

Interim Report H1/2016

Columbus A/S
CVR.: 13 22 83 45



Highlights first half 2016

Revenue

DKK 595m

An increase of 8% compared to H1/2015.

Service revenue

DKK 391m

An increase of 10% compared to H1/2015.

EBITDA (before share based payment)

DKK 66.8m

An increase of 70% compared to H1/2015.

Software sales

DKK 45.8m

An increase of 9% compared to H1/2015.

Net result

DKK 39.6m

An increase of 55% compared to H1/2015.

Recurring revenue

DKK 149m

An increase of 13%. In H1/2015 recurring revenue constituted 24% of the total revenue. In H1 2016 recurring revenue constituted 25% of the total revenue.

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Key figures and ratios

DKK '000	H1 2016	H1 2015	2015
Income related figures			
Columbus licenses	22,554	23,913	52,251
Columbus subscriptions	23,271	18,130	44,530
Columbus Software	45,825	42,043	96,781
External licenses	47,662	49,438	107,525
External subscriptions	99,776	92,495	184,524
Service	390,778	354,712	715,545
Other	10,496	9,757	19,068
Net revenue	594,537	548,445	1,123,443
Recurring revenue % of total revenue	25,1%	24,0%	24,3%
Service EBITDA	35,799	11,543	38,226
EBITDA before share-based payment	66,754	39,353	105,225
EBITDA	65,663	38,724	103,863
EBIT	50,506	24,672	74,843
Profit before tax	49,867	31,508	83,400
Profit after tax	39,564	25,460	65,339
Balance sheet			
Non-current assets	467,478	412,333	431,496
Current assets	270,946	284,622	266,285
Total assets	738,424	696,955	697,781
Group shareholder equity	416,116	348,771	386,179
Minority interests	2,937	1,977	2,573
Total liabilities	319,371	346,207	309,029
Total equity and liabilities	738,424	696,955	697,781
Investments in tangible assets	4,415	2,677	6,276
Cash flow			
Cash flow from operating activities	52,950	38,880	109,147
Cash flow from investing activities	-43,451	-85,559	-109,124
Cash flow from financing activities	-7,509	20,514	-15,450
Total cash flow	1,990	-26,165	-15,427
Key ratios			
EBITDA-margin	11.0%	7.1%	9.2%
Operating profit margin (EBIT-margin)	8.5%	4.5%	6.7%
Equity ratio	56.4%	50.0%	55.3%
Return on equity	9.4%	7.5%	16.8%
Number of shares, in thousands	116,198	113,699	113,699
Average number of shares, in thousands	115,048	112,144	112,930
Book value of equity per share (BVPS)	3.58	3.07	3.40
Earnings per share (EPS)	0.34	0.23	0.57
Cash flow per share	0.45	0.34	0.95
Share price, end of period	8.40	5.05	6.70
Average headcount at the end of the period	1,088	1,055	1,080

The key figures and financial ratios above have been calculated in accordance with the Danish Society of Financial Analysts' "Recommendations and Key Figures 2015",

Management's Review

In first half 2016 revenue increased by 8% and EBITDA¹ increased by 70% to DKK 66.8m compared to H1 2015. A solid growth in the services business and acquisitions are driving the revenue and the EBITDA increase.

Services business and acquisitions are driving growth

In the first half of 2016, revenue amounted to DKK 595m (2015: DKK 548m), an increase of 8%. EBITDA¹ amounted to DKK 66.8m (2015: DKK 39.4m), corresponding to an increase of 70%.

The revenue growth was primarily driven by a solid growth in the services business and acquisitions made in 2015 and 2016. In the first half of 2016, the services revenue increase by 10%. The progress mainly came from Columbus' US business.

The increase in EBITDA was partly driven by the effect of the acquisitions, and partly by a significant growth in profitability in the services business. The improved profitability was primarily due to cost reductions in Norway and secondarily due to improvement in chargeable hours in both Norway and the US. The development in Norway and the US is in line with expectations.

Solid cash flow

Cash flow from primary activities amounted to DKK 60.7m, corresponding to an increase of 36% compared to H1 2015.

Columbus2020: Pursuing the growth opportunity

In March 2016, Columbus announced the company's new five-year strategy Columbus2020. The strategy was born with the ambition of being a leading global value provider of digital business solutions in selected industries.

Columbus continues to invest in new innovative business solutions, while at the same time optimizing and streamlining our services business. Ensuring satisfied and successful customers is an essential focus area for Columbus, as well as dedicated and motivated employees.

In connection with the new strategy, Columbus has identified three value drivers, which reflect the new strategic direction. The value drivers measure the development in relation to significant success criteria for future growth and value creation.

