

# EVERY – IFRS 15 Transition

4 MAY 2018

EVERY

# IFRS 15 Transition

- EVERY has adopted IFRS 15 using the modified retrospective method
- Only contracts not completed at 31 December 2017 have been subject to transition to IFRS 15
- Prior comparative periods will not be restated under IFRS 15

# IFRS 15 Income statement changes

- EVERY's business model will not change as a result of IFRS 15, neither will the majority of the reported revenue
- The timing of revenue from sale of licenses that are not distinct will change from a point in time (at delivery) to over time (over the contract period)
- Transition projects will be recognised when the customer can use and benefit from the project activities

# Sale of licenses

## Previous reporting standards

- Sale of licenses and rights to use software are recognised at the date the contract is signed as this corresponds to the time at which the software is made available to the customer.

## IFRS 15

- Licenses which are not distinct from other services, are bundled together as one performance obligation and recognised when the performance obligation has been satisfied. For licenses which are combined with hosting/operating services, the revenue from the sale of the licenses will be recognised over the contract period.
- Distinct licenses are considered to be one separate performance obligation and the revenue will be recognised when the customers can use and benefit from the license, which is normally at delivery.

# Transition projects

## Previous reporting standards

- Transition projects with a subsequent operating services contract will be recognised over the operating services contract period.
- Transition projects which are not related to an operating services contract, are recognised on the basis of the degree of completion method.

## IFRS 15

- Transition projects with a subsequent operating services contract will be recognised over the operating services contract period.
- Transition projects which are not related to an operating services contract, will be recognised when the customer receives value from the project. A project can consist of several deliveries that must be assessed separately to decide on when to recognise revenue.



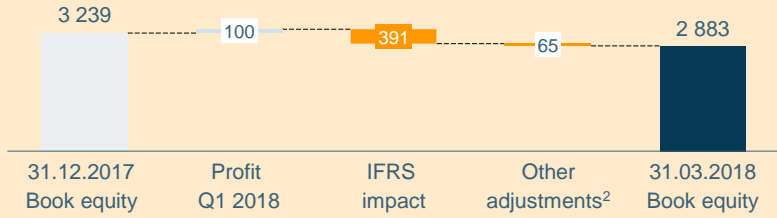
# Financial impact of IFRS 15

- 2018 opening balance sheet adjustments are:

|                    |                 |
|--------------------|-----------------|
| Deferred income    | NOK 508 million |
| Retained earnings  | NOK 391 million |
| Deferred tax asset | NOK 117 million |

