

Interim Report H1/2019

Columbus A/S

CVR.: 13228345

Highlights

Revenue

DKK 977m

corresponding to an organic growth of 2%.

EBITDA

DKK 102m

corresponding to a growth of 7%.

Columbus Software sales

DKK 49m

corresponding to a decline of 12%.

Recurring revenue and cloud revenue

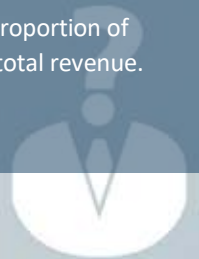
DKK 229m

corresponding to an increase of 6%. The proportion of recurring revenue constitutes 23% of the total revenue.

Profit before tax

DKK 50m

corresponding to a decline of 22%.



Contents

Columbus

Highlights	2
Management's review	5
Statement by management	10
Financial statements H1/2019	11
Statement of changes in equity - Group	15
Cash flow	16
Notes	17

Key figures and ratios

DKK '000	H1 2019	H1 2018	2018
Income related figures			
Columbus Software licenses	8,627	17,533	29,373
Columbus Software subscriptions	30,001	31,151	57,949
Columbus Cloud	10,431	7,268	15,547
Columbus Software	49,059	55,952	102,869
External licenses	36,744	38,687	74,029
External subscriptions	103,031	105,766	206,658
External cloud	15,690	10,508	24,095
Services	752,860	751,150	1,432,109
Other	19,774	16,091	35,492
Net revenue	977,158	978,154	1,875,252
Recurring revenue % of total revenue	23.4 %	21.9%	22.7%
EBITDA before share-based payment	103,533	99,601	181,183
EBITDA	101,536	94,653	171,409
EBIT	57,566	54,722	107,516
Profit before tax	50,391	64,200	115,441
Profit after tax	38,579	51,185	96,674
Balance sheet			
Non-current assets	1,217,974	1,089,311	1,140,954
Current assets	485,275	478,300	492,604
Total assets	1,703,249	1,567,611	1,633,558
Group shareholder equity	666,747	577,180	636,339
Minority interests	3,538	4,244	3,381
Total liabilities	1,032,964	986,187	993,838
Total equity and liabilities	1,703,249	1,567,611	1,633,558
Investments in tangible assets	3,119	2,485	5,907
Cash flow			
Cash flow from operating activities	55,930	89,962	124,294
Cash flow from investing activities	-82,377	-211,136	-255,557
Cash flow from financing activities	13,744	151,968	154,663
Total cash flow	-12,703	30,794	23,400
Key ratios			
EBITDA-margin	10.4%	9.7%	9.1%
Operating profit margin (EBIT-margin)	5.9%	5.6%	5.7%
Equity ratio	39.1%	36.8%	39.0%
Return on equity	6.1%	9.3%	16.0%
Return on invested capital including goodwill (ROIC)	8.4%	13.3%	22.5%
Number of shares, in thousands	124,622	121,787	121,787
Average number of shares, in thousands	122,757	120,944	121,370
Book value of equity per share (BVPS)	5.35	4.74	5.23
Earnings per share (EPS)	0.31	0.41	0.78
Cash flow per share	0.45	0.73	1.01
Share price, end of period	12.68	15.22	12.68
Average full time employees for the period	1,957	1,799	1,845

The key figures and financial ratios above have been calculated in accordance with Danish Finance Society "Recommendation & Financial Ratios"

Management's review

Columbus closed the first half of 2019 in line with last year. Organically revenue increased by 2% to DKK 977m and EBITDA grew by 7% to DKK 102m. Columbus Care, Cloud, M3 and Commerce are driving the growth, however a slow Q2 reduced the growth in the first half of 2019.

Organic growth of 2%

Total revenue amounted to DKK 977m which was at the same level as last year. Isolated for the SAP ERP Business and Columbus Latvia divested in 2018 (constituting DKK 19.8m), Columbus delivered an organic growth of 2%.

Columbus started the year with an organic growth of 7% in Q1, however Q2 faced slow growth in general. Overall, the H1 performance is in line with expectations. Columbus maintains the announced full year expectations to 2019.

EBITDA increased from DKK 95m to DKK 102m, which is a growth of 7%. EBITDA is impacted by a decline in EBITDA in the US business of DKK 14m and continued integration cost of iStone of DKK 3.8m. EBITDA is positively impacted by the M3 and Commerce businesses and the IFRS16 impact.

The result before tax declined by 22% to DKK 50m.

First half of 2019 is characterized by increased investment in building new offerings (9 Doors to Digital Leadership®) and continued integration of iStone.