Value drivers

1. Improve profitability in the services business

Columbus' services business is the largest revenue contributor in the Group. Columbus aims to deliver higher productivity and quality in the services business in order to optimize delivery, minimize risk and control cost. The value driver "Service EBITDA" reflects the achievement of this target.

In the first half of 2016, the service EBITDA increased from DKK 11.5m to DKK 35.8m, corresponding to an increase of DKK 24.3m. The main reason for this improvement was an increase in chargeable hours from 56% to 60%. The increase came from the US and Norway and from acquisitions.

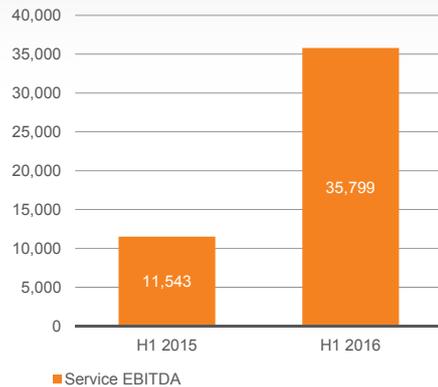
2. Scaling of own software sales

Columbus Software is of strategic importance to Columbus, since this is a key differentiator in the market, and since it generates high earnings. Columbus aims to grow our software sales within Columbus Software licenses, subscriptions and cloud solutions.

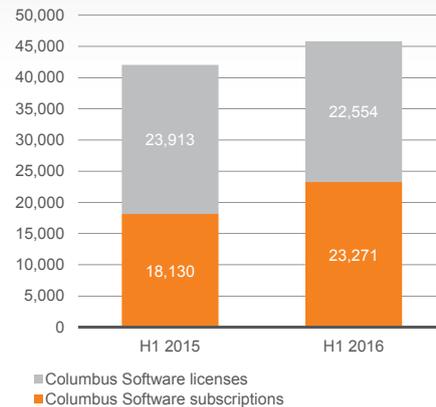
Columbus Software increased by 9% despite a decline in Columbus license sale. The decline in license sale is due to a very strong sale in H1 2015. The strong sale of new license in 2015 has caused the growth of 28% in subscription in H1 2016.

¹ EBITDA before share-based payment

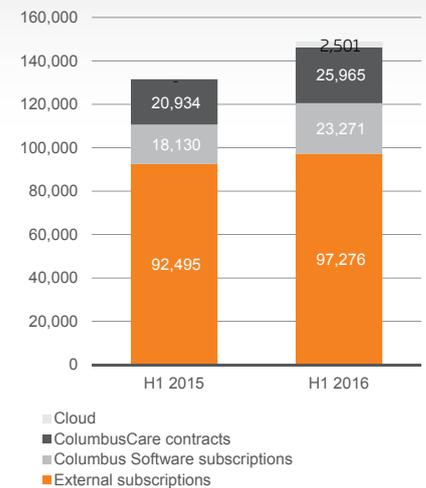
Service EBITDA and development in the services business



Development in sale of Columbus Software



Development in recurring revenue



3. Growth in recurring revenue

Recurring revenue constitutes predictable income and creates more stability in the business. Columbus aims to grow this revenue stream, which consists of Columbus Software subscriptions, third party subscriptions, cloud revenue and ColumbusCare contracts.

These recurring revenue categories initiate a closer relation and ongoing interaction with Columbus' customers, supporting the role of Columbus being a strategic business partner for our customers.

In first half of 2016, recurring revenue increased by 13%, primarily affected by acquisitions. The proportion of the total revenue was 25%. The development is in line with expectations.

Acquisitions in 2016

Columbus follows an acquisition strategy targeting companies within our key industries and in selected geographical regions.

In February, Columbus acquired SystemHosting, a leading Danish cloud and hosting company with more than 300 customers. SystemHosting has 29 employees, and in fiscal year 2014/2015 SystemHosting had a revenue of DKK 33.3m and earnings of DKK 3.6m.

In July, Columbus acquired the US consultancy CSG, recognized for their specialized competencies and solutions within ERP. The acquisition further strengthens Columbus' coast-to-coast reach in the US market, and today Columbus has 27 offices and 250 employees in the US. In 2015, CSG had a revenue of DKK 33.5m and an EBITDA of DKK 5m. The company has 19 employees.