- The net impact on 2018 total revenue and earnings is expected to be immaterial

# The net impact of IFRS 15 implementation on total revenue and earnings is expected to be immaterial

| IFRS 15 implications going forward  | IFRS 15 implementation effects Q1 2018   |   |                           |                            |                |                           |         |                |     |             |                    |                                |    |                        |                |     |    |    |  |
|---|--|---|---------------------------|----------------------------|----------------|---------------------------|---------|----------------|-----|-------------|--------------------|--------------------------------|----|------------------------|----------------|-----|----|----|--|
| <ul style="list-style-type: none"> <li>EVRY expects no material changes in reported revenue as a result of IFRS 15 implementation</li> </ul>  |  | <table border="1"> <thead> <tr> <th></th> <th>Reported Q1 2018 (IFRS 15)</th> <th>Impact IFRS 15</th> <th>Adjusted Q1 2018 (IAS 18)</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>3 208</td> <td>-5</td> <td>3 203</td> </tr> <tr> <td>EBITA<sup>1</sup></td> <td>320</td> <td>-2</td> <td>318</td> </tr> <tr> <td>Profit / -loss</td> <td>100</td> <td>-2</td> <td>98</td> </tr> </tbody> </table> |                           | Reported Q1 2018 (IFRS 15) | Impact IFRS 15 | Adjusted Q1 2018 (IAS 18) | Revenue | 3 208          | -5  | 3 203       | EBITA <sup>1</sup> | 320                            | -2 | 318                    | Profit / -loss | 100 | -2 | 98 |  |
|   | Reported Q1 2018 (IFRS 15)   | Impact IFRS 15  | Adjusted Q1 2018 (IAS 18) |                            |                |                           |         |                |     |             |                    |                                |    |                        |                |     |    |    |  |
| Revenue   | 3 208  | -5  | 3 203                     |                            |                |                           |         |                |     |             |                    |                                |    |                        |                |     |    |    |  |
| EBITA <sup>1</sup>  | 320  | -2  | 318                       |                            |                |                           |         |                |     |             |                    |                                |    |                        |                |     |    |    |  |
| Profit / -loss  | 100  | -2  | 98                        |                            |                |                           |         |                |     |             |                    |                                |    |                        |                |     |    |    |  |
| <ul style="list-style-type: none"> <li>Affected areas for timing of revenue recognition:</li> </ul>   |  |   |                           |                            |                |                           |         |                |     |             |                    |                                |    |                        |                |     |    |    |  |
|    | <ul style="list-style-type: none"> <li>The timing of revenue from sale of licenses that are not distinct will change from a point in time (at delivery) to over time (over the contract period)</li> </ul> |   |                           |                            |                |                           |         |                |     |             |                    |                                |    |                        |                |     |    |    |  |
|    | <ul style="list-style-type: none"> <li>Transition projects will be recognised when the customer can use and benefit from the project activities</li> </ul>   |   |                           |                            |                |                           |         |                |     |             |                    |                                |    |                        |                |     |    |    |  |
| <p>Change in book equity during the quarter</p>  <table border="1"> <thead> <tr> <th>Item</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>31.12.2017 Book equity</td> <td>3 239</td> </tr> <tr> <td>Profit Q1 2018</td> <td>100</td> </tr> <tr> <td>IFRS impact</td> <td>-391</td> </tr> <tr> <td>Other adjustments<sup>2</sup></td> <td>65</td> </tr> <tr> <td>31.03.2018 Book equity</td> <td>2 883</td> </tr> </tbody> </table> |  |   |                           | Item                       | Value          | 31.12.2017 Book equity    | 3 239   | Profit Q1 2018 | 100 | IFRS impact | -391               | Other adjustments <sup>2</sup> | 65 | 31.03.2018 Book equity | 2 883          |     |    |    |  |
| Item  | Value  |   |                           |                            |                |                           |         |                |     |             |                    |                                |    |                        |                |     |    |    |  |
| 31.12.2017 Book equity  | 3 239  |   |                           |                            |                |                           |         |                |     |             |                    |                                |    |                        |                |     |    |    |  |
| Profit Q1 2018  | 100  |   |                           |                            |                |                           |         |                |     |             |                    |                                |    |                        |                |     |    |    |  |
| IFRS impact   | -391   |   |                           |                            |                |                           |         |                |     |             |                    |                                |    |                        |                |     |    |    |  |
| Other adjustments <sup>2</sup>  | 65   |   |                           |                            |                |                           |         |                |     |             |                    |                                |    |                        |                |     |    |    |  |
| 31.03.2018 Book equity  | 2 883  |   |                           |                            |                |                           |         |                |     |             |                    |                                |    |                        |                |     |    |    |  |