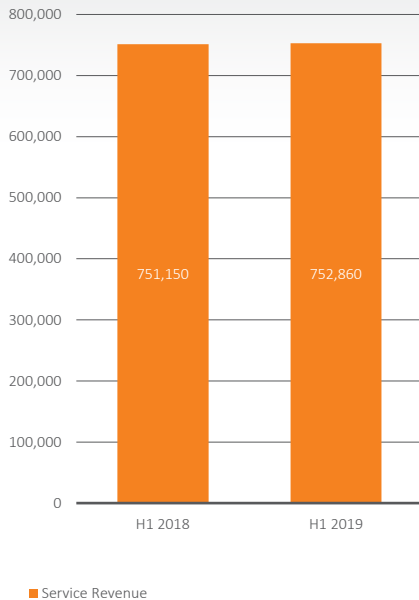
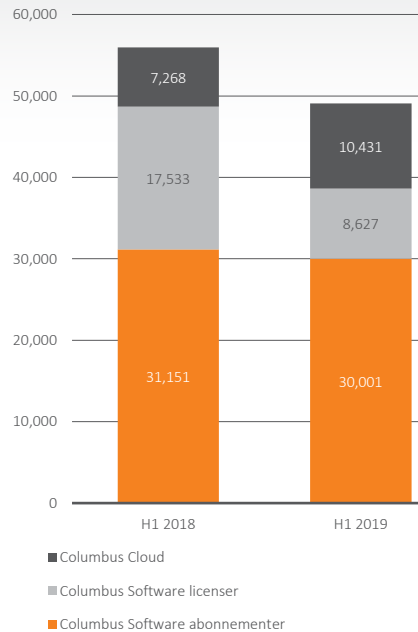
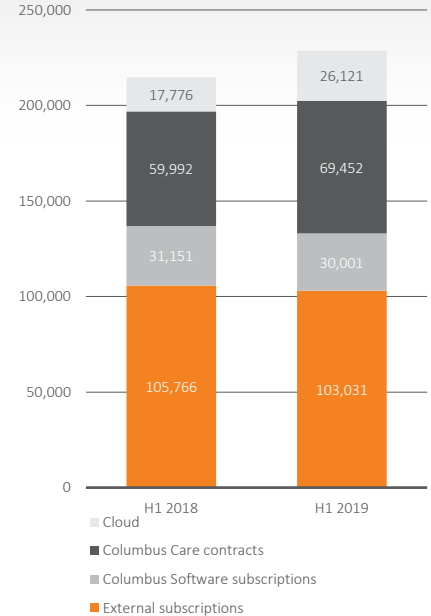
In general, we see good progress in the business where especially our M3 and Commerce businesses showed strong progress. Sale of Columbus Care and cloud services continues to grow, however, these are still small numbers.

Despite the growth in the business in the first half of the year, there were four issues that impacted both revenue growth and earnings performance during Q2:

- Decline in sale of Columbus Software:
Columbus Software declined by 12% in the first half of 2019. The reason for the decline is a lower sale of perpetual licenses than expected, as in H1 perpetual licenses declined by 51%. Sale of Columbus Cloud increased by 44%, which is a strong progress, however this is less than expected.

Columbus expects the software business to pick up in the second half of the year, due to a strong pipeline as well as some extraordinary large deals in process.

- Turnaround of Columbus US takes longer than expected:
At the end of May, Columbus onboarded the new CEO for Columbus US, Chris Alagna. Chris Alagna has already demonstrated a promising ability to create the team spirit to drive the turnaround of Columbus US. The new CEO is working on the business plan to address the declining sales execution which is the key reason for the declining US business. As part of his planning we are readjusting our expectations to the performance in the US, and we expect to see declining revenue continuing during second half of the year.
- Customer project challenges in Columbus Norway:
In Columbus Norway, the merger between Columbus Norway A/S and iStone Norway AS has been successfully completed and since 1 January 2019, the Norwegian Business Unit has operated as one company. Despite the progress, Columbus Norway is facing challenges with a major fixed price customer project which was part of the acquisition of iStone. We are pursuing different routes to improve performance in Norway.
- Brexit impacts the result in Columbus UK:
Columbus UK has historically delivered above expectations quarter after quarter. However, due to Brexit, we experience uncertainty in the UK business which is causing a declining growth and EBITDA in H1.

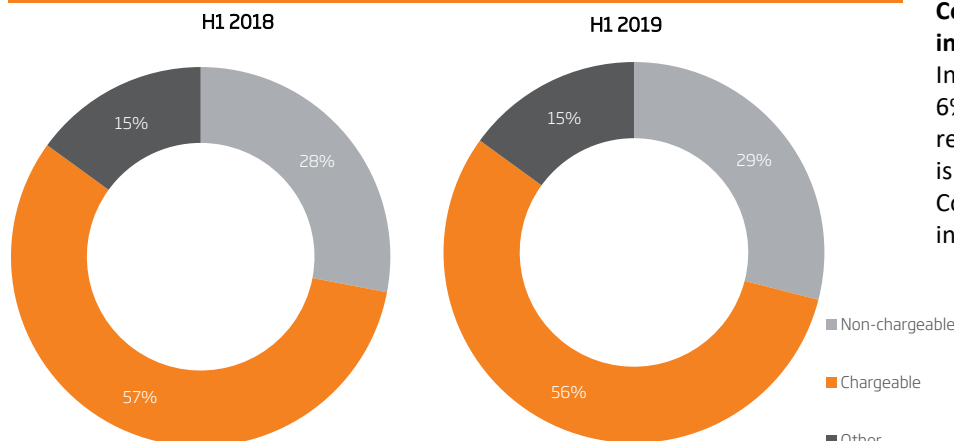
Development in service revenue

Development in sale of Columbus Software

Development in recurring revenue

Progress in new business areas

The 9 Doors to Digital Leadership is our comprehensive services and solutions catalogue, which we launched in 2018. In first half of 2019, the sale of new business areas within Analytics & Business Insight, Customer Experience and Application Management (Columbus Care) continued to deliver growth. In addition, we built further

capabilities and launched new services in the areas of Advanced Analytics, Field Services, Hybrid Cloud, Talent Management, Business Productivity, Enterprise Architecture, Quality Management and Compliance. We are seeing good traction in the market with Enterprise customers for large deals covering multiple of the 9 Doors to Digital Leadership across different regions.

