

Q3 Report 2021

3 November 2021

Highlights

11% revenue growth in Q3 with progress in most business areas. Normalized EBITDA impacted by major investments in Focus23 strategy transformation efforts and onboarding of 171 new people.

Financial highlights Q3

- Revenue increased by 11% in Q3 2021 to DKK 323m (Q3 2020: 290m).
- Normalized EBITDA decreased to DKK 4m in Q3 2021 (Q3 2020: DKK 22m). The decrease is mainly caused by extraordinary costs related to recruitment, onboarding, new ERP platform implementation and external advice.
- Profit before tax declined to -11,3m (Q3 2020: 18,1m).

All numbers and comments are on the continued business, thus excluding discontinued operations (excluding the divested entities SMB US, To-Increase and Baltics).

Operational highlights

- Leadership succession in key Business Units
- Acceleration tracks for Focus23 driven by global leadership group
- Hiring 171 new people – increasing FTE with net 122 by end of Q3 compared to end of Q2
- YTD customer work remained high amounting to 57% vs. 53% last year.
- Divestment of Columbus US SMB business

“We are satisfied with the revenue and headcount growth for Q3 and now having cumulated growth for the first nine months of 2021. Columbus experiences great demand currently and has hired 171 new people during Q3”, says CEO & President Søren Krogh Knudsen.

Contents

Highlights	2
Revenue growth of 11% in Q3 2021	3
Key figures and ratios	4
Revenue growth of 11% in Q3 2021	5
Outlook for 2021	8
Statement by management	9
Financial statements	10

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Revenue growth of 11% in Q3 2021

Columbus delivered a third quarter with 11% top-line growth in most areas of the business. Earnings were impacted by major investments in onboarding of new people, thus normalized EBITDA declined in Q3.

High activity level during Q3

The third quarter was, besides being my first full quarter in Columbus, a quarter characterized by high activity in all areas of the business. The majority of our Business Units delivered top-line growth while onboarding new colleagues to the delivery organization to fuel for growth. The consolidated result is in line with management's expectations.

Columbus delivered a Q3 with 11% revenue growth (DKK 323m) and a total revenue growth for the first 9 months of 2% (DKK 1,090m). In Q3, we saw significant strong growth in our Norwegian and Swedish business, while Columbus Denmark delivered below expectations.

Normalized EBITDA decreased from DKK 22m to DKK 4m. For the first nine months, EBITDA amounted to DKK 78m. The decline is mainly related to new hire activities initiated during summer which materialized in Q3 with an increase in new people of net 122 FTE's.

New leadership in key positions

During October, Columbus announced leadership changes in two major Business Units: Columbus Care M3 & Digital Commerce. Mattias Goldkuhl succeeded

Rickard Schlyter who retired and in Columbus Sweden, Lena Ridström succeeded Markus Jakobson, who continues in Columbus in a role as strategic advisor

A strong governance structure is key for Columbus, positioning the company as Digital Trusted Advisor.

Streamlining our US business

On 1 November, we entered into an agreement with the US-based Microsoft cloud company Enavate to take over the Microsoft Dynamics SMB Business Unit in Columbus US, comprising 55 employees and up to 1,400 customers.

The divestment is an important milestone in the Focus23 strategy to focus and simplify our business.

New core ERP platform

To support our new operating model, we have made a large investment in a new core ERP platform. The implementation of the new core ERP platform will increase transparency and help reduce complexity in operations. The performance of the new platform will be achieved during the next quarters.

Pursuing our ambitions

The Focus23 strategy is executed with focus on expanding our current strengths, addressing operational challenges, and adding new (digital advisory) capabilities to the organization.

The global leadership team is driving 17 key strategy acceleration tracks to swiftly deliver progress - ranging from talent and leadership development, commercial optimization to sustainability strategy and company values. For each of the 17 acceleration tracks, we have prepared detailed action cards.

Being among the most experienced market leaders in the cloud ERP industry and with a growing business within the layer around ERP such as Data & Analytics, Digital Commerce and Customer Experience, Columbus has a strong position to move into the trusted digital advisory role.

I want to thank our employees, customers and partners for their contribution to the results.

Søren Krogh Knudsen
CEO & President



Key figures and ratios

DKK '000	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Income related figures					
Sale of services	273,016	243,392	938,437	904,080	1,201,861
Sale of products	49,816	46,466	151,623	161,789	229,252
Net revenue	322,832	289,858	1,090,060	1,065,869	1,431,113
Recurring revenue % of total revenue	22.8%	23.8%	21.3%	20.2%	20.5%
EBITDA before share-based payment	4,909	37,858	79,766	99,752	124,018
EBITDA	3,633	36,642	77,886	96,103	119,539
EBIT	-8,905	24,286	40,948	58,364	69,579
Net financial items	-2,443	-6,180	-1,861	-11,221	-16,852
Profit before tax	-11,348	18,106	39,087	47,143	52,727
Profit after tax, continuing operations	-9,467	4,859	34,421	29,703	42,318
Profit after tax, discontinued operations	5,188	4,769	736,316	22,514	6,244
Profit after tax	-4,279	9,628	770,737	52,217	48,562

DKK '000	30 Sep 2021	30 Sep 2020	31 Dec 2020
Balance sheet*			
Non-current assets		891,334	954,721
Current assets		342,320	412,009
Assets classified as held for sale		110,523	208,007
Total assets	1,344,177	1,574,737	1,640,865
Group shareholder equity	769,825	695,284	712,421
Minority interests	0	3,160	3,184
Total liabilities	570,996	789,573	831,369
Total liabilities relating to assets classified as held for sale	3,356	86,720	93,891
Total equity and liabilities	1,344,177	1,574,737	1,640,865

DKK '000	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Investments in tangible assets	2,605	902	6,243	3,145	3,832
Cash flow					
Cash flow from operating activities	-28,121	-16,972	-22,025	152,102	190,862
Cash flow from investing activities	-14,769	-14,679	707,292	-111,379	-127,830
Cash flow from financing activities	-126,467	-10,911	-799,374	-33,080	-43,972
Total net change in cash and cash equivalents	-169,357	-42,562	-114,107	7,643	19,060
Key ratios					
EBITDA-margin	1.1%	12.6%	7.1%	9.0%	8.4%
Operating profit margin	-2.8%	8.4%	3.8%	5.5%	4.9%
Equity ratio**	57.3%	44.2%	57.3%	44.2%	43.4%
Return on equity**	-0.6%	1.4%	105.3%	7.4%	7.0%
Return on invested capital (ROIC)**	-0.7%	3.2%	7.0%	7.8%	10.1%
Number of shares	129,276	124,622	129,276	124,622	124,622
Average number of shares	127,825	124,622	127,825	124,622	124,622
Book value of equity per share (BVPS)	5.95	5.58	5.95	5.58	5.72
Earnings per share (EPS) from continuing operations	-0.07	0.04	0.27	0.24	0.34
Cash flow per share	-0.22	-0.14	-0.17	1.22	1.53
Share price, end of period	9.41	7.20	9.41	7.20	11.24
Average full time employee for the period	1,636	1,606	1,608	1,699	1,644

*All 2020 balance sheet items include Baltics which were sold March 2021, as well as US SMB business, which is presented as held for sale as of September 2021.