Expectations for 2016

Columbus maintains the previously announced expectations for 2016:

- Revenue in the level of DKK 1.2bn
- EBITDA² in the level of DKK 124m
- Columbus Software revenue of DKK 105m
- Service EBITDA of DKK 84m
- 10% dividend on nominal share capital

² EBITDA Before share-based payment

Columbus' new strategy is built around three value drivers:

The Columbus2020 strategy

1

Improve profitability in the services business

As, the services business is our largest revenue contributor margin improvement in the services business is very effectful. We will deliver higher productivity and quality in our services business to optimize delivery, minimize risk and control cost.

2

Scaling of own software sales

Columbus Software generates high earnings while creating high value for customers. We will grow our software sales within Columbus Software licenses, subscriptions and cloud solutions.

3

Recurring service revenue and cloud revenue

We will increase the recurring service revenue in order to improve predictability and profitability. The recurring revenue consists of Columbus Software and third party software subscriptions, cloud revenue and ColumbusCare revenue. All revenue categories are based on a long co-operation with customers where Columbus becomes the strategic business partner.

Columbus2020 - embracing the digital economy

Columbus' strategy is based on four interconnected elements that lead our

customers in the digital transformation of their business. In the following, we explain the different strategic elements.



Columbus® | 2020



Customer Success – Taking care of our customers for life

Columbus aims to be widely recognized as a business partner that enhances our customer's success by improving the value realization of their ERP investments.

Therefore, we will intensify our focus on creating a unique customer experience, including an extensive focus on better quality and project delivery throughout our business.

Taking care of our customers is a fundamental goal for Columbus. An important foundation for reaching that goal is our lifetime support offering, ColumbusCare, which ensures our customers high quality support around the clock. During our next strategic journey, we will extend the ColumbusCare offering towards a total service concept that takes care of our customers – for life.



Digital Leadership – Accelerate business innovation

Columbus helps our customers accelerate business innovation by maximizing the value realization of ERP and by leading them in the digital business transformation. Digital Leadership comprises two different, yet closely connected types of innovation:

Columbus will continue to strengthen our leadership position within ERP. This means that we will invest in new business applications, new methodologies and new business processes to make the experience of buying and implementing ERP and other business applications from Columbus faster, better, less risky and with high returns.

Columbus will extend our business and build a new leadership position in digital business transformation. Our customers are seeking a business partner that is able to lead them in the digital transformation of their business. Columbus wants to be that partner. We will build a leadership position using cloud, social, analytics and IoT (Internet of Things) technologies and business models, to enable our customers to take advantage of the digital opportunities.



Process Excellence – Quality in everything we do

In Columbus, we constantly strive to optimize and streamline the business operations in order to achieve global sales excellence and deliver high quality services to our customers. Our goal is to create the best customer experience, when engaging with Columbus.

The focal point is quality in everything we do – from the initial contact with customers, over sales and design of

the business solution to the implementation process and lifetime support engagement. We want to be best in class in ensuring the value realization of the project and manage the inherent risks in the implementation. In order to reach that goal, we will optimize our sales, services and support delivery capabilities – always striving to improve the quality.



Our People – Attract, develop and retain the best people

Columbus is a people business. Our greatest asset is our people and therefore it is crucial for our success that we attract and retain the best people in the industry. We want Columbus to be a company attracting highly skilled people to join, because it is the best place for competence development. We will achieve this goal by providing challenging career opportunities, attractive working conditions and professional and personal growth.

Furthermore, we want to create a customer success culture, where meeting the customers' expectation for high quality sets the direction in everything we do. This means that we always strive to deliver projects on time, within budget and at the highest quality.

Statement by management

We have today considered and approved the interim financial report for the period 1 January 2016 - 30 June 2016 for Columbus A/S.

The interim financial report has been prepared in accordance with IAS 34 and additional Danish interim reporting requirements for listed companies. The interim financial report is unaudited and has not been reviewed by the Company's auditor.

We consider the accounting policies applied to be appropriate to the effect that the interim financial report gives a true and fair view of the Group's assets, liabilities and financial position at 30 June 2016, and of the results of the Group's operations and cash flows during the first half of 2016.

We consider the management report to give a true and fair view of the development in the Group's business activities and financial situation, the financial result for the period and the Group's financial position as a whole together with a true and fair description of the significant risks and uncertainty factors which the Group faces.