Progress in the sale of Columbus Cloud

The sale of Columbus Cloud continues to show good progress. In H1 Columbus Cloud grew by 44% (2018: 46%). Columbus Cloud revenue now constitutes a larger part of Columbus Software sales than licenses sales, which has been expected due to the cloud conversion. Overall, Columbus Software declined by 12% due to the accelerated cloud conversion and the extraordinary strong 2018.

Development in the consultancy business

Columbus Care and cloud drive growth in recurring revenue

In H1, recurring revenue increased by 6% and constituted 23% of the total revenue (H1 2018: 22%). The progress is driven by an increase in sale of Columbus Care of 16% as well as an increase in total cloud revenue of 47%.

Integration of iStone on track

The Stronger Together program is being executed according to plan with the following key initiatives in H1 2019:

- Establishment of a Nordic recruitment team and implementing Business Objectives framework for all employees
- Several IT tools operates under one platform and the ITSM solution ServiceNow has been implemented across the organization
- Establishment of a Nordic Finance Team under one leadership as well as a Nordic Shared Service organization
- Columbus Global Delivery Center has been expanded with M3, Dynamics and AMS resources
- Commerce is expanding its business to UK and Denmark
- Columbus Norway and iStone have merged and operate as one company
- Launch of common website and brand as well as common Sales and Marketing systems and tools

Events after the balance sheet date

No events or transactions with a material effect on the company's financial position have occurred since the balance sheet date.

Expectations to 2019

Columbus maintains the announced expectations to 2019:

- Revenue in the level of DKK 2bn
- EBITDA in the level of DKK 240m
- Columbus Software in the level of DKK 110m
- 10% dividend on nominal share capital

	H1 2019	H1 2018	Development
Columbus Software licenses	9	18	-51%
Columbus Software subscriptions	30	31	-4%
Columbus Cloud	10	7	44%
External software licenses	37	39	-5%
External software subscriptions	103	106	-3%
External cloud	16	11	49%
Services	753	751	0%
Other	20	16	23%
Total net revenue	977	978	0%

Columbus' strategy is built around three value drivers:

1

Growth in the services business

Today, the services business is our largest revenue contributor, and we expect the service revenue to continue to be the major revenue stream in the future. We aim to 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 aim to grow our software sales within Columbus Software subscriptions and cloud revenue.

3

Recurring service revenue and cloud revenue

We expect to grow the recurring service revenue in order to improve predictability and support our profitability. The recurring revenue consists of Columbus Software and third-party software subscriptions, cloud revenue and Columbus Care 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' five-year strategy, Columbus2020, was born with the ambition of being the preferred service provider of digital business solutions globally.

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 engaged and motivated employees.

The strategy is based on four strategic interconnected elements that lead our

customers in the digital transformation of their business. In the following, we take a closer look at Columbus' ambitions within our strategic focus areas.



Columbus® | 2020



CUSTOMER SUCCESS

Customer Success – Taking care of our customers for life

Columbus aims to be widely recognized as a business partner that enhances our customers' success by improving the value realization of their business applications 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, Columbus Care, which ensures our customers high quality support around the clock. We will extend the Columbus Care offering with new services towards a total service concept that takes care of our customers in more areas – for life.



DIGITAL LEADERSHIP

Digital Leadership – Accelerate business innovation

Columbus helps our customers accelerate business innovation by maximizing the value realization of business applications 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 and business applications. This means that we will invest in new business applications, new methodologies and new business processes to make the experience of buying and implementing 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

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 customer. Our goal is to create the best customer experience for our customers, 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

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 2019 - 30 June 2019 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 2019, and of the results of the Group's operations and cash flows during the first half of 2019.

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, 22 August 2019

Executive Board



Thomas Honoré
CEO & President



Hans Henrik Thrane
Corporate CFO

Board of Directors



Ib Kunøe
Chairman



Svend Madsen
Deputy Chairman



Peter Skov Hansen



Karina Kirk

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The buildings are arranged in a circular pattern, creating a sense of height and architectural grandeur. The sky is a clear, light blue. The central building is the tallest and most prominent, with a sharp peak. The other buildings are shorter and positioned around it, creating a frame for the central tower. The overall color palette is dominated by blues and oranges, with the orange being a vibrant, saturated shade.

Financial statements H1/2019

Statement of comprehensive income

DKK '000	Note	H1 2019	H1 2018	2018
Net revenue	3	977,158	978,154	1,875,252
External project costs		-209,002	-208,929	-391,276
Gross profit		768,156	769,225	1,483,976
Staff expenses and remuneration	4	-576,214	-559,885	-1,091,192
Other external costs		-89,573	-111,010	-220,048
Other operating income		1,196	1,271	8,472
Other operating costs		-32	0	-25
EBITDA before share-based payment		103,533	99,601	181,183
Share-based payment	4	-1,997	-4,948	-9,774
EBITDA		101,536	94,653	171,409
Depreciation, amortization and impairment	5	-43,970	-39,931	-63,893
Operating profit (EBIT)		57,566	54,722	107,516
Financial income		245	11,267	13,663
Financial expenses		-7,420	-1,789	-5,738
Profit before tax		50,391	64,200	115,441
Corporate tax		-11,812	-13,015	-18,767
Profit after tax		38,579	51,185	96,674
Items that may be reclassified subsequently to profit and loss:				
Foreign exchange adjustments of subsidiaries		-8,627	-24,973	-15,712
Other comprehensive income		-8,627	-24,973	-15,712
Total income for the period		29,952	26,212	80,962
Allocated to:				
Shareholders in Columbus A/S		38,159	49,976	95,056
Minority interests		420	1,209	1,618
		38,579	51,185	96,674
Total comprehensive income allocated to:				
Shareholders Columbus A/S		29,534	24,999	79,332
Minority interests		418	1,213	1,630
		29,952	26,212	80,962
Earnings per share of DKK 1.25 (EPS)		0.31	0.41	0.78
Earnings per share of DKK 1.25, diluted (EPS-D)		0.31	0.41	0.77

Depreciation, amortization and impairment includes depreciations of right-of-use assets in the amount of DKK 18.6m.