** Key ratios are calculated with balance sheet items including assets classified as held for sale

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

Revenue growth of 11% in Q3 2021

Revenue development

Columbus realised a revenue of DKK 323m in Q3 2021 corresponding to an increase of 11%. The revenue growth is positively affected by a net currency impact of DKK 6m. This is mainly due to revenue deriving from SEK. Service revenue grew by 12% and derived from all our Market Units and all Business Lines except Customer Experience & Engagement.

With the revenue growth in Q3, the cumulated revenue gap from last year is closed leaving a cumulated increase in revenue of 2% in the first nine months of 2021. The revenue increase is delivered

by all Market Units except Columbus US, and Columbus Denmark, where there was a minor decrease caused by a decline in revenue from Software. Columbus Norway delivered exceptional growth of 42%, Sweden delivered revenue growth of 22% and UK a growth of 15%.

EBITDA development

In Q3 2021 reported EBITDA declined by 90% to DKK 4m. Normalized EBITDA¹ declined by 83% providing normalized EBITDA margin of 1.1%.

Columbus realised an EBITDA decline of 19% in the first nine months of 2021 amounting to DKK 78m. Normalized

EBITDA¹ declined by 6%, resulting in a normalized EBITDA margin YTD 2021 of 7.2%.

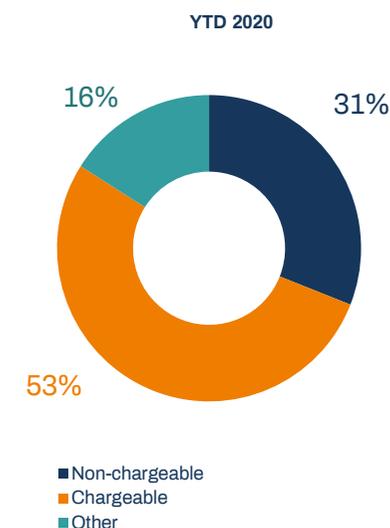
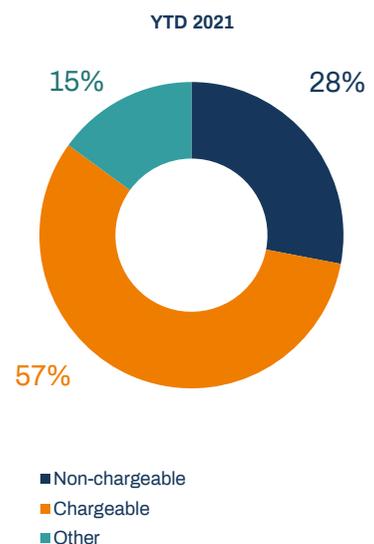
The EBITDA decline is mainly caused by high investments in hiring and onboarding of people in all areas of the business, welcoming 171 new people in Q3. Additionally, extraordinary costs related to ERP platform implementation and external advice had an impact on EBITDA.

Despite a large number of new employees, customer work remained high amounting to 57% vs. 53% last year. A fast and steep learning curve ensured that many new consultants were quickly able to deliver on customer projects and to deliver value to customers.

DKKm	Q3 2021	Q3 2020	Δ%	YTD 2021	YTD 2020	Δ%
Revenue reported	323	290	11%	1,090	1,066	2%
Foreign exchange	-6	0	0%	-9	0	0%
Organic revenue	317	290	9%	1,081	1,066	1%
EBITDA reported	4	37	-90%	78	96	-19%
Adjustment of provision for loss making contract	0	13	-100%	0	15	-100%
Reversal of earn-out	0	-28	-100%	0	-28	100%
Normalized EBITDA¹	4	22	-83%	78	83	-6%
Normalized EBITDA-margin	1.1%	7.5%	-84.8%	7.2%	7.8%	-7.3%

¹ EBITDA adjusted for provision for loss-making contract

Development in customer work



Development in service revenue and business segments

Service revenue increased by 12% to DKK 273m in Q3 2021. The increase is driven by all Business Lines, where especially Columbus Care, Digital Commerce and Data & Analytics increased with double digit numbers of 18%, 32% and 25% growth, respectively, compared to Q3 last year.

YTD 2021, service revenue increased by 4% to DKK 938m. The increase is driven by all our Business Lines, except Cloud ERP, which is still impacted by the reduced number of consultants compared to last year.

The high demand for digital transformation we saw in Q1 and Q2 continued into Q3, and in particular our new strategic Business Lines such as Digital Commerce, Data & Analytics and Customer Experience & Engagement delivered satisfactory growth.

Development in Market Units

All market units delivered growth in both Q3 and YTD, except US and Denmark. In US we have had attrition in the sales team and our turnaround is not yet completed. With the divestment of the SMB business the remaining business will be serving

