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Sale of IP to Microsoft

Columbus IT sells retail industry solution to Microsoft with a profit of DKK 12m.

Today, Columbus IT Partner A/S has concluded an agreement about sale of its retail industry solution, RCM, to Microsoft for USD 5m.

In this relation the parties have entered into a strategic development and marketing agreement covering the retail market and Microsoft Dynamics AX. Microsoft and Columbus IT's software development company, To-Increase, undertake a mutual obligation to strengthen the offered solutions to retail customers.

As part of this strategic cooperation agreement with Microsoft, Columbus IT will, through To-Increase, assist Microsoft with the migration of the To-Increase retail solution to the next Microsoft Dynamics AX retail solution. Part of this assistance consists in integration of RCM into a new retail version under Microsoft AX 6.0, which includes a strong Microsoft based POS functionality. Under the agreement To-Increase will focus on development of functionality aimed at sub verticals under Microsoft's next retail solution.

Over the past few years, Columbus IT has worked determinedly to build up a software development division in the Group under the name of To-Increase. To-Increase pursues two sales models, one being channel based distribution through more than 200 partners, which sell solutions developed by To-Increase worldwide. The other sales model is sale of IP.

In its Business Solutions division, Microsoft pursues a channel based distribution model, where the development of vertical specific functionality is handled by external companies such as To-Increase. During the past four years the software development of the RCM module in To-Increase has taken place in close cooperation with Microsoft Business Solutions – Axapta Industry Builder Initiative, cf. release 21/2005.

Columbus IT will receive USD 5m as payment for the retail solution. Of this amount USD 4.5m will be paid 15 days after the handover date. The remaining USD 0.5m will be deposited until July 2010.

Due to this agreement with Microsoft, the previously announced expectations for 2009 are specified. For 2009 Columbus IT expects revenues of DKK 830-850m and an EBITDA of DKK 35-45m.

Ib Kunøe
Chairman of the Board
Columbus IT Partner A/S

Claus E. Hansen
Chief Executive Officer
Columbus IT Partner A/S

Contact for further details:

CEO Claus E. Hansen, or CFO Heine Thorsgaard, T: (+45) 70 20 50 00.

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