Financial expenses include interest expenses of right-of-use assets in the amount of DKK 2.3m.

Balance sheet

DKK '000	Note	H1 2019	H1 2018	2018
ASSETS				
Goodwill		924,378	890,689	933,872
Customer base		56,900	70,059	64,350
Other intangible assets		8,667	1,936	6,661
Development projects finalized		62,665	65,858	67,480
Development projects in progress		18,714	7,305	11,723
Property, plant and equipment		23,074	24,547	24,190
Right-of-use assets		90,831	0	0
Investments in subsidiaries		0	292	0
Deferred tax assets		25,132	21,249	24,389
Other receivables		7,612	7,378	8,289
Total non-current assets		1,217,974	1,089,311	1,140,954
Inventories		70	0	5
Trade receivables	6	294,883	290,398	316,111
Contract assets	7	40,912	19,173	25,317
Corporate tax receivables		4,755	2,254	1,278
Deferred tax assets		7,595	3,533	4,521
Other receivables		15,212	10,683	11,327
Prepayments		25,498	35,451	25,136
Receivables		388,855	361,492	383,690
Cash		96,350	116,808	108,909
Total current assets		485,275	478,300	492,604
TOTAL ASSETS		1,703,249	1,567,611	1,633,558

Balance sheet

DKK '000	Note	H1 2019	H1 2018	2018
EQUITY AND LIABILITIES				
Share capital		155,778	152,234	152,234
Reserves on foreign currency translation		-53,128	-53,752	-44,503
Retained profit		564,097	478,698	528,608
Group shareholders' equity		666,747	577,180	636,339
Minority interests		3,538	4,244	3,381
Equity		670,285	581,424	639,720
Deferred tax		24,989	27,296	25,016
Other provisions		14,825	0	12,015
Contingent consideration		145,669	222,633	227,259
Debt to credit institutions		182,123	183,762	184,270
Lease liability right-of-use assets		63,450	0	0
Non-current liabilities		431,056	433,691	448,560
Debt to credit institutions		19,084	3,122	7,494
Contract liabilities	7	23,888	17,494	30,745
Trade payables		96,415	96,561	105,585
Corporate tax payables		5,534	4,867	4,514
Other payables		351,029	358,396	323,734
Accruals		72,356	72,056	73,206
Lease liability right-of-use assets		33,602	0	0
Current liabilities		601,908	552,496	545,278
Total liabilities		1,032,964	986,187	993,838
TOTAL EQUITY AND LIABILITIES		1,703,249	1,567,611	1,633,558

Statement of changes in equity - Group

DKK '000	Shareholders in Columbus A/S				
	Share capital	Reserves on foreign currency translation	Retained profits	Minority interests	Equity
H1 2019					
Balance at 1 January 2019	152,234	-44,503	528,608	3,381	639,720
IFRS 16 opening adjustment	0	0	-4,760	-261	-5,021
Balance at 1 January 2019	152,234	-44,503	523,848	3,120	634,699
Profit after tax	0	0	38,159	420	38,579
Currency adjustments of investments in subsidiaries	0	-8,625	0	-2	-8,627
Total comprehensive income	0	-8,625	38,159	418	29,952
Capital increase	3,544	0	15,671	0	19,215
Share-based payment cf. note 4	0	0	1,997	0	1,997
Payment of dividend	0	0	-15,578	0	-15,578
Balance at 30 June 2019	155,778	-53,128	564,097	3,538	670,285
H1 2018					
Balance at 1 January 2018	149,832	-28,779	428,059	3,031	552,143
Profit after tax	0	0	49,976	1,209	51,185
Currency adjustments of investments in subsidiaries	0	-24,973	-4	4	-24,973
Total comprehensive income	0	-24,973	49,972	1,213	26,212
Capital increase	2,402	0	10,942	0	13,344
Share-based payment, cf. note 4	0	0	4,948	0	4,948
Payment of dividend	0	0	-15,223	0	-15,223
Balance at 30 June 2018	152,234	-53,752	478,698	4,244	581,424
2018					
Balance at 1 January 2018	149,832	-28,779	428,059	3,031	552,143
Profit after tax	0	0	95,056	1,618	96,674
Currency adjustments of investments in subsidiaries	0	-15,724	0	12	-15,712
Total comprehensive income	0	-15,724	95,056	1,630	80,962
Capital increase	2,402	0	10,942	0	13,344
Share-based payment, cf. note 4	0	0	9,774	0	9,774
Payment of dividend	0	0	-15,223	-1,280	-16,503
Balance at 31 December 2018	152,234	-44,503	528,608	3,381	639,720