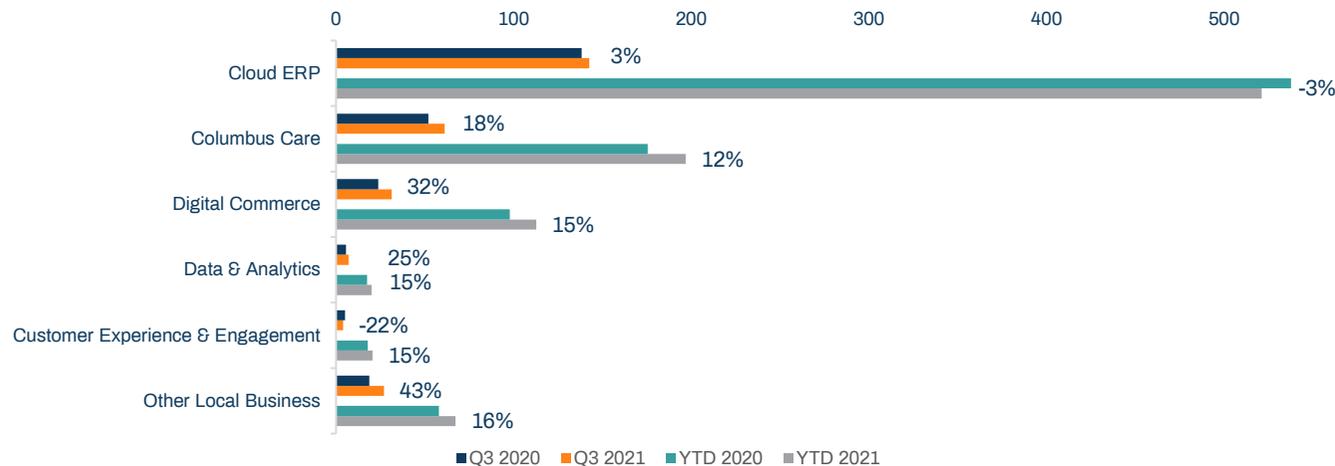
enterprise customers with a strategic fit in terms of customer size. In Denmark we have made and defined investments in sales capacity and other key hirings to address the lack of performance in the Danish market unit. Due to high demand in especially Norway and Sweden, we have focused some of our Danish consultants in those markets, supporting the growth in Norway by 42% and the growth in Sweden by 22%.

Profit before tax

Compared to Q3 2020, profit before tax declined by DKK 29m to DKK -11m. The decline is mainly driven by the decline in EBITDA.

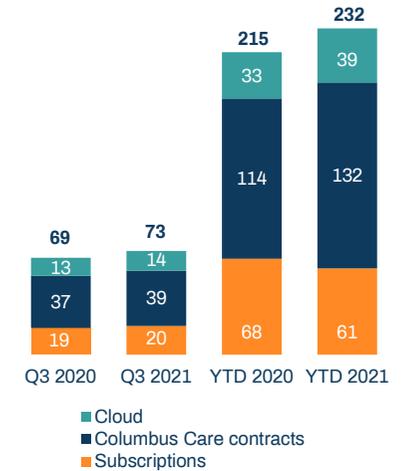
Service revenue split on Business Lines

DKK m



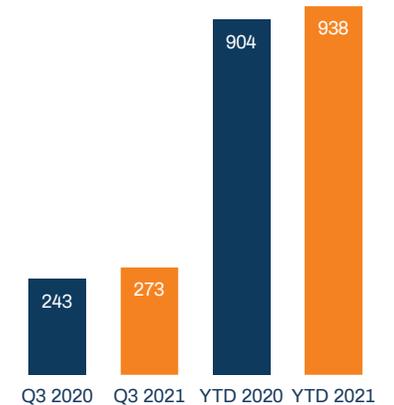
Development in recurring revenue

DKK m



Development in service revenue

DKK m



YTD 2021, Columbus realised a profit before tax of DKK 39m, corresponding to a decrease of 17%. The decrease is mainly caused by the decline in EBITDA. However, depreciations and financial income/expense pull in a positive direction.

Increase in recurring revenue

In Q3 2021, recurring revenue increased by 6% to DKK 73m (Q3 2020: DKK 69m), and now constitute 23% of total revenue (Q3 2020: 24%). The development in the recurring revenue in Q3 shows progress in Columbus Care contracts (+5%).

YTD 2021, recurring revenue increased by 8% to DKK 232m (YTD 2020: DKK 215m), and constitutes 21% of total revenue (YTD 2020: 20%).

The development in recurring revenue YTD 2021 shows progress in both Cloud (18%) and Columbus Care (16%). Subscriptions continued to decline as our customers are converting to cloud. Going forward, Columbus expects subscriptions to decline to insignificant amounts as part of the cloud conversion.

Cash

Cash flow from operating activities was negative with DKK 28m due to a significant reduction in other payables.

The development in cash flow YTD 2021 is negative by DKK 114m. Cash flow is impacted by the divestment of subsidiaries, dividend payment and a repayment of a bank loan.

Equity

Columbus' equity increased by net DKK 54m since 31 December 2020, primarily due to the capital increase through warrants exercise. With a total equity of DKK 770, Columbus has a solvency of 57% (2020: 43%). The high solvency ratio leaves Columbus in a strong financial position.

Events after the balance sheet date **Divestment of US SMB Business Unit**

On 1 November 2021, Columbus completed the divestment of its US SMB Business Unit to Enavate. The total net proceeds of USD 16.5m are paid in two installments, USD 8.0m in cash at completion and additional USD 8.5m in cash at the latest 30 April 2022. The sale of the US SMB Business will have marginal impact on the corporate equity.

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



Outlook for 2021

Financial guidance

Columbus experience a continued increase in demand for our services and digital solutions. Despite the continued decline in revenue from software and cloud management believes that there are good business opportunities going forward.

Columbus' ambition during the current strategy period is to gradually increase profitable growth to minimum 10% annually by 2023.

Based on the financial performance YTD 2021, current order book and pipeline, our guidance for full-year 2021 will remain unchanged as follows. However, due to the divestment of the SMB business our guidance is adjusted accordingly. As the SMB business will be reported as discontinued business, revenue guidance will be reduced by DKK 150m and EBITDA reduced by DKK 25m.

Revenue is hereafter expected to be in the range of DKK 1,500m – 1,650m corresponding to a growth of 5% to 15%.

EBITDA is hereafter expected to be in the range of DKK 100m – 125m corresponding to -16% to +5% compared to 2020.

DKKm	Revenue		EBITDA			
2021 Outlook	1,650	-	1,800	125	-	150
US SMB impact	-150		-150	-25		-25
2021 Adjusted outlook	1,500	-	1,650	100	-	125
Implied growth to 2020 result	5%	-	15%	-16%	-	5%



Statement by management

We have today considered and approved the interim financial report for the period 1 January 2021 – 30 September 2021 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 September 2021, and of the results of the Group's operations and cash flows during the first three quarters of 2021.

