Delivery

### YTD 2018

(NOK million)	EVERY Financial Services	EVERY Norway	EVERY Sweden	Other	Total
<b>Service line</b>					
Consulting Services	137	1 545	766	761 <sup>1)</sup>	3 209
Application Services	1 518	915	637	-	3 069
Digital Platform Services	824	1 359	642	-	2 824
Fulfilment Services	-	469	364	-	833
Group eliminations	-	-	-	-437	-437
<b>Total</b>	<b>2 479</b>	<b>4 287</b>	<b>2 409</b>	<b>325</b>	<b>9 499</b>

1) Global Delivery

### CONTRACT ASSETS AND CONTRACT LIABILITIES

EVERY receives payment from customers based on billing schedules as established in the contracts. Contract assets relate to EVERY's unconditional right to consideration for the completed performance under the contracts. Accounts receivable are recognised when the right to consideration becomes unconditional. Contract liabilities relate to payments received in advance of performance under the contracts. Contract liabilities are recognised as revenue as (or when) EVERY perform under the contracts.

Contract assets mainly consist of implementation projects where the customers have not yet been invoiced. Contract liabilities consist of prepaid amounts from customers.

Net contract assets/-liabilities consist of the following:

(NOK million)	30.09.2018	01.01.2018
Contract assets	437	336
Contract liabilities - current	-352	-314
Contract liabilities - non-current	-475	-416
<b>Net contract assets/-liabilities</b>	<b>-389</b>	<b>-394</b>

Included in contract liabilities is the implementation effect of NOK 508 million (deferred income), whereof NOK 101 million is classified as current. See note 1 for further information on implementation effects.

## NOTE 4 - OTHER INCOME AND EXPENSES

### OTHER INCOME AND EXPENSES

(NOK million)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2017
IBM partner agreement	108	210	356	711	941
Provision for restructuring	-	-	-	33	33
Transaction costs, IPO and refinancing	-	3	-	210	241
Total other income and expenses	108	213	356	954	1 215

## NOTE 5 - NON-CURRENT INTEREST-BEARING LIABILITIES

(NOK million)	30.09.2018	30.09.2017	31.12.2017
Financial lease	14	16	16
Liabilities to credit institution	5 050	4 740	4 668
Capitalised arrangement fee	-50	-50	-61
Non-current interest-bearing liabilities	5 015	4 706	4 623

All former long-term debt was repaid as part of the IPO in June 2017 and replaced by a new bank syndicate with a 5-year senior debt facility term loan of NOK 4 539 million, and a Revolving Credit Facility of NOK 1 500 million.

## NOTE 6 - FINANCIAL INSTRUMENTS

### FAIR VALUE HIERARCHY

Financial instruments that are valued at fair value in the statement of financial position are grouped on the basis of the following fair value hierarchy:

- Level 1:** Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2:** Instruments for which observable information is available, but for which there is no active market.
- Level 3:** Instruments for which there is no observable market data and the determination of fair value accordingly uses company specific/subjective information.

(NOK million)	Level 1	Level 2	Level 3	Total book value	Fair Value
<b>Assets</b>					
Non-current receivables		26		340	366
Accounts receivable				1 638	1 638
Other current receivables				1 273	1 273
Bank deposits				260	260
<b>Total assets</b>	-	26	-	3 512	3 538
<b>Liabilities</b>					
Non-current interest bearing liabilities				5 015	5 015
Other non-current liabilities		-		749	749
Accounts payable				667	667
Other current liabilities				1 921	1 921
<b>Total liabilities</b>	-	-	-	8 351	8 351

During the reporting period 1 January 2018 to 30 September 2018, there were no transfers between the levels in the fair value hierarchy.

## NOTE 7 - MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD

There have been no events subsequent to the end of 30 September 2018 that have a material effect on the interim financial statements.

# Additional information - EVERY Financial Services

The product and services within Financial Services can be split into two main areas, based on the products being offered; Cards Services and delivery of Banking solutions and products (i.e. the core banking platform and payment solutions).

The Card Services area covers the complete card value chain from card issuing to card acquiring, physical card production and development of virtual cards, as well as card switching. The Banking area includes sale of solutions for all core banking services and payment solutions. The portfolio includes a wide range of solutions and products for retail and commercial banking services, whether this relates to interfaces with end-customers or solutions to support a bank's internal or back-office processes and employees. The portfolio is module-based, and includes banking services, transactions systems and payment solutions. The Banking area represent 70% of total revenues within the Financial Services business area.