Cash flow

DKK '000	Note	H1 2019	H1 2018	2018
Operating profit (EBIT)		57,566	54,722	107,516
Non-recurring income and expenses from acquisitions		0	0	-6,464
Depreciation, amortization and impairment	5	43,970	39,931	63,893
Cost of incentive scheme	4	1,997	4,948	9,774
IFRS 16 effect		-20,901	0	0
Changes in net working capital		-3,299	1,023	-36,085
Cash flow from primary activities		79,333	100,624	138,634
Interest received, etc.		245	64	191
Interest paid, etc.		-5,535	-2,153	-3,403
Corporate tax paid		-18,113	-8,573	-11,128
Cash flow from operating activities		55,930	89,962	124,294
Net investment in development projects		-15,698	-16,001	-34,319
Acquisition of tangible assets		-3,119	-2,485	-5,907
Acquisition of intangible assets		-2,780	-1,028	-6,187
Disposal of tangible assets		33	281	334
Disposal of intangible assets		0	5	5
Acquisition of subsidiaries and activities	8	-60,813	-184,203	-209,483
Capital increase in affiliated companies		0	-7,705	0
Cash flow from investing activities		-82,377	-211,136	-255,557
Proceeds from capital increase/warrants exercised		19,215	13,344	13,344
Overdraft facilities		10,107	153,847	157,822
Dividends paid		-15,578	-15,223	-16,503
Cash flow from financing activities		13,744	151,968	154,663
Total cash flow		-12,703	30,794	23,400
Cash funds at the beginning of the year		108,909	88,235	88,235
Exchange rate adjustments		144	-2,221	-2,726
Cash funds at the end of the period		96,350	116,808	108,909

Notes

Note	Page
Note 1 – Accounting Policies	18
Note 2 - Segment data	19
Note 3 - Net revenue	22
Note 4 - Staff expenses and remuneration	23
Note 5 – Depreciation, amortization and impairment	24
Note 6 – Trade receivables	25
Note 7 – Contract assets and contract liabilities	26
Note 8 – Business combinations	27
Key figures, ratios and Alternative Performance Measures	30

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 2018 except for the changes and additions described below. For more information on the accounting policies, we refer to our Annual Report for 2018.

Changes in accounting policies

IFRS 16 "Leases" is effective from 1 January 2019. Columbus has assessed and evaluated the new standard and concluded that the standard will have significant impact on recognition and measurement for the Group consolidation.

The standard requires that all leases must be recognized in the balance sheet with a corresponding lease liability. Leased assets are amortized over the lease period, payments are allocated between instalments on the lease obligation, and interest expenses are classified as financial items.

Cash flow statement is impacted as operating lease payments from operating activities is reclassified from cash flow from operating to cash flow from interest and financing activities.

Columbus' portfolio of leases include three main groups; Offices, cars and other fixtures. Offices represent approximately

93% and cars and other tangible assets represents the last 7% of the Columbus' portfolio of leases.

Columbus has applied the simplified transition approach and has not restated comparative amounts for the year prior to first adoption. Right-of-use assets is measured on the transition date as if the new rules had always been applied, meaning that all leases are recognized back to original commencement date.

The right-of-use is classified as a separate line under non-current assets.

The lease liabilities related to the right-of-use assets are classified as current and non-current liabilities respectively.

The Group's activities as a lessor are not material and do not have significant impact on the financial statements.

Significant accounting assessments

Columbus Norway is facing challenges with a major fixed price customer project which was part of the acquisition of iStone. The management has assessed uncertainty related to the project based on assumptions concerning future developments. The actual development may therefor differ from the estimates and judgements made as more detailed information becomes available. The management has used all information available to mitigate the uncertainty and the assessment has not changed since the Annual Report for 2018.

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 2019						
Columbus Software licenses	5,766	2,580	2,273	796	-2,788	8,627
Columbus Software subscriptions	24,534	8,814	831	2,809	-6,987	30,001
Columbus Cloud	9,088	3,135	267	0	-2,059	10,431
External licenses	986	20,921	5,504	10,136	-803	36,744
External subscriptions	6,311	41,517	10,032	47,824	-2,653	103,031
External cloud	1,170	6,604	451	7,599	-134	15,690
Services	27,728	608,214	50,700	87,085	-20,867	752,860
Other	850	18,368	490	1,713	-1,647	19,774
Total net revenue	76,433	710,153	70,548	157,962	-37,938	977,158
Gross profit	65,253	538,308	55,149	98,883	10,563	768,156
EBITDA	32,706	81,832	6,741	1,011	-20,754	101,536
Operating profit (EBIT)	13,291	58,899	2,054	-7,480	-9,198	57,566
Profit before tax	13,483	58,959	880	-10,947	-11,984	50,391
Profit after tax	10,451	47,865	-450	-8,630	-10,657	38,579
Segment assets	207,349	1,143,949	104,124	290,145	-42,318	1,703,249
Segment liabilities	81,514	364,616	45,647	52,508	488,679	1,032,964
Non-current assets	167,133	706,426	59,673	246,311	38,431	1,217,974
Asset investments	14,421	2,860	518	258	3,540	21,597
Depreciation, amortization and impairment	-16,001	-18,049	-2,672	-4,167	-3,081	-43,970
Average number of employees	162	1,227	323	196	49	1,957

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 2018						
Columbus Software licenses	13,376	6,606	1,285	1,191	-4,925	17,533
Columbus Software subscriptions	27,578	9,403	724	2,077	-8,631	31,151
Columbus cloud	6,770	1,906	104	0	-1,512	7,268
External licenses	1,627	22,113	3,965	11,505	-523	38,687
External subscriptions	5,327	40,216	10,810	52,039	-2,626	105,766
External cloud	334	4,272	180	5,734	-12	10,508
Services	29,070	573,053	48,555	107,952	-7,480	751,150
Other	343	12,455	1,057	2,448	-212	16,091
Total net revenue	84,425	670,024	66,680	182,946	-25,921	978,154
Gross profit	73,713	517,177	51,471	121,308	5,556	769,225
EBITDA	36,147	62,663	7,106	14,995	-26,258	94,653
Operating profit (EBIT)	5,682	42,960	5,810	4,674	-4,404	54,722
Profit before tax	6,124	44,883	5,965	1,384	5,844	64,200
Profit after tax	4,220	36,098	5,511	1,073	4,283	51,185
Segment assets	206,458	1,026,506	95,863	279,331	-40,547	1,567,611
Segment liabilities	87,947	311,888	29,620	57,205	499,527	986,187
Non-current assets	157,090	623,009	49,414	230,506	29,292	1,089,311
Asset investments	16,002	1,279	397	175	1,661	19,514
Depreciation, amortization and impairment	-27,760	-7,965	-244	-2,323	-1,639	-39,931
Average number of employees	155	1,113	284	212	35	1,799