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, 3 November 2021

Executive Board



Søren Krogh Knudsen
CEO & President

Hans Henrik Thrane
Corporate CFO

Board of Directors



Ib Kunø
Chairman



Sven Madsen
Deputy Chairman



Peter Skov Hansen **Karina Kirk Ringsted**

Financial --- statements



Statement of comprehensive income

DKK '000	Note	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Net revenue	2	322,832	289,858	1,090,060	1,065,869	1,431,113
External project costs		-47,903	-42,944	-172,622	-193,210	-263,147
Gross profit		274,929	246,914	917,438	872,659	1,167,966
Staff expenses and remuneration	3	-230,527	-208,178	-747,759	-703,099	-957,177
Other external costs		-38,506	-28,894	-89,242	-98,310	-133,029
Other operating income		1,626	28,182	337	28,672	46,265
Other operating costs		-2,613	-166	-1,008	-170	-7
EBITDA before share-based payment		4,909	37,858	79,766	99,752	124,018
Share-based payment	3	-1,276	-1,216	-1,880	-3,649	-4,479
EBITDA		3,633	36,642	77,886	96,103	119,539
Depreciation, amortization and impairment	4	-12,538	-12,356	-36,938	-37,739	-49,960
Operating profit (EBIT)		-8,905	24,286	40,948	58,364	69,579
Financial income		30	2,895	7,435	5,229	949
Financial expenses		-2,473	-9,075	-9,296	-16,450	-17,801
Profit before tax from continuing operations		-11,348	18,106	39,087	47,143	52,727
Corporate tax		1,881	-13,247	-4,666	-17,440	-10,409
Profit after tax from continuing operations		-9,467	4,859	34,421	29,703	42,318
Profit after tax from discontinued operations	8	5,188	4,769	736,316	22,514	6,244
Profit after tax for the period		-4,279	9,628	770,737	52,217	48,562

DKK '000	Note	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Items that may be reclassified subsequently to profit and loss:						
Foreign exchange adjustments of subsidiaries		-697	-6,373	4,757	-25,902	-5,916
Other comprehensive income		-697	-6,373	4,757	-25,902	-5,916
Total comprehensive income for the period		-4,976	3,255	775,494	26,315	42,646
Profit after tax allocated to:						
Shareholders in Columbus A/S		-4,279	9,670	771,344	52,173	48,492
Minority interests		0	-42	-607	44	70
		-4,279	9,628	770,737	52,217	48,562
Total comprehensive income allocated to:						
Shareholders in Columbus A/S		-4,976	3,299	776,102	26,281	42,588
Minority interests		0	-44	-608	34	58
		-4,976	3,255	775,494	26,315	42,646
Earnings per share of DKK 1.25 (EPS)		-0.03	0.08	6.03	0.42	0.39
Earnings per share of DKK 1.25, diluted (EPS-D)		-0.03	0.08	6.01	0.42	0.39

Balance sheet

DKK '000	Note	30 Sep 2021	30 Sep 2020	31 Dec 2020
ASSETS				
Goodwill		665,569	760,155	776,961
Customer base		29,504	46,413	41,394
Other intangible assets		35,932	9,251	17,805
Development projects finalized		3,407	4,995	3,397
Development projects in progress		0	4,664	940
Property, plant and equipment		10,955	8,916	8,674
Right-of-use assets		82,533	86,371	87,616
Deferred tax assets		44,699	26,676	43,390
Other receivables		18,735	7,280	7,263
Total non-current assets		891,334	954,721	987,440
Trade receivables	5	234,544	203,971	222,571
Contract assets	6	7,686	25,190	14,733
Corporate tax receivables		5,395	1,309	871
Other receivables		13,014	3,513	8,058
Prepayments		30,102	25,973	28,498
Receivables		290,741	259,956	274,731
Cash		51,579	152,053	164,213
Total current assets		342,320	412,009	438,944
Assets classified as held for sale	10	110,523	208,007	214,481
TOTAL ASSETS		1,344,177	1,574,737	1,640,865

DKK '000	Note	30 Sep 2021	30 Sep 2020	31 Dec 2020
EQUITY AND LIABILITIES				
Share capital		161,596	155,778	155,778
Reserves on foreign currency translation		-41,511	-66,257	-46,269
Retained profit		649,740	605,763	602,912
Group shareholders' equity		769,825	695,284	712,421
Minority interests		0	3,160	3,184
Equity		769,825	698,444	715,605
Deferred tax		20,439	13,634	24,493
Other provisions		1,056	20,818	21,337
Debt to credit institutions		75,970	176,000	176,000
Lease liability right-of-use assets		54,906	59,557	59,929
Non-current liabilities		152,371	270,009	281,759
Debt to credit institutions		58,979	0	0
Contingent consideration		6,539	99,830	81,594
Contract liabilities	6	11,406	18,490	19,607
Trade payables		35,439	45,935	69,210
Corporate tax payables		4,865	13,393	10,202
Other payables		228,293	259,814	300,470
Other provisions		13,722	20,927	6,722
Accruals and deferred income		28,254	30,057	29,799
Lease liability right-of-use assets		31,128	31,118	32,006
Current liabilities		418,625	519,564	549,610
Total liabilities		570,996	789,573	831,369
Total liabilities relating to assets classified as held for sale	10	3,356	86,720	93,891
TOTAL EQUITY AND LIABILITIES		1,344,177	1,574,737	1,640,865

Statement of changes in equity

DKK '000	Shareholders in Columbus A/S				
	Share capital	Reserves on foreign currency translation	Retained profits	Minority interests	Equity
YTD 2021					
Balance at 1 Jan 2021	155,778	-46,269	602,912	3,184	715,605
Profit after tax	0	0	771,344	-607	770,737
Currency adjustments of investments in subsidiaries	0	4,758	0	-1	4,757
Total comprehensive income	0	4,758	771,344	-608	775,494
Capital increase	5,818	0	50,752	0	56,570
Share-based payment	0	0	390	0	390
Disposal of minority interest	0	0	0	-2,576	-2,576
Payment of dividend	0	0	-775,658	0	-775,658
Balance at 30 Sep 2021	161,596	-41,511	649,740	0	769,825

DKK '000	Shareholders in Columbus A/S				
	Share capital	Reserves on foreign currency translation	Retained profits	Minority interests	Equity
YTD 2020					
Balance at 1 Jan 2020	155,778	-40,365	549,941	3,126	668,480
Profit after tax	0	0	52,173	44	52,217
Currency adjustments of investments in subsidiaries	0	-25,892	0	-10	-25,902
Total comprehensive income	0	-25,892	52,173	34	26,315
Share-based payment	0	0	3,649	0	3,649
Balance at 30 Sep 2020	155,778	-66,257	605,763	3,160	698,444