Ballerup, 25 August 2016

Executive Board



Thomas Honoré
CEO

Board of Directors



Ib Kunøe
Chairman



Jørgen Cadovius
Deputy Chairman



Peter Skov Hansen



Sven Madsen

Financial Statements H1/2016



Statement of comprehensive income

DKK '000	Note	H1 2016	H1 2015	2015
Net revenue	3	594,537	548,445	1,123,443
External project costs		-134,735	-134,400	-274,962
Gross profit		459,802	414,045	848,481
Staff expenses and remuneration		-319,932	-306,623	-606,755
Other external costs		-73,340	-70,453	-150,013
Other operating income		546	2,384	13,549
Other operating costs		-322	0	-37
EBITDA before share-based payment		66,754	39,353	105,225
Share-based payment	4	-1,091	-629	-1,362
EBITDA		65,663	38,724	103,863
Depreciation		-15,157	-14,052	-29,020
Operating profit (EBIT)		50,506	24,672	74,843
Financial income		99	7,028	9,183
Financial expense		-738	-192	-626
Profit before tax		49,867	31,508	83,400
Corporate tax		-10,303	-6,048	-18,061
Profit after tax		39,564	25,460	65,339
Items that may be reclassified subsequently to profit and loss:				
Foreign exchange adjustments of subsidiaries		-3,031	3,759	1,699
Other comprehensive income		-3,031	3,759	1,699
Total income for the period		36,533	29,219	67,038
Allocated to:				
Shareholders in Columbus A/S		39,192	26,082	64,817
Minority interests		372	-622	522
		39,564	25,460	65,339
Total comprehensive income allocated to:				
Shareholders Columbus A/S		36,169	29,830	66,504
Minority interests		364	-611	534
		36,533	29,219	67,038
Earnings per share of DKK 1.25 (EPS)		0.34	0.23	0.57
Earnings per share of DKK 1.25, diluted (EPS-D)		0.34	0.23	0.57

Balance sheet

DKK '000	Note	H1 2016	H1 2015	2015
ASSETS				
Goodwill		341,954	308,452	319,249
Other intangible assets		29,303	23,177	21,604
Development projects finalized		53,656	44,968	56,996
Development projects in progress		9,442	8,066	2,065
Property, plant and equipment		15,649	13,016	12,631
Deferred tax assets		17,474	14,654	18,951
Total non-current assets		467,478	412,333	431,496
Inventories		522	272	1,303
Trade receivables	5	145,029	157,629	141,710
Contract work in progress	6	12,652	17,062	11,546
Corporate tax receivables		307	4,873	333
Deferred tax assets		7,500	7,500	7,500
Other receivables		12,331	10,780	12,058
Prepayments		9,241	9,796	9,542
Receivables		187,060	207,640	182,689
Cash		83,365	76,710	82,294
Total current assets		270,946	284,622	266,285
TOTAL ASSETS		738,424	696,955	697,781

Balance sheet

DKK '000	Note	H1 2016	H1 2015	2015
EQUITY AND LIABILITIES				
Share capital		145,247	142,123	142,123
Reserves on foreign currency translation		-14,029	-8,945	-11,006
Retained profit		284,898	215,593	255,062
Group shareholders' equity		416,116	348,771	386,179
Minority interests		2,937	1,977	2,573
Equity		419,053	350,748	388,752
Deferred tax		6,425	431	6,454
Provisions		10,967	21,580	13,876
Non-current liabilities		17,392	22,011	20,330
Debt to credit institutions		235	35,691	420
Client prepayments		34,638	26,214	43,374
Trade payables		57,734	77,088	68,270
Corporate tax payables		12,465	8,928	10,601
Other liabilities		162,879	144,761	138,723
Accruals		34,028	31,514	27,311
Current liabilities		301,979	324,196	288,699
Total liabilities		319,371	346,207	309,029
TOTAL EQUITY AND LIABILITIES		738,424	696,955	697,781

Statement of changes in equity

	Shareholders in Columbus A/S				Equity
	Share capital	Reserves on foreign currency translation	Retained profits	Minority interests	
DKK '000					
H1 2016					
Balance at 1 January 2016	142,123	-11,006	255,062	2,573	388,752
Profit after tax	0	0	39,192	372	39,564
Currency adjustments of investments in subsidiaries	0	-3,023	0	-8	-3,031
Total comprehensive income	0	-3,023	39,192	364	36,533
Capital increase	3,124	0	4,079	0	7,203
Share-based payment cf. note 4	0	0	1,091	0	1,091
Payment of dividend	0	0	-14,526		-14,526
Balance at 30 June 2016	145,247	-14,029	284,898	2,937	419,053
H1 2015					
Balance at 1 January 2015	137,831	-12,693	200,763	4,233	330,134
Profit after tax	0	0	26,082	-622	25,460
Currency adjustments of investments in subsidiaries	0	3,748	0	11	3,759
Total comprehensive income	0	3,748	26,082	-611	29,219
Capital increase	4,292	0	2,332	0	6,624
Share-based payment cf. note 4	0	0	629	0	629
Payment of dividend	0	0	-14,212	-1,645	-15,857
Balance at 30 June 2015	142,123	-8,945	215,593	1,977	350,748
2015					
Balance at 1 January 2015	137,831	-12,693	200,763	4,233	330,134
Profit after tax	0	0	64,817	522	65,339
Currency adjustments of investments in subsidiaries	0	1,687	0	12	1,699
Total comprehensive income	0	1,687	64,817	534	67,038
Capital increase	4,292	0	2,332	0	6,624
Share-based payment cf. note 4	0	0	1,362	0	1,362
Payment of dividend	0	0	-14,212	-2,194	-16,406
Balance at 31 December 2015	142,123	-11,006	255,062	2,573	388,752