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		
2018						
Columbus Software licenses	23,967	9,166	3,692	2,224	-9,676	29,373
Columbus Software subscriptions	51,726	15,846	1,598	4,964	-16,185	57,949
Columbus Cloud	13,331	5,574	244	26	-3,628	15,547
External licenses	2,696	42,747	6,480	23,673	-1,567	74,029
External subscriptions	9,033	89,321	19,935	93,877	-5,508	206,658
External cloud	725	9,418	499	13,473	-20	24,095
Services	57,847	1,096,349	100,320	205,901	-28,308	1,432,109
Other	887	29,616	2,395	4,624	-2,030	35,492
Total net revenue	160,212	1,298,037	135,163	348,762	-66,922	1,875,252
Gross profit	137,589	992,413	106,094	230,987	16,893	1,483,976
EBITDA	62,093	112,729	12,327	18,695	-34,435	171,409
Operating result (EBIT)	15,944	70,199	9,107	11,303	963	107,516
Profit before tax	17,253	71,896	8,886	4,569	12,837	115,441
Profit after tax	15,010	61,572	7,955	8,467	3,670	96,674
Segment assets	210,095	1,076,814	91,054	274,890	-19,295	1,633,558
Segment liabilities	89,518	315,331	27,838	41,452	519,699	993,838
Non-current assets	160,814	662,711	49,562	237,500	30,367	1,140,954
Asset investments	32,059	6,007	1,027	307	7,013	46,414
Depreciation, amortization and impairment	-40,478	-14,875	-591	-4,502	-3,447	-63,893
Average number of employees	151	1,144	301	214	35	1,845

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 3 - Net revenue

DKK '000	H1 2019	H1 2018	2018
Sale of products			
Columbus Software licenses	8,627	17,533	29,373
Columbus Software subscriptions	30,001	31,151	57,949
Columbus Cloud	10,431	7,268	15,547
External licenses	36,744	38,687	74,029
External subscriptions	103,031	105,766	206,658
External cloud	15,690	10,508	24,095
Total sale of products	204,524	210,913	407,650
Sale of services			
Sales value of finished projects	722,136	738,437	1,393,788
Change in contract assets	30,725	12,713	38,321
Other services	19,774	16,091	35,492
Total sale of services	772,634	767,241	1,467,601
Total net revenue	977,158	978,154	1,875,252
Contract assets, beginning of period	-66,125	-27,804	-27,804
Contract assets, end of period	96,850	40,517	66,125
Total change in contract assets	30,725	12,713	38,321

Notes

Note 4 - Staff expenses and remuneration

DKK '000	H1 2019	H1 2018	2018
Staff expenses			
Salary and wages	465,327	466,293	893,827
Other social security costs	79,201	63,749	156,555
Other staff expenses	31,686	29,843	40,810
Staff costs before share-based payment	576,214	559,885	1,091,192
Share-based payment	1,997	4,948	9,774
Staff expenses	578,211	564,833	1,100,966
Average number of employees	1,957	1,799	1,845

Notes

Note 5 – Depreciation, amortization and impairment

DKK '000	H1 2019	H1 2018	2018
Depreciation	23,101	5,715	10,295
Amortization	20,869	19,436	38,858
Impairment of development projects	0	14,780	14,740
Total depreciation, amortization and impairment	43,970	39,931	63,893

Impairment of development projects relates to an extraordinary write down of Columbus Software in Q1 2018 in the ISV segment. The recoverable amount from the impaired development projects relates to software measured at fair value less cost to sell as well as the software's value in use, depending on the type of software. The recoverable amount of the impaired development projects represents DKK 5.8m. Impaired software measured at fair value less cost to sell are categorized at level 3 in the fair value hierarchy according to IFRS 13. The impairment and recoverable amount are associated with estimates and judgements made by the management based on expected future events. The management assesses that the measurement is fairly stated.

Notes

Note 6 – Trade receivables

DKK '000	H1 2019	H1 2018	2018
Receivables (gross) at 1 January	327,367	157,793	157,793
Change in receivables during the period	-19,453	149,762	169,574
Receivables (gross) at 30 June	307,914	307,555	327,367
Provisions for bad debt at 1 January	11,256	8,893	8,893
Change in provisions for bad debt during the period	1,916	10,909	4,451
Loss realized during the period	-141	-2,645	-2,088
Provisions for bad debt 30 June	13,031	17,157	11,256
Carrying amount at 30 June	294,883	290,398	316,111

Provisions for bad debt are made based on the lifetime expected credit losses in line with the Groups accounting policies.