DKK '000	Shareholders in Columbus A/S				
	Share capital	Reserves on foreign currency translation	Retained profits	Minority interests	Equity
2020					
Balance at 1 Jan 2020	155,778	-40,365	549,941	3,126	668,480
Profit after tax	0	0	48,492	70	48,562
Currency adjustments of investments in subsidiaries	0	-5,904	0	-12	-5,916
Total comprehensive income	0	-5,904	48,492	58	42,646
Share-based payment	0	0	4,479	0	4,479
Balance at 31 Dec 2020	155,778	-46,269	602,912	3,184	715,605

Cash flow

DKK '000	Note	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Operating profit (EBIT)		-8,905	24,286	40,948	58,364	69,579
Non-recurring income and expenses from acquisitions		0	0	0	0	-45,766
Depreciation, amortization and impairment	4	12,538	12,356	36,938	37,739	49,960
Cost of incentive scheme		1,276	1,216	390	3,649	4,479
Changes in net working capital		-29,648	-61,898	-99,265	-3,614	25,236
Cash flow from primary activities		-24,739	-24,040	-20,989	96,138	103,488
Interest received, etc.		30	247	4,895	471	594
Interest paid, etc.		-1,833	-7,017	-7,913	-10,136	-3,363
Corporate tax paid		-4,415	-1,858	-18,266	-4,428	-6,019
Cash flow from operating activities discontinued operations	8	2,836	15,696	20,248	70,057	96,162
Cash flow from operating activities		-28,121	-16,972	-22,025	152,102	190,862
Net investment in development projects		0	-4,241	-2	-4,676	509
Acquisition of tangible assets		-2,605	-902	-6,243	-3,145	-3,832
Acquisition of intangible assets		-12,211	-347	-20,380	-347	-9,408
Disposal of tangible assets		47	0	48	0	0
Acquisition of subsidiaries and activities	7	0	0	-74,152	-74,015	-75,147
Disposals of subsidiaries and activities	9	0	-2,032	815,500	-2,032	-2,696
Cash flow from investing activities discontinued operations	8	0	-7,157	-7,479	-27,164	-37,256
Cash flow from investing activities		-14,769	-14,679	707,292	-111,379	-127,830

DKK '000	Note	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Proceeds from capital increase/warrants exercised		0	0	56,570	0	0
Overdraft facilities		-41,051	0	-41,051	0	0
Repayment of lease liabilities		-8,527	-8,868	-25,881	-27,129	-36,050
Dividends paid		-81,744	0	-775,658	0	0
Cash flow from financing activities discontinued operations	8	4,855	-2,043	-13,354	-5,951	-7,922
Cash flow from financing activities		-126,467	-10,911	-799,374	-33,080	-43,972
Total net change in cash and cash equivalents		-169,357	-42,562	-114,107	7,643	19,060
Cash funds at the beginning of the period		226,332	190,915	164,213	147,264	147,264
Exchange rate adjustments		-5,396	3,700	1,473	-2,854	-2,111
Cash funds at the end of the period		51,579	152,053	51,579	152,053	164,213

Notes

Note	Page
Note 1 – Significant accounting principles	16
Note 2 – Segment data	17
Note 3 – Staff expenses and remuneration	21
Note 4 – Depreciation, amortization and impairment	21
Note 5 – Trade receivables	22
Note 6 – Contract assets and contract liabilities	23
Note 7 – Business combinations	24
Note 8 – Discontinued operations	25
Note 9 – Disposal of subsidiaries	26
Note 10 – Assets classified as held for sale	27
Key figures, ratios and Alternative Performance Measures	28

Notes

Note 1 – Significant accounting principles

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 2020, except for any new, amended or revised accounting standards and interpretations endorsed by the EU, effective for the accounting period beginning on 1 January 2021, as well as the following accounting policies.

Gains and losses on divestments or dissolution of subsidiaries or associates

Gains or losses on divestments or dissolutions of subsidiaries and associates are stated as the difference between the sales price or settlement price and the fair value of any remaining equity and the book value of net assets on the time of sale or winding up, including goodwill, less any minority interests. Gains or losses are recognized in the statement of comprehensive income as well as accumulated foreign currency translation adjustments previously recognized in other comprehensive income.

For more information on the accounting policies, we refer to our Annual Report for 2020.

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 Lines	Market Units
Cloud ERP	Sweden
Columbus Care	Denmark
Digital Commerce	Norway
Data & Analytics	UK
Customer Experience & Engagement	US
Other Local Business	Russia

Management monitors the business primarily based on the Business Lines and the geographical segments. Information about the Group's Business Lines is stated below.

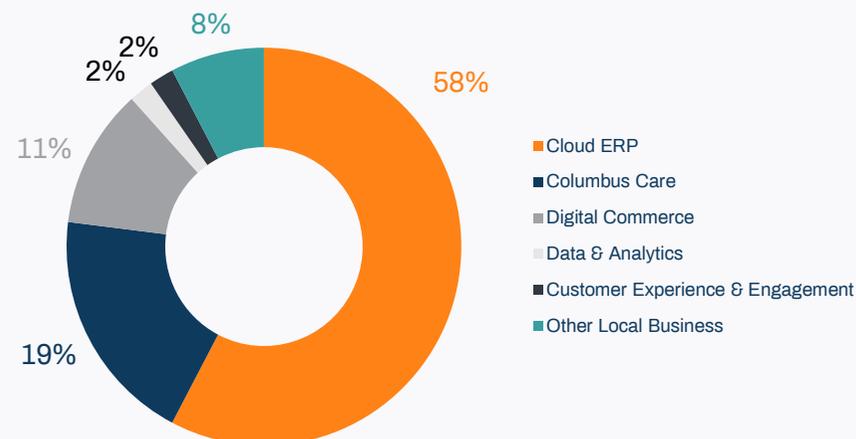
DKK '000	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Sale of services					
Cloud ERP	142,557	138,247	521,001	537,637	713,548
Columbus Care	61,180	51,912	196,844	175,408	235,405
Digital Commerce	31,234	23,683	112,684	97,823	128,059
Data & Analytics	7,090	5,652	20,059	17,495	24,007
Customer Experience & Engagement	3,992	5,091	20,552	17,835	23,762
Other Local Business	26,963	18,806	67,296	57,883	77,080
Total sale of services	273,016	243,392	938,437	904,080	1,201,861
Sale of products					
Cloud ERP	38,623	37,708	107,899	120,894	167,130
Columbus Care	3,775	2,874	13,355	10,877	17,413
Digital Commerce	3,716	1,721	10,896	7,541	10,196
Data & Analytics	880	113	1,536	586	895
Customer Experience & Engagement	486	286	1,480	1,565	2,741
Other Local Business	2,337	3,765	16,457	20,325	30,877
Total sale of products	49,816	46,466	151,623	161,789	229,252
Total net revenue	322,832	289,858	1,090,060	1,065,869	1,431,113

During the launch of the Focus23 strategy, management has changed the way the business is assessed. In order to support decisions and the Focus23 strategy, the operating segments have been divided into Business Lines and Market Units.