(NOK million)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2017
<b>Cards</b>					
Revenue	245	221	735	650	912
EBITA	45	37	121	88	119
EBITA margin	18.3%	16.9%	16.4%	13.5%	13.0%
<b>Banking</b>					
Revenue	568	542	1 744	1 683	2 310
EBITA	90	95	212	218	313
EBITA margin	15.8%	17.5%	12.1%	12.9%	13.5%
<b>Financial Services Total</b>					
Revenue	813	762	2 479	2 333	3 222
EBITA	135	132	333	305	432
EBITA margin	16.6%	17.3%	13.4%	13.1%	13.4%

(NOK million)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2017
<b>Revenue Cards</b>					
Consulting Services	-	-	-	-	-
Application Services	245	221	735	650	912
Digital Platform Services	-	-	-	-	-
Total Revenue Cards	245	221	735	650	912
<b>Revenue Banking</b>					
Consulting Services	41	41	137	123	174
Application Services	250	224	783	736	1 021
Digital Platform Services	277	277	824	824	1 115
Total Revenue Banking	568	542	1 744	1 683	2 310
<b>Revenue Financial Services Total</b>					
Consulting Services	41	41	137	123	174
Application Services	495	444	1 518	1 386	1 933
Digital Platform Services	277	277	824	824	1 115
Total Revenue Financial Services	813	762	2 479	2 333	3 222

# Alternative performance measures

The EVRY Group's financial information is prepared in accordance with International Financial Reporting Standards (IFRS). In addition to the ordinary financial performance measures prepared in accordance with IFRS, it is management's intent to provide alternative performance measures to enhance the understanding of the Group's underlying performance. These alternative performance measures take into consideration other income and expenses defined as items regarded as special due to their nature and include among others provision for restructuring, write-downs, strategic processes and refinancing.

## ORGANIC REVENUE GROWTH

Organic revenue growth is a measurement for the company's ability to grow organically by additional net sales to existing and new customers as opposed to acquired growth. Organic growth is defined as revenue adjusted for impacts from acquisitions, divestments and foreign currency effects. Organic growth is an important key figure to EVRY and to the users of the financial statements as it illustrates the underlying operational growth excluding effects not related to the operations.

(NOK million)	Third quarter			First nine months		
	2018	2017	Growth in percent	2018	2017	Growth in percent
Reported revenues	3 005	2 917	3.0 %	9 499	9 183	3.4 %
Currency effects		-54	1.9 %		-91	1.0 %
Acquisition and Divestment impact	-	26	-0.9 %		48	-0.5 %
Basis for organic revenue growth	3 005	2 889	4.0 %	9 499	9 140	3.9 %

## ADJUSTED EBITA AND EBITDA

Earnings before tax, interests and amortisation of customer contracts and write-down of other intangible assets (EBITA) is an important performance measure for EVRY. EBITDA is before depreciations and write-down of tangible assets and in-house developed software. Adjusted EBITA/EBITDA is defined as EBITA/EBITDA less items defined as other income and expenses, which includes inter alia, write-downs and restructuring. These performance measures are considered useful to the users of the financial statements when evaluating operational profitability on a more variable cost basis as they exclude amortisation and depreciation expense related to capital expenditure, and also items not considered as a part of ordinary operations.

(NOK million)	Third quarter		First nine months		Year
	2018	2017	2018	2017	2017
Adjusted EBITA	413	408	1 107	1 073	1 569
IBM partner agreement	-108	-210	-356	-711	-941
Provision for restructuring	-	-	-	-33	-33
Transaction costs, IPO and refinancing	-	-3	-	-210	-241
EBITA	305	194	751	119	353

(NOK million)	Third quarter		First nine months		Year
	2018	2017	2018	2017	2017
EBITA	305	194	751	119	353
Depreciation and write-down of tangible assets and in-house developed software	53	64	162	213	275
EBITDA	358	259	913	332	629
IBM partner agreement	108	210	356	688	918
Provision for restructuring	-	-	-	33	33
Transaction costs, IPO and refinancing	-	3	-	210	241
Adjusted EBITDA	467	472	1 269	1 264	1 821

### ADJUSTED OPERATIONAL CASH FLOW

Adjusted operational cash flow is defined as cash flow from operating activities less cash effect from other income and expenses. EVRY is of the opinion that this performance measure provides a better expression of the underlying cash flow from operations as it takes into consideration cash effects of items not directly related to the underlying operations, and which will be useful to the users of the financial statements in analysing the company's operational profitability.