Cash flow

DKK '000	Note	H1 2016	H1 2015	2015
Operating profit (EBIT)		50,506	24,672	74,843
Non-recurring income from acquisitions		0	0	-12,086
Depreciations and amortizations		15,157	14,052	29,020
Cost of incentive scheme	4	1,091	629	1,362
Changes in net working capital		-6,098	5,176	24,415
Cash flow from primary activities		60,656	44,529	117,554
Interest received, etc.		406	928	2,617
Interest paid, etc.		-612	-192	-626
Corporate tax paid		-7,500	-6,385	-10,398
Cash flow from operating activities		52,950	38,880	109,147
Net increase in development projects		-12,855	-9,411	-24,951
Acquisition of tangible assets		-4,415	-2,677	-6,276
Acquisition of intangible assets		-43	0	-36
Disposal of tangible assets		16	40	276
Acquisition of subsidiaries and activities		-26,154	-73,511	-78,137
Cash flow from investing activities		-43,451	-85,559	-109,124
Proceeds from capital increase / Warrant exercised		7,203	6,624	6,624
Overdraft facilities		-186	29,747	-5,668
Dividends paid		-14,526	-15,857	-16,406
Cash flow from financing activities		-7,509	20,514	-15,450
Cash flow from operations		1,990	-26,165	-15,427
Cash funds at the beginning of the year		82,294	99,018	99,018
Exchange rate adjustments		-919	3,857	-1,297
Cash funds at the end of the period		83,365	76,710	82,294

Notes

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Notes

Note 1 - Accounting Policies

The consolidated interim financial report is prepared in accordance with IAS 34, Presentation of Interim Financial Reporting, as approved by the EU. The interim financial report is presented in Danish kroner (DKK), which is the Parent Company's functional currency.

The accounting policies applied in the interim financial report are prepared in accordance with International Financial Reporting Standards, as approved by the EU, and additional Danish disclosure requirements for interim financial reports of listed companies and is unchanged compared to 2015. For more information on the accounting policies, we refer to our Annual Report for 2015.

Notes

Note 2 - Segment data

In order to support decisions about allocation of resources and assessment of performance of the segments, the Group's internal reporting to the Board of Directors of the Parent Company is based on the following grouping of operating segments:

Strategic business areas	Description	Geographical segment
ISV (Independent Software Vendor)	Development and sale of industry-specific software within Columbus' three focus industries: Retail, food and manufacturing	No specific area
Consultancy	Sale, implementation and service of standard business systems.	Western Europe Eastern Europe North America

Information about the Group's segments is stated below.

DKK '000	ISV	Consultancy			HQ, GDC and Eliminations	Total
		Western Europe	Eastern Europe	North America		
H1 2016						
Columbus licenses	18,412	7,959	1,544	1,980	-7,341	22,554
Columbus subscriptions	18,261	7,605	823	2,744	-6,162	23,271
External licenses	0	15,943	5,688	26,233	-202	47,662
External subscriptions	0	35,082	12,427	52,644	-377	99,776
Services	7,016	229,909	43,768	121,815	-11,730	390,778
Other	278	5,109	969	4,019	121	10,496
Total net revenue	43,967	301,607	65,219	209,435	-25,691	594,537
Gross profit	39,068	228,046	48,369	135,449	8,870	459,802
EBITDA	23,085	40,397	6,016	12,455	-16,290	65,663
Operating result (EBIT)	9,253	25,714	2,423	4,573	8,543	50,506
Profit before tax	8,968	25,971	2,291	2,164	10,473	49,867
Profit after tax	7,481	22,041	-207	2,150	8,099	39,564
Segment assets	121,419	327,423	79,720	282,221	-72,359	738,424
Segment liabilities	37,836	103,984	29,365	67,942	80,244	319,371
Non-current assets	102,458	163,097	37,013	218,875	-53,965	467,478
Capital investments	12,982	3,663	172	574	74	17,465
Depreciation	-9,271	-3,187	-237	-2,262	-200	-15,157
Average number of employees	77	464	273	239	35	1,088

In order to be able to estimate the results of the segments and allocate resources between these, the Board of Directors also monitors the tangible, intangible and financial assets related to each segment.