Business Lines relate to the type of services or products that are delivered, and comprise of Cloud ERP, Columbus Care, Data & Analytics, Customer Experience & Engagement and Other Local Business. Market Units comprise of significant geographical markets that the group operates in.

The operating segments are measured from revenue to EBITDA, as this represents the significant part of the operation of the segments. The balance sheet is measured for legal entities only.

Business Lines Revenue Split YTD 2021



Notes

Note 2 – Segment data (continued)

DKK '000	Sweden	Denmark	Norway	UK	US	Russia	Other	Total
Q3 2021								
Sale of services	107,803	55,261	45,466	34,100	14,975	15,263	148	273,016
Sale of products	14,033	17,708	4,711	9,975	3,154	235	0	49,816
Total net revenue	121,836	72,969	50,177	44,075	18,129	15,498	148	322,832
Gross profit	103,873	56,239	45,103	39,359	13,160	14,525	2,670	274,929
EBITDA	9,679	-4,644	3,652	2,699	-4,265	1,547	-5,035	3,633
Operating profit (EBIT)								-8,905
Profit before tax								-11,348
Profit after tax								-9,467
Average number of employees	482	291	140	174	51	198	300	1,636
Q3 2020								
Sale of services	93,105	53,185	32,176	32,924	19,055	12,902	45	243,392
Sale of products	6,794	24,005	3,153	5,496	4,821	2,197	0	46,466
Total net revenue	99,899	77,190	35,329	38,420	23,876	15,099	45	289,858
Gross profit	74,937	70,499	27,841	35,208	19,592	12,841	5,996	246,914
EBITDA	-11,413	40,541	4,849	3,998	-637	1,135	-1,831	36,642
Operating profit (EBIT)								24,286
Profit before tax								18,106
Profit after tax								4,859
Average number of employees	522	267	129	172	59	180	277	1,606

*Other consist of India, Poland, Czech and other shareholder costs

Notes

Note 2 – Segment data (continued)

DKK '000	Sweden	Denmark	Norway	UK	US	Russia	Other	Total
YTD 2021								
Sale of services	393,406	182,589	170,943	107,251	43,280	39,094	1,874	938,437
Sale of products	31,882	55,727	18,785	27,722	13,675	3,832	0	151,623
Total net revenue	425,288	238,316	189,728	134,973	56,955	42,926	1,874	1,090,060
Gross profit	347,026	207,658	135,313	129,234	42,046	37,966	18,195	917,438
EBITDA	34,270	13,005	20,168	12,438	-13,915	3,031	8,889	77,886
Operating profit (EBIT)								40,948
Profit before tax								39,087
Profit after tax								34,421
Average number of employees	494	271	135	174	56	182	296	1,608
YTD 2020								
Sale of services	398,483	184,927	112,915	107,821	58,902	40,699	333	904,080
Sale of products	25,428	59,806	23,539	21,835	21,785	9,396	0	161,789
Total net revenue	423,911	244,733	136,454	129,656	80,687	50,095	333	1,065,869
Gross profit	310,117	219,781	99,998	115,022	61,025	42,137	24,579	872,659
EBITDA	7,536	53,831	15,222	13,168	-6,442	4,054	8,734	96,103
Operating profit (EBIT)								58,364
Profit before tax								47,143
Profit after tax								29,703
Average number of employees	587	276	133	177	64	190	272	1,699

*Other consist of India, Poland, Czech and other shareholder costs

Notes

Note 2 – Segment data (continued)

DKK '000	Sweden	Denmark	Norway	UK	US	Russia	Other	Total
2020								
Sale of services	538,377	247,746	140,772	143,747	76,727	54,089	403	1,201,861
Sale of products	37,562	83,452	35,017	28,882	29,152	15,187	0	229,252
Total net revenue	575,939	331,198	175,789	172,629	105,879	69,276	403	1,431,113
Gross profit	426,108	287,511	131,262	154,030	80,311	56,295	32,449	1,167,966
EBITDA	11,582	69,798	16,051	18,538	-6,954	5,570	4,954	119,539
Operating profit (EBIT)								69,579
Profit before tax								52,727
Profit after tax								42,318
Average number of employees	548	272	130	174	62	180	278	1,644

*Other consist of India, Poland, Czech and other shareholder costs

Legal entities	Non-current assets		
	30 Sep 2021	30 Sep 2020	31 Dec 2020
DKK '000			
Sweden	487,504	456,620	498,248
Denmark	188,965	153,031	156,263
Norway	75,222	69,288	72,159
United Kingdom	50,046	48,704	49,108
USA	41,253	152,239	142,368
Russia	35,068	39,411	34,894
Rest of the world	13,276	35,428	34,400
Total	891,334	954,721	987,440

Non-current assets distributed in legal entities

The Group's non-current assets distribution in geographical areas are specified below. Non-current assets are distributed according to location and legal relation.

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 – Staff expenses and remuneration

DKK '000	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Staff expenses					
Salary and wages	201,041	185,202	616,846	578,782	780,157
Other social security costs	33,761	28,143	102,476	101,032	141,646
Other staff expenses	-4,275	-5,167	28,437	23,285	35,374
Staff costs before share-based payment	230,527	208,178	747,759	703,099	957,177
Share-based payment	1,276	1,216	1,880	3,649	4,479
Staff expenses	231,803	209,394	749,639	706,748	961,656
Average number of employees	1,636	1,606	1,608	1,699	1,644

Note 4 – Depreciation, amortization and impairment

DKK '000	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Depreciation	8,854	9,155	27,071	28,168	37,433
Amortization	3,684	3,201	9,867	9,571	12,527
Total depreciation, amortization and impairment	12,538	12,356	36,938	37,739	49,960

Notes

Note 5 – Trade receivables

DKK '000	30 Sep 2021	30 Sep 2020	31 Dec 2020
Receivables (gross) at 1 Jan	241,749	322,535	322,535
Change in receivables during the period	9,894	-99,751	-80,786
Receivables (gross) end of period	251,643	222,784	241,749
Provisions for bad debt at 1 Jan	19,178	15,304	15,304
Change in provisions for bad debt during the period	-2,060	3,310	3,799
Loss realized during the period	-19	199	75
Provisions for bad debt end of period	17,099	18,813	19,178
Carrying amount end of period	234,544	203,971	222,571