DKK '000	H1 2019	H1 2018	2018
Age of receivables (gross):			
Not due	201,992	223,378	178,647
0-30 days	42,672	45,557	99,667
30-60 days	27,016	8,674	22,327
61-90 days	12,670	10,577	9,634
91-180 days	14,060	11,308	7,514
181-270 days	3,840	4,739	2,118
270-360 days	988	1,238	2,018
Above 360 days	4,677	2,084	5,442
Total	307,914	307,555	327,367

DKK '000	H1 2019	H1 2018	2018
Age of impairment:			
Not due	646	380	351
0-30 days	220	210	498
30-60 days	730	433	558
61-90 days	1,160	1,287	723
91-180 days	3,419	6,785	1,503
181-270 days	1,536	4,739	847
271-360 days	642	1,239	1,334
Over 360 days	4,677	2,084	5,442
Total	13,031	17,157	11,256

Notes

Note 6 – Trade receivables, continued

DKK '000	H1 2019	H1 2018	2018
Provision matrix:			
Not due	0.3%	0.2%	0.2%
0-30 days	0.5%	0.5%	0.5%
30-60 days	2.7%	5.0%	2.5%
61-90 days	9.2%	12.2%	7.5%
91-180 days	24.3%	60.0%	20.0%
181-270 days	40.0%	100.0%	40.0%
271-360 days	65.0%	100.0%	66.1%
Over 360 days	100.0%	100.0%	100.0%

Note 7 – Contract assets and contract liabilities

DKK '000	H1 2019	H1 2018	2018
Balance at 1 January	-5,427	-4,179	-4,179
Changes contract assets during the period	30,724	12,714	38,322
Changes on account billing and prepayments during the period	-8,273	-463	-39,571
Balance at 30 June	17,024	8,072	-5,427
Work in progress	96,850	40,517	66,125
On account billing and prepayments	-79,826	-32,445	-71,553
Balance at 30 June	17,024	8,072	-5,427
The net value is included in the balance as follows:			
Contract assets	40,912	19,173	25,317
Contract liabilities (client prepayments)	-23,888	-11,101	-30,745
Balance at 30 June	17,024	8,072	-5,427

Contract assets have been tested for impairment in line with the groups accounting principles. The result of the impairment test was insignificant in relation to the Group's consolidated financial statement and did not give rise to any impairment of the contract work in progress.

Notes

Note 8 – Business combinations

Acquisition of companies in 2019

There have been no acquisitions during H1 2019.

The net cash flows on acquisitions amounts to DKK 60,813k in H1 2019. Payments relates to contingent consideration on the acquisition of iStone AB (DKK 55,343k.) and HiGH Software (DKK 5,470k.)

Acquisition of companies in 2018

As of 2 January 2018 the Group acquired 100% of the shares in iStone AB.

As of 9 January 2018 the Group acquired 100% of the shares in HiGH Software and as of 1 June 2018 the Group acquired 100% of the shares in HÄT Systems.

Name	Primary activity	Date of control gained	Acquired ownership	Acquired voting rights	Total consideration DKK '000
iStone AB	Distribution and implementation of standardised business solutions.	2nd January	100%	100%	492,641
HiGH Software	Development and distribution of software.	9th January	100%	100%	61,660
HÄT Systems	Distribution and implementation of standardised business solutions.	1st June	100%	100%	12,350
Total					566,651

With the acquisition of iStone, Columbus entered the Swedish market and at the same time gained a market leading position within business applications and IT services in selected industries in the Nordic Region. In addition the combination of iStone and Columbus expanded Columbus' global footprint.

The acquisition of HiGH Software, which includes HGH Business Consultancy, enables Columbus to drive further innovation and growth within the growing market for equipment rental and leasing across industries.

HÄT Systems matches Columbus both within location, market focus and technology expertise and has since it was established in 2005 reached significant results including two-digit growth in earnings. With HÄT Systems on board, Columbus became a leading player within digital transformation to a larger market segment and the number one Dynamics NAV company in Estonia.

Divested companies and activities in 2018

As part of the implementation plan of iStone, Columbus entered into an agreement to divest its subsidiary iStone Sapience AB (Sweden). The divestment was implemented with effect from 30 June 2018 after which the control of the company was transferred to itelligence AB. The sales price was SEK 6m. The divested SAP-ERP business unit had a revenue of DKK 19.8m in H1 2018 and an EBITDA of DKK -3.8m.

Notes

Note 8 – Business combinations, continued

DKK '000	iStone AB	iStone AB adjustment opening balance	iStone AB after adjustment	HiGH Software	HÄT Systems	Total
Tangible fixed assets	14,093	0	14,093	998	37	15,128
Financial fixed assets	310	0	310	0	0	310
Other intangible assets	46,807	0	46,807	13,620	834	61,261
Other receivables	560	0	560	0	0	560
Deferred tax assets	1,789	0	1,789	0	0	1,789
Total non-current assets	63,559	0	63,559	14,618	871	79,048
Trade receivables	146,168	0	146,168	13,881	1,243	161,292
Work in progress	3,274	0	3,274	0	52	3,326
Tax receivables	9,819	0	9,819	0	0	9,819
Prepayments	20,420	0	20,420	0	0	20,420
Other receivables	3,999	0	3,999	901	0	4,900
Cash	31,209	0	31,209	8,653	998	40,860
Total current assets	214,890	0	214,890	23,435	2,293	240,618
Trade payables	-30,213	0	-30,213	-4,379	-663	-35,255
Debt to credit institutions	-23,967	0	-23,967	0	0	-23,967
Corporation tax and deferred tax	-21,346	9,140	-12,206	-2,889	0	-15,096
Deferred income	-6,775	0	-6,775	0	-30	-6,805
Accruals	-88,345	-41,544	-129,889	-10,314	0	-140,203
Other debt	-32,506	0	-32,506	-387	-975	-33,869
Total current debt	-203,153	-32,404	-235,557	-17,969	-1,667	-255,194
Net assets acquired	75,295	-32,404	42,891	20,084	1,496	64,472
Goodwill	417,346	32,404	449,750	41,576	10,853	502,179
Total consideration	492,641	0	492,641	61,660	12,350	566,651
Net working capital not paid	-15,671	0	-15,671	0	0	-15,671
Acquired cash funds	-31,209	0	-31,209	-8,653	-998	-40,860
Contingent consideration	-306,554	0	-306,554	-18,617	-744	-325,916
Cash consideration on acquisition date	139,206	0	139,206	34,390	10,608	184,204
Contingent consideration payments*						25,279
Net cash flows on acquisitions						209,483