Notes

Note 2 - Segment data continued

DKK '000	ISV	Consultancy			HQ, GDC and Eliminations	Total
		Western Europe	Eastern Europe	North America		
H1 2015						
Columbus licenses	18,234	8,339	1,590	3,197	-7,447	23,913
Columbus subscriptions	15,733	6,164	663	2,131	-6,561	18,130
External licenses	0	16,502	7,881	24,571	484	49,438
External subscriptions	-93	33,712	14,452	45,387	-963	92,495
Services	8,593	202,529	46,691	106,161	-9,262	354,712
Other	357	4,293	737	4,429	-59	9,757
Total net revenue	42,824	271,539	72,014	185,876	-23,808	548,445
Gross profit	37,102	204,521	50,257	115,132	7,033	414,045
EBITDA	22,394	21,908	4,313	5,973	-15,864	38,724
Operating result (EBIT)	10,597	4,880	266	-2,888	11,817	24,672
Profit before tax	11,319	4,218	-212	-4,735	20,918	31,508
Profit after tax	11,319	905	-1,754	-5,781	20,771	25,460
Segment assets	113,604	287,282	89,640	267,482	-61,053	696,955
Segment liabilities	35,697	120,661	35,997	81,362	72,490	346,207
Non-current assets	93,848	123,789	37,346	208,529	-51,179	412,333
Capital investments	9,589	1,758	258	344	548	12,497
Depreciation	-9,334	-2,526	-251	-1,768	-173	-14,052
Average number of employees	72	431	285	243	24	1,055

In order to be able to estimate the results of the segments and allocate resources between these, the Board of Directors also monitors the tangible, intangible and financial assets related to each segment.

Notes

Note 2 - Segment data continued

DKK '000	ISV	Consultancy			HQ, GDC and Eliminations	Total
		Western Europe	Eastern Europe	North America		
2015						
Columbus licenses	38,715	20,417	4,719	6,829	-18,429	52,251
Columbus subscriptions	35,505	14,870	1,480	5,580	-12,905	44,530
External licenses	0	39,390	16,489	51,937	-291	107,525
External subscriptions	-128	70,420	23,792	90,674	-234	184,524
Services	17,453	398,707	91,285	228,952	-20,852	715,545
Other	1,287	8,103	2,033	7,738	-93	19,068
Total net revenue	92,832	551,907	139,798	391,710	-52,804	1,123,443
Gross profit	82,260	412,662	101,458	247,441	4,660	848,481
EBITDA	49,034	56,882	11,697	13,605	-27,355	103,863
Operating result (EBIT)	30,277	29,669	5,785	-1,502	10,614	74,843
Profit before tax	31,820	27,852	7,702	-5,918	21,944	83,400
Profit after tax	25,741	16,885	4,247	-1,935	20,401	65,339
Segment assets	115,183	285,906	82,318	271,782	-57,408	697,781
Segment liabilities	37,644	117,417	33,144	70,025	50,799	309,029
Non-current assets	98,958	123,565	37,161	224,810	-52,999	431,496
Capital investments	29,405	9,646	367	2,007	-4,752	36,673
Depreciation	-18,640	-5,089	-506	-4,447	-338	-29,020
Average number of employees	74	449	283	241	33	1.080

In order to be able to estimate the results of the segments and allocate resources between these, the Board of Directors also monitors the tangible, intangible and financial assets related to each segment.

Notes

Note 2 - Segment data continued

Revenue and long-term assets distributed in geographic areas

The Group's revenue from external customers and non-current assets distribution in geographical areas are specified below. Revenue is distributed according to the registered address of the customers, and the non-current assets are distributed according to location and legal relation.

DKK '000	Net revenue from external customers			Non-current assets		
	H1 2016	H1 2015	2015	H1 2016	H1 2015	2015
Denmark	174,247	141,568	291,027	143,996	105,912	105,814
Norway	29,869	33,984	57,021	7,837	7,742	6,956
United Kingdom	88,747	91,484	191,171	22,444	23,936	22,822
USA	208,071	184,581	390,924	211,343	200,996	217,279
Russia	29,399	38,263	72,224	21	190	33
The rest of the world	64,204	58,565	121,076	81,837	73,557	78,592
Total	594,537	548,445	1,123,443	467,478	412,333	431,496