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

DKK '000	30 Sep 2021	30 Sep 2020	31 Dec 2020
Age of receivables (gross):			
Not due	216,315	164,708	167,236
0-30 days	5,643	26,783	48,834
30-60 days	9,315	7,769	9,827
61-90 days	3,561	4,277	2,771
91-180 days	4,714	4,800	4,508
181-270 days	2,424	4,446	954
270-360 days	855	4,988	1,874
Above 360 days	8,816	5,013	5,745
Total	251,643	222,784	241,749

DKK '000	30 Sep 2021	30 Sep 2020	31 Dec 2020
Age of impairment:			
Not due	24	313	2,599
0-30 days	61	134	1,044
30-60 days	233	194	446
61-90 days	267	321	2,008
91-180 days	4,419	3,404	4,508
181-270 days	2,424	4,446	954
271-360 days	855	4,988	1,874
Over 360 days	8,816	5,013	5,745
Total	17,099	18,813	19,178

DKK '000	30 Sep 2021	30 Sep 2020	31 Dec 2020
Provision matrix:			
Not due	0.0%	0.2%	1.6%
0-30 days	1.1%	0.5%	2.1%
30-60 days	2.5%	2.5%	4.5%
61-90 days	7.5%	7.5%	72.5%
91-180 days	93.7%	70.9%	100.0%
181-270 days	100.0%	100.0%	100.0%
271-360 days	100.0%	100.0%	100.0%
Over 360 days	100.0%	100.0%	100.0%

Notes

Note 6 – Contract assets and contract liabilities

DKK '000	30 Sep 2021	30 Sep 2020	31 Dec 2020
Balance at 1 Jan	-4,874	10,877	10,877
Changes contract assets during the period	-22,141	-35,576	-65,331
Changes on account billing and prepayments during the period	21,217	29,149	47,526
Reclassified to assets held for sale	2,078	2,250	2,054
Balance at end of period	-3,720	6,700	-4,874
Work in progress	23,788	95,456	45,929
On account billing and prepayments	-27,508	-88,756	-50,803
Balance at end of period	-3,720	6,700	-4,874
The net value is included in the balance as follows:			
Contract assets	7,686	25,190	14,733
Contract liabilities	-11,406	-18,490	-19,607
Balance at end of period	-3,720	6,700	-4,874

The Group's contract assets are subject to significant judgements in relation to the classification of the contract and in terms of how the contract is handled and recognized in the financial statements. When determining the appropriate recognition of the contract, the Group accounting policies are applied.

Notes

Note 7 – Business combinations

Acquisition of companies in 2021

There have been no acquisitions YTD 2021.

Acquisition of companies in 2020

The Group has per 6 January 2020 acquired Advania Business Solutions. The acquisition was an asset purchase.

Name	Primary activity	Date of control gained	Acquired ownership	Acquired voting rights	Total consideration DKK '000
Advania Business Solutions	Distribution and implementation of standardised business solutions.	6 January	Activity	Activity	36,357
Total					36,357

With the acquisition of Advania Business Solutions, Columbus created a Microsoft Dynamics cloud Powerhouse in Norway. After recognition of identifiable assets, liabilities and contingent liabilities at fair value, goodwill in relation to the acquisition was assessed to DKK 16.8m. Customer base is recognised separate from goodwill and goodwill therefore relates to knowhow.

Estimated tax deductibility of goodwill for Advania Business Solutions is DKK 16.8m.

Advania Business Solutions has since the acquisition 6 January 2020 had a revenue of DKK 44m and a result after tax of DKK 11m.

DKK '000	YTD 2021	2020
Fair value assessment of trade receivables		
Trade receivables, gross amount	0	15,103
Trade receivables, not expected to be collected	0	-277
Trade receivables, fair value	0	14,826

Opening balances

DKK '000	YTD 2021	2020
Tangible fixed assets	0	13
Other intangible assets	0	10,800
Other receivables	0	85
Total non-current assets	0	10,898
Trade receivables	0	14,826
Work in progress	0	191
Prepayments	0	5,315
Total current assets	0	20,332
Corporation tax and deferred tax	0	-2,187
Deferred income	0	-3,736
Accruals	0	-398
Other debt	0	-5,404
Total current debt	0	-11,725
Net assets acquired	0	19,505
Goodwill	0	16,852
Total consideration	0	36,357
Net working capital not paid	0	-987
Cash consideration on acquisition date	0	35,370
Contingent consideration payments*	74,152	39,777
Net cash flows on acquisitions	74,152	75,147

* Contingent consideration payments in 2020 relate to the acquisitions of iStone AB, which were paid in Q2 and Q4 2020. (DKK 38,645k.), BMI (DKK 1,132k). Contingent consideration payments in 2021 relate to the acquisitions of iStone AB, which were paid in Q2 2021 (DKK 74,152). Since the acquisition date of Advania Business Solution the other intangible assets have been revalued with DKK 3.8m and this has affected the goodwill accordingly.

Notes

Note 8 – Discontinued operations

DKK '000	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Net revenue	33,807	73,705	142,845	266,860	355,706
External project costs	-14,150	-13,140	-54,930	-58,445	-78,789
Gross profit	19,657	60,565	87,915	208,415	276,917
Staff expenses and remuneration	-12,300	-36,418	-58,039	-126,203	-167,787
Other external costs	-1,271	-5,304	-7,781	-19,249	-25,165
Other operating income	0	296	15	312	314
Other operating costs	0	-7	0	-9	-10
EBITDA	6,086	19,132	22,110	63,266	84,269
Depreciation, amortization and impairment	-789	-10,751	-2,892	-31,503	-33,183
Operating profit (EBIT)	5,297	8,381	19,218	31,763	51,086
Financial income	0	0	195	115	49
Financial expenses	0	-549	-129	-725	-1,621
Profit before tax from discontinuing operations	5,297	7,832	19,284	31,153	49,514
Corporate tax	0	-1,031	-20	-6,607	-13,768
Profit after tax from discontinuing operations	5,297	6,801	19,264	24,546	35,746
Total gain (loss) on divestment of discontinued operations	-109	-2,032	717,052	-2,032	-29,502
Profit from discontinued operations	5,188	4,769	736,316	22,514	6,244

DKK '000	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Earnings per share from discontinued operations of DKK 1.25 (EPS)	0.04	0.04	5.76	0.18	0.05
Earnings per share from discontinued operations of DKK 1.25, diluted (EPS-D)	0.04	0.04	5.73	0.18	0.05

DKK '000	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Gain on disposal of subsidiaries	0	0	721,712	0	0
Transaction costs related to disposal	-109	-2,032	-4,660	-2,032	-29,502
Total gain (loss) on divestment of discontinued operations	-109	-2,032	717,052	-2,032	-29,502

DKK '000	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Cash flow from operating activities	2,836	15,696	20,248	70,057	96,162
Cash flow from investing activities	0	-7,157	-7,479	-27,164	-37,256
Cash flow from financing activities	4,855	-2,043	-13,354	-5,951	-7,922
Cash flow from discontinued operations	7,691	6,496	-585	36,942	50,984

Discontinued operations in 2021

During 2020 Columbus initiated the process of a sale of our software company To-Increase, which represented our entire ISV segment. The sale was finalised in January 2021, and the business is therefore reported as discontinued operations in the profit and loss.