1) BEFORE OTHER INCOME AND EXPENSES

2) OTHER ADJUSTMENTS INCLUDES OTHER COMPREHENSIVE INCOME AND SHARE OPTION PROGRAM FOR EMPLOYEES

# IFRS 15 implementation effects Q1 2018: Profit & Loss

| Consolidated statement of comprehensive income (NOKm)                          | Reported Q1<br>2018 (IFRS 15) | Impact<br>IFRS 15 | Adjusted Q1<br>2018 (IAS 18) | Reported Q1<br>2017 (IAS 18) |
|--|-------------------------------|-------------------|------------------------------|------------------------------|
| <b>Revenue</b>   | 3 208                         | -5                | 3 203                        | 3 177                        |
| Cost of goods sold   | 1 098                         | 3                 | 1 095                        | 1 003                        |
| Salaries and personnel costs   | 1 430                         |                   | 1 430                        | 1 437                        |
| Other operating costs  | 306                           |                   | 306                          | 329                          |
| <b>Adjusted EBITDA</b>   | 374                           | -2                | 372                          | 408                          |
| Depreciation and write-down of tangible assets and in-house developed software | 54                            |                   | 54                           | 63                           |
| <b>Adjusted EBITA</b>  | 320                           | -2                | 318                          | 345                          |
| Other income and expenses  | 125                           |                   |                              | 443                          |
| <b>EBITA</b>   | 195                           | -2                | 193                          | -98                          |
| Amortisation of customer contracts and other intangible assets                 | 1                             |                   |                              | 6                            |
| <b>EBIT</b>  | 194                           | -2                | 192                          | 933                          |
| Net financial items  | -68                           |                   | -68                          | -148                         |
| <b>Profit / -loss before tax</b>   | 126                           | -2                | 124                          | -252                         |
| Taxes  | 26                            |                   | 26                           | -62                          |
| <b>Profit / -loss</b>  | 100                           | -2                | 98                           | -190                         |



# IFRS 15 implementation effects Q1 2018: Statement of financial position

| Consolidated statement of financial position (NOKm) | Opening balance<br>31 December<br>2017 (IAS 18) | Impact<br>IFRS 15 | 1 January 2018<br>(IFRS 15) | Reported 31 March<br>2018 (IFRS 15) | Impact<br>IFRS 15 | Adjusted 31<br>March<br>2018 (IAS 18) |
|---|---|-------------------|-----------------------------|-------------------------------------|-------------------|---------------------------------------|
| Goodwill  | 5 736   |                   | 5 736                       | 5 580                               |                   | 5 580                                 |
| Other intangible assets                             | 1 310   | 117               | 1 427                       | 1 458                               | -117              | 1 341                                 |
| Total intangible assets                             | 7 046   | 117               | 7 163                       | 7 038                               | -117              | 6 921                                 |
| Total tangible assets                               | 376   |                   | 376                         | 359                                 |                   | 359                                   |
| Total non-current financial assets                  | 339   |                   | 339                         | 356                                 |                   | 356                                   |
| Total current assets                                | 3 621   |                   | 3 621                       | 3 190                               |                   | 3 190                                 |
| <b>Total assets</b>                                 | <b>11 383</b>                                   | <b>117</b>        | <b>11 500</b>               | <b>10 942</b>                       | <b>-117</b>       | <b>10 825</b>                         |
| Equity  | 3 238   | -391              | 2 847                       | 2 882                               | 389               | 3 271                                 |
| Non-controlling interests                           | 1   |                   | 1                           | 1                                   |                   | 1                                     |
| <b>Total equity</b>                                 | <b>3 239</b>                                    | <b>-391</b>       | <b>2 848</b>                | <b>2 883</b>                        | <b>389</b>        | <b>3 272</b>                          |
| Provision for liabilities                           | 274   | 406               | 682                         | 267                                 | -404              | -137                                  |
| Non-current non-interest-bearing liabilities        | 12  |                   | 12                          | 413                                 |                   | 413                                   |
| Non-current interest-bearing liabilities            | 4 623   |                   | 4 623                       | 4 555                               |                   | 4 555                                 |
| Total non-current liabilities                       | 4 910   | 406               | 5 317                       | 5 236                               | -404              | 4 832                                 |
| Total current liabilities                           | 3 234   | 102               | 3 335                       | 2 823                               | -102              | 2 721                                 |
| <b>Total equity and liabilities</b>                 | <b>11 383</b>                                   | <b>117</b>        | <b>11 500</b>               | <b>10 942</b>                       | <b>-117</b>       | <b>10 825</b>                         |

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