Notes

Note 3 - Net revenue

DKK '000	H1 2016	H1 2015	2015
Sale of products			
Columbus licenses	22,554	23,913	52,251
Columbus subscriptions	23,271	18,130	44,530
External licenses	47,662	49,438	107,525
External subscriptions	99,776	92,495	184,524
Other	826	517	1,213
Total sale of products	194,089	184,493	390,043
Sale of services			
Sales value of finished projects	374,455	338,587	702,881
Change in contract work in progress	16,323	16,125	12,664
Other services	9,670	9,240	17,855
Total sale of services in the period	400,448	363,952	733,400
Total net revenue	594,537	548,445	1,123,443
Contract work in progress, beginning of period	-52,475	-39,811	-39,811
Contract work in progress, end of period	68,798	55,936	52,475
Total change in contract work in progress	16,323	16,125	12,664

Notes

Note 4 - Staff expenses and remuneration

DKK '000	H1 2016	H1 2015	2015
Staff expenses			
Salary and wages	272,725	268,724	555,778
Other social security costs	28,677	18,795	28,677
Other staff expenses	18,530	19,104	22,300
Staff costs before share-based payment	319,932	306,623	606,755
Share-based payment	1,091	629	1,362
Staff expenses	321,023	307,252	608,117
Average number of employees	1,088	1,055	1,080

Note 5 - Trade receivables

DKK '000	H1 2016	H1 2015	2015
Receivables (gross) at 30 June	150,559	164,457	148,701
Provisions for bad debt at 1 January	6,991	4,938	4,938
Change in provisions for bad debt during the period	563	3,564	13,516
Loss realized during the period	-2,024	-1,674	-11,463
Provisions for bad debt 30 June	5,530	6,828	6,991
Carrying amount at 30 June	145,029	157,629	141,710

Provisions for bad debt are made if it is assessed that the individual debtors ability to pay is reduced, e.g. in the event of administrative orders, insolvency, etc.

Note 6 - Contract work in progress

DKK '000	H1 2016	H1 2015	2015
Contract work in progress	68,798	55,936	52,475
On account billing and prepayments	-69,060	-45,672	-57,519
	-262	10,264	-5,044
The net value is included in the balance as follows:			
Contract work in progress (assets)	12,652	17,062	11,546
Client prepayments (liabilities)	-12,914	-6,798	-16,590
	-262	10,264	-5,044

Notes

Note 7 – Business combinations

Acquisition of companies in H2 2016

As of 6 July 2016 the Group acquired 100% of the assets in Client Strategy Group. As the final acquisition was conditional to fulfillment of a few employee conditions control was gained by Columbus on 15 July 2016. The acquisition of Client Strategy Group will strengthen Columbus' coast-to-coast reach in US market and underlines the goal of being recognized as a strategic business partner that leads customers in the digital business transformation. The opening balance has not yet been fully completed. The expected impact is a revenue of DKK 14m and an EBITDA in the level of DKK 3.5m. The total consideration is DKK 42.9m.

Acquisition of companies in H2 2016

As of 1 February 2016 the Group acquired 100% of the shares in SystemHosting A/S.

Name	Primary activity	Date of control gained	Acquired ownership	Acquired voting rights	Total consideration DKK '000
SystemHosting A/S	Distribution, implementation and hosting of standardised business solutions.	1st February	100%	100%	40,600
Total					40,600

The acquisition of SystemHosting A/S will strengthen Columbus's global position as an innovative solution provider.

DKK '000	SystemHosting A/S	Total
Development projects, finalized	0	0
Other intangible assets	10,878	10,878
Operating equipment	2,573	2,573
Total non-current assets	13,451	13,451
Trade receivables	5,873	5,873
Other receivables	780	780
Cash	2,518	2,518
Total current assets	9,171	9,171
Trade payables	-870	-870
Corporation tax and deferred tax	-536	-536
Other debt	-7,824	-7,824
Total current debt	-9,230	-9,230
Net assets acquired	13,392	13,392
Goodwill	27,207	27,207
Total consideration	40,600	40,600
Acquired cash funds	-2,518	-2,518
Contingent consideration	-19,000	-19,000
Cash consideration	19,082	19,082

Notes

Note 7 – Business combinations continued

After recognition of identifiable assets, liabilities and contingent liabilities at fair value, goodwill in relation to the acquisitions were assessed to DKK 27m. The goodwill represents the value of assets where the fair value cannot be measured reliably, the value of the acquired staff and knowhow, expected synergies from the merger of acquired company and the existing activities in Columbus as well as the value of access to new markets.

Contingent consideration for SystemHosting A/S is DKK 19m. The contingent consideration is determined by certain revenue and EBITDA thresholds in 2016 and 2017 for the combined business. The consideration is recognized as if these thresholds will be met.