Further, our Danish private cloud business was sold in January 2021 and this business is consequently also classified as discontinued operations. The private cloud business was represented in our consultancy segment across all Market Units.

Further, in March 2021 our two companies in the Baltics were sold and consequently also classified as discontinued operations. The Baltic entities were represented in our consultancy segment.

Finally, As of September 2021, the US SMB business segment is classified as held for sale and presented as discontinued operations.

Notes

Note 9 – Disposal of subsidiaries

On 26 January 2021, the Group disposed of its 100% equity interest in its subsidiary, To-Increase. The subsidiary was classified as held for sale in the 2020 consolidated financial statement.

On 26 March 2021, the Group disposed of its 100% equity interest in its subsidiary, Columbus Lithuania and 51% equity interest in its subsidiary, Columbus Estonia.

There were no disposals of subsidiaries made in 2020.

The deferred consideration was partly settled in cash by the purchaser in April 2021 (DKK 12m), and the remaining consideration will be paid in monthly instalments until 2026.

The gain on disposal is included in the profit for the year from discontinued operations, note 8.

At the date of disposal, the carrying amounts of disposed subsidiaries net assets were as follows.

DKK '000	30 Sep 2021	30 Sep 2020	31 Dec 2020
Goodwill	97,258	0	0
Customer base	5,166	0	0
Other intangible assets	19	0	0
Development projects finalized	52,334	0	0
Development projects in progress	42,404	0	0
Property, plant and equipment	2,281	0	0
Right-of-use assets	20,712	0	0
Investments in subsidiaries	0	0	0
Trade receivables	36,753	0	0
Contract assets	7,575	0	0
Corporate tax receivables	1,052	0	0
Deferred tax assets	370	0	0
Other receivables	1,474	0	0
Prepayments	2,800	0	0
Cash	22,169	0	0
Total assets	292,367	0	0

DKK '000	30 Sep 2021	30 Sep 2020	31 Dec 2020
Deferred tax	19,095	0	0
Other provisions	0	0	0
Contingent consideration	0	0	0
Debt to credit institutions	357	0	0
Lease liability right-of-use assets	20,277	0	0
Contract liabilities	3,854	0	0
Trade payables	14,829	0	0
Corporate tax payables	54	0	0
Other payables	30,221	0	0
Accruals and deferred income	30,578	0	0
Total liabilities	119,265	0	0
Net assets disposed of	173,102	0	0
Cash and cash equivalents	877,229	0	0
Deferred consideration	17,585	0	0
Total consideration	894,814	0	0
Gain on disposal of subsidiaries	721,712	0	0
Net Cash inflow arising on disposal:			
Consideration received in cash and cash equivalents	865,279	0	0
Less: cash and cash equivalents disposed of	-22,169	0	0
Transaction costs related to disposal	-27,610	-2,032	-2,696
Net Cash inflow arising on disposal	815,500	-2,032	-2,696

Notes

Note 10 – Assets classified as held for sale

At 30 September 2021, the US SMB business segment is classified as held for sale.

DKK '000	30 Sep 2021	30 Sep 2020	31 Dec 2020
Goodwill	101,312	81,734	81,683
Customer base	2,706	1,622	4,670
Development projects finalized	0	52,399	52,350
Development projects in progress	0	29,201	38,899
Property, plant and equipment	0	1,518	1,567
Right-of-use assets	0	15,389	16,086
Trade receivables	6,505	21,084	15,739
Contract assets	0	968	950
Corporate tax receivables	0	0	1,050
Other receivables	0	1,250	676
Prepayments	0	2,842	811
Total assets classified as held for sale	110,523	208,007	214,481
Deferred tax	0	16,602	17,181
Other provisions	0	4,468	4,464
Lease liability right-of-use assets	0	16,439	15,409
Contract liabilities	2,078	3,218	3,004
Trade payables	0	4,184	3,278
Corporate tax payables	0	564	0
Other payables	1,278	9,634	13,380
Accruals and deferred income	0	31,611	37,175
Total liabilities relating to assets classified as held for sale	3,356	86,720	93,891
Net assets	107,167	121,287	120,590

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". 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 on equity	$\frac{\text{Profit after tax and excl. minority interests}}{\text{Average equity excl. minority interests}}$	
Return on invested capital (ROIC)	$\frac{\text{EBITA}}{\text{Average invested capital including goodwill}}$	
Equity ratio	$\frac{\text{Equity excl. minority interests}}{\text{Total equity and liabilities}}$	
Earnings per share (EPS)	$\frac{\text{Profit after tax and excl. minority interests}}{\text{Average number of shares}}$	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)	$\frac{\text{Theoretical rate}}{\text{Listed price of stock the day before the subscription and/or stock right cease}}$	
Recurring Revenue % of total revenue	$\frac{\text{Recurring revenue}}{\text{Net revenue}}$	

Alternative Performance Measures

Recurring Revenue

Recurring Revenue includes Software maintenance, Cloud revenue and 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.

EBITDA before Share Based Payment

EBITDA before Share Based Payment is Earnings Before Interest Taxes Depreciation, Amortization and the expense (black Scholes value) from Share Based Payment.

The purpose of excluding Share Based Payment is that this is a non-cash consideration and therefore different characteristics than cash-based considerations. Another purpose is that the IFRS rules for expending Share Based payments is uneven through the 3-year maturing period Columbus normally exercise. EBITDA before Share Based Payment will therefore express a more comparable year over year development.

Normalized EBITDA

Normalized EBITDA represents the business excluding the impact of one-off items, such as acquisitions, divestments etc. Details on the normalization is provided on page 5.

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