*Contingent consideration payments relate to the acquisitions of iStone AB in 2018 (DKK 14,752 k.), Tridea Partners LLC in 2017 (DKK 3,778 k.), Cambridge Online Ltd in 2016 (DKK 1,440 k.), Client Strategy Group LLC in 2016 (DKK 3,549 k.) and MW Data A/S in 2015 (DKK 1,760 k.)

Notes

Note 8 – 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 502m.

In the 12 months measuring period from the acquisition date goodwill related to the iStone acquisition is adjusted with net DKK 32m due to impairment of fixed price projects. Accruals have been adjusted with DKK 41m and deferred tax has been adjusted with DKK 9m. The adjustments are recognized in the opening balance to reflect new information obtained about facts and circumstances that existed as of the acquisition date, and if known, would have affected the measurement of the amounts recognized as of that date. The adjustment (accrual) is associated with estimates and judgements that are based on assumptions concerning future developments. The actual development may therefore differ from the estimates and judgements made as more detailed information becomes available. Management has used all information available to mitigate the uncertainty and assess that the accrual for loss on projects in the opening balance is fair.

Estimated tax deductibility of goodwill for iStone AB, HiGH Software and HÄT Systems is DKK 0m.

Contingent consideration for iStone AB is DKK 307m. The contingent consideration is determined by EBITDA thresholds in 2018, 2019 and 2020. The consideration is recognized as if these thresholds will be met.

Contingent consideration for HiGH Software is DKK 18.6m. The contingent consideration is determined by gross profit thresholds in 2018, 2019 and 2020. The consideration is recognized as if these thresholds will be met.

Contingent consideration for HÄT Systems is DKK 744k. The contingent consideration is determined by fulfilment of the non-competition and non-solicitation obligations according to the Share Purchase Agreement.

DKK '000	iStone AB	HiGH Software	HÄT Systems	Total
Fair value assessment of trade receivables				
Trade receivables, gross amount	153,769	13,881	1,243	168,893
Trade receivables, not expected to be collected	-7,601	0	0	-7,601
Trade receivables, fair value	146,168	13,881	1,243	161,292

HiGH Software and HÄT 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 2018 have consequently not been stated. iStone AB has since the acquisition 2 January 2018 had a revenue of DKK 692m and a result after tax of DKK -13.3m. The result in iStone is significantly affected by a provision for loss on contracts after deferred tax of DKK 16.7m and management fees from Group amounting to DKK 9.1m. The net result excl. these adjustments is DKK 12.5m and EBITDA is DKK 27.8m.

Notes

Key figures, ratios and Alternative Performance Measures

Key figures and ratios

Earnings per share (EPS) and diluted earnings per share (EPS-D) are calculated in accordance with IAS 33.

Other ratios are calculated in accordance with the Danish Finance Society "Recommendations & Financial Ratios 2015". The financial ratios stated are calculated as follows:

EBITDA-margin	$\frac{\text{Earnings before interest, tax, depreciations and amortizations (EBITDA)}}{\text{Net revenue}}$	
Operating margin	$\frac{\text{Operating profit (EBIT)}}{\text{Net revenue}}$	
Return of equity	$\frac{\text{Result after tax and excl. minority interests}}{\text{Average equity excl. minority interests}}$	
Return on invested capital (ROIC)	$\frac{\text{EBITA}}{\text{Average invested capital including goodwill}}$	
Equity ratio	$\frac{\text{Equity excl. minority interests}}{\text{Total liabilities}}$	
Earnings per share (EPS)	$\frac{\text{Result after tax and excl. minority interests}}{\text{Average number of shares}}$	x f
Book value per share (BVPS)	$\frac{\text{Equity excl. minority interests end of year} \times 100}{\text{Number of shares end of year}}$	x f
Cash flow per share	$\frac{\text{Cash flow from operations}}{\text{Average number of diluted shares}}$	x f
Adjustment factor (f)	$\frac{\text{Theoretical rate}}{\text{Listed price of stock the day before the subscription and/or stock right cease}}$	

Notes

Alternative Performance Measures

Recurring Revenue

Recurring Revenue includes Columbus Software maintenance, Columbus Cloud revenue, 3rd party maintenance revenue, 3rd party cloud revenue, Columbus Care agreements.

Recurring revenue does not necessarily mean a binding contractual agreement. However recurring revenue is defined as revenue with a high degree of certainty for renewal >95%.

The purpose of defining Recurring Revenue is to express a level of predictability in the revenue. The higher degree of Recurring Revenue in pct. of total revenue – the more predictable is the Columbus revenue going forward.

Columbus Software Sales

Columbus Software Sales is the revenue from Columbus own developed Software Solutions and thus comprise an element in the revenue composition in Columbus.

The purpose to disclose this measure is to inform readers on the performance to capitalize the Software Investments in Columbus.