DKK '000	SystemHosting A/S	Total
Fair value calculation on trade receivables		
Trade receivables, gross amount	5,873	5,873
Trade receivables, not expected to be collected	0	0
Trade receivables, fair value	5,873	5,873

SystemHosting A/S has been implemented completely in business and in the books and a separation of the business is impracticable. The amount of revenue and profit or loss, for the period from the acquisition date as well as proforma figures for the year 2016 has consequently not been stated.

Acquisition of companies in 2015

As of 1 February 2015 the Group acquired 100% of the shares in Business Microvar Inc. and as of 4 May 2015 the Group acquired 100% of the shares in MW data A/S and MW Solutions A/S. Furthermore, as of 1 July 2015 the Group acquired 100% of the assets in Sherwood Systems.

Name	Primary activity	Date of control gained	Acquired ownership	Acquired voting rights	Total consideration DKK '000
Business Microvar Inc.	Distribution and implementation of standardised business solutions.	1st February	100%	100%	62,225
MW data A/S and MW Solutions A/S	Distribution and implementation of standardised business solutions.	4th May	100%	100%	53,278
Sherwood Systems	Distribution and implementation of standardised business solutions.	1st July	100%	100%	6,595
Total					122,098

Notes

Note 7 – Business combinations continued

The acquisitions of Business Microvar Inc. and Sherwood Systems have strengthened the position as a value provider of industry specific consultancy and business solutions to companies within the retail, manufacturing and food industries.

The acquisition of MW data A/S has strengthened the focus within the company's key industries, and thereby the global position as an innovative solution provider.

DKK '000	Business Microvar Inc.	MW data A/S and MW Solutions A/S	Sherwood Systems	Total
Development projects, finalized	0	4,496	0	4,496
Other intangible assets	16,462	5,376	0	21,838
Operating equipment	3,299	1,228	0	4,527
Total non-current assets	19,761	11,100	0	30,861
Trade receivables	12,583	7,604	291	20,478
Other receivables	5,643	153	18	5,814
Cash	3,253	11,924	0	15,177
Total current assets	21,479	19,681	309	41,469
Trade payables	-16,159	-2,767	0	-18,926
Corporation tax and deferred tax	2,476	-972	0	1,504
Other debt	-33,451	-9,593	-998	-44,041
Total current debt	-47,134	-13,332	-998	-61,463
Net assets acquired	-5,894	17,449	-689	10,866
Goodwill	68,119	35,829	7,284	111,232
Total consideration	62,225	53,278	6,595	122,098
Acquired cash funds	2,608	-11,924	0	-9,316
Contingent consideration	-13,169	-14,144	0	-27,313
Cash consideration	51,663	27,210	6,595	85,468

After recognition of identifiable assets, liabilities and contingent liabilities at fair value, goodwill in relation to the acquisitions were assessed to DKK 111m. The goodwill represents the value of assets where the fair value cannot be measured reliably, the value of the acquired staff and knowhow, expected synergies from the merger of acquired companies and the existing activities in Columbus as well as the value of access to new markets.

Estimated tax deductibility on goodwill for the Business Microvar Inc. acquisition is DKK 68.7m. Goodwill is amortized over 15 years.

Contingent consideration for Business Microvar Inc. is DKK 13.2m. The contingent consideration is determined by revenue and EBITDA thresholds in 2015 and 2016 for the acquired business. The consideration is recognized as if these thresholds will be met.

Contingent consideration for MW data A/S and MW Solutions A/S is DKK 14.1m. The contingent consideration is determined by retaining certain key customers and key employees and certain revenue thresholds during 2015. Further contingent payments are determined by consulting profitability thresholds during 2015, 2016 and 2017. The consideration is recognized as if these thresholds will be met.

Changes to contingent considerations as a result of post-acquisition events during 2015 is recognized according to IFRS 3 as other income.

Notes

Note 7 – Business combinations continued

DKK '000	Business Microvar Inc.	MW data A/S and MW Solutions A/S	Sherwood Systems	Total
Fair value calculation on trade receivables				
Trade receivables, gross amount	15,039	7,718	350	23,108
Trade receivables, not expected to be collected	-2,456	-114	-59	-2,629
Trade receivables, fair value	12,583	7,604	291	20,478

Business Microvar Inc., MW data A/S, MW Solutions A/S and Sherwood Systems have been implemented completely in the business and in the books and a separation of the businesses is impracticable. The amount of revenue and profit or loss, for the period from the acquisition date as well as proforma figures for the year 2015 has consequently not been stated.

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