(NOK million)	Third quarter		First nine months		Year
	2018	2017	2018	2017	2017
Adjusted operational cash flow	120	60	263	204	1 272
Payments related to restructuring processes	-18	-31	-74	-156	-195
Transaction, IPO and refinancing payments	-	-96	-22	-294	-343
Payments related to IBM partner agreement	-92	-338	-353	-999	-1 229
Net cash flow from operations	10	-405	-186	-1 246	-495

### NET OPERATIONAL INVESTMENTS (CAPEX)

Net operational investments represent the cash flow the investment spending in tangible operating assets and in-house developed software, less sale of tangible operating assets.

(NOK million)	Third quarter		First nine months		Year
	2018	2017	2018	2017	2017
Investment in tangible operating assets	-32	-49	-90	-112	-176
Investment in in-house developed software	-60	-47	-187	-142	-206
Sale of tangible operating assets	6	6	18	18	24
Net operational investments (CAPEX)	-86	-90	-259	-237	-359

### FREE CASH FLOW

Free cash flow represents the cash flow that EVRY is able to generate after the necessary investments have been made. Free cash flow is defined as operational cash flow adjusted for cash effect of other income and expenses less net operational investments.

(NOK million)	Third quarter		First nine months		Year
	2018	2017	2018	2017	2017
Adjusted operational cash flow	120	60	263	204	1 272
Net operational investments (CAPEX)	-86	-90	-259	-237	-359
Free cash flow	34	-29	3	-33	913

### CASH CONVERSION

Cash conversion measures how EBITDA is converted into cash and is defined as adjusted operational cash flow before paid interests divided by adjusted EBITDA. In addition, cash conversion is also calculated after investments in tangible operating assets and in-house developed software and sale of tangible assets.

(NOK million)	First nine months		Year
	2018	2017	2017
Adjusted operational cash flow	1 331	975	1 272
Paid interest	181	479	395
Adjusted EBITDA	1 826	1 728	1 821
Cash conversion (in percent)	82.8%	84.1%	91.6%

Cash Conversion Rates presented for the nine months ended 30 September 2017 and 2018 are based on adjusted EBITDA for the latest twelve months ended 30 September.

## ADJUSTED EARNINGS PER SHARE

Adjusted earnings per share is calculated as profit/-loss for the year attributable to shareholders (owners of the parent company) adjusted for other income and expenses after tax, and finance expenses related to refinancing divided by the average number of shares

(NOK million)	Third quarter		First nine months		Year
	2018	2017	2018	2017	2017
Profit/-loss for the period attributable to shareholders (owners of the parent company)	208	115	421	-400	-262
Other income and expenses	108	213	356	954	1 215
Finance expenses related to refinancing	-	-	-	313	313
Tax effect other income and expenses	-25	-51	-82	-304	-367
Adjusted profit/-loss for the period attributable to shareholders (owners of the parent company)	292	277	695	563	899
Average number of shares outstanding	370 806 077	370 806 077	370 806 077	319 072 529	319 072 529
Adjusted earnings per share	0.79	0.75	1.87	1.76	2.82

## NET INTEREST-BEARING LIABILITIES (NIBD)

Net interest-bearing liabilities represent current interest-bearing liabilities plus non-current interest-bearing liabilities (before adjustments for capitalised arrangement fees) less bank deposits.

(NOK million)	As of 30 September		As of 31 December
	2018	2017	2017
Non-current interest-bearing liabilities (excluding the capitalised arrangement fee)	5 064	4 756	4 683
Current interest-bearing liabilities	3	3	3
Bank deposits	-260	-346	-880
Net interest-bearing liabilities (NIBD)	4 807	4 413	3 807
Capitalised arrangement fee	50	50	61
Non-current interest-bearing liabilities (including the capitalised arrangement fee)	5 015	4 706	4 623

## NET LEVERAGE

Net leverage represents NIBD divided by adjusted EBITDA.

(NOK million)	As of 30 September		As of 31 December
	2018	2017	2017
Net interest-bearing liabilities (NIBD)	4 807	4 413	3 807
Adjusted EBITDA	1 826	1 728	1 821
Net leverage	2.63	2.55	2.09

Net leverage presented is based on adjusted EBITDA for the latest twelve months ended 30 September.

## WORKING CAPITAL

Net working capital is a measure of the Group's liquidity and operational efficiency.

(NOK million)	As of 30 September		As of 31 December
	2018	2017	2017
Accounts receivable	1 638	1 576	1 663
Other current receivables	1 273	1 333	1 078
Accounts payable	-667	-695	-934
Duties payable, vacation allowance	-866	-786	-986
Other current liabilities	-1 055	-1 240	-1 314
less accrued financial expenses	14	12	14
less current interest bearing liabilities	3	3	3
Net working capital	341	203	-476



EVRY

