Columbus | Once you know how...

Digital transformation for a better tomorrow

Annual Report 2020

Columbus A/S | CVR no. 13 22 83 45

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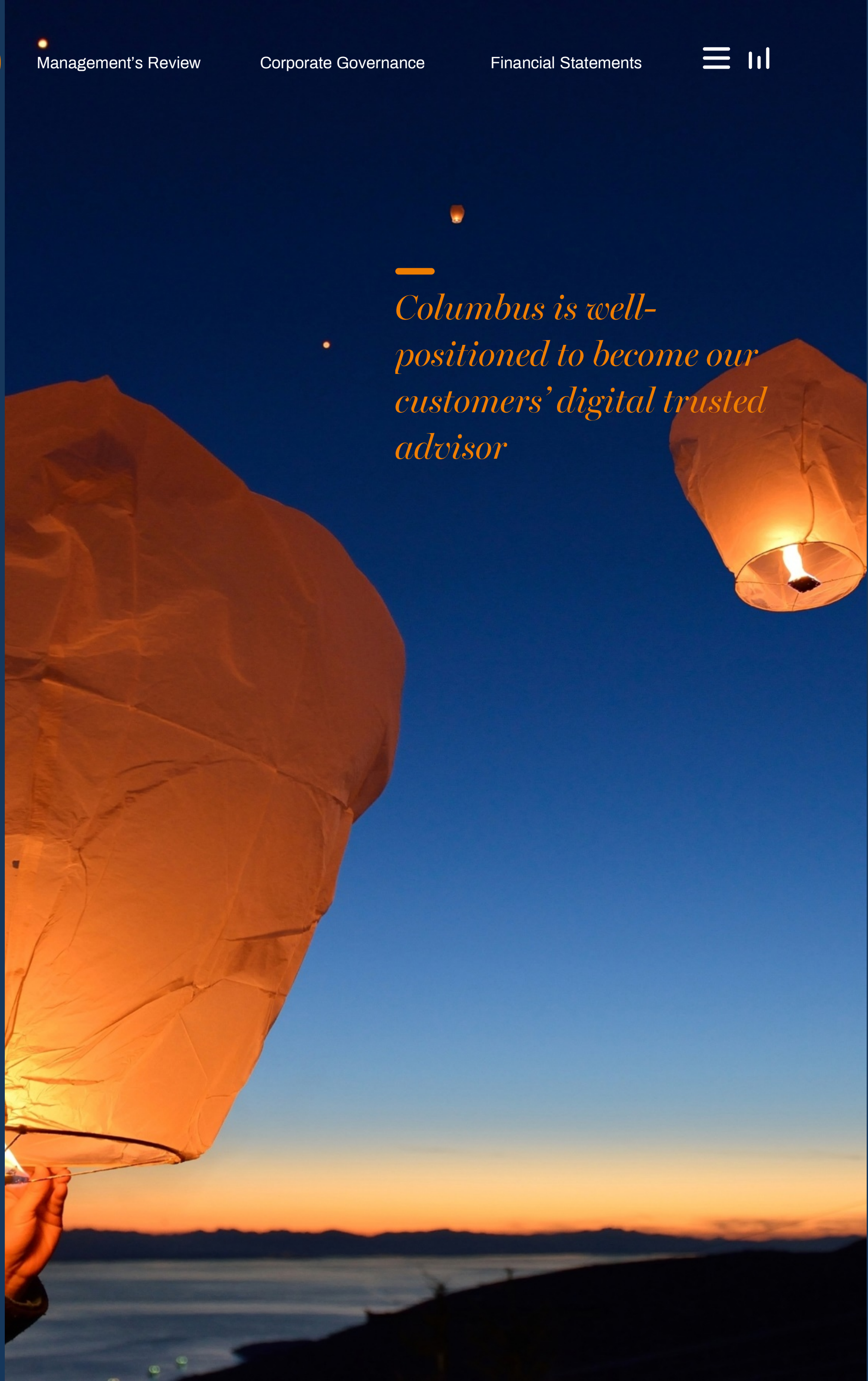
Columbus



Columbus is well-positioned to become our customers' digital trusted advisor

About Columbus

Columbus helps ambitious companies transform, maximize, and futureproof their business digitally.

1989

Columbus was founded in 1989
It is headquartered in Denmark with offices and partners all over the world, delivering solutions and services locally—on a global scale.

1,800+

More than 1,800 employees
Columbus is a global IT services and consulting company with 1,800+ employees.

5,000+

Serving 5,000+ customers
Columbus is serving 5,000+ customers worldwide. Columbus helps ambitious companies to maximize, transform and futureproof their business digitally.

9 doors

9 Doors to Digital Leadership®
Columbus' innovative solutions and services portfolio 9 Doors to Digital Leadership® delivers end-to-end digital solutions like cloud ERP, Digital Commerce, Data & Analytics, and Application Management.

3 industries

Columbus creates digital solutions that address the lifecycle and sustainability demands of the retail & distribution; food & beverage products; and manufacturing industries.

Highlights

Columbus delivered stable results in a year impacted by Covid-19 with slightly improved EBITDA margin***.

Revenue (DKK)* **

1,655m

corresponding to a decline of 6%.

Cloud revenue (DKK)*

59m

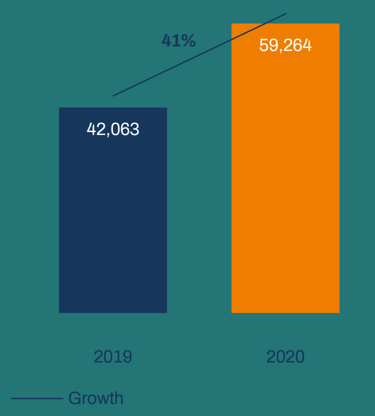
corresponding to an increase of 41%

Recurring revenue (DKK)* **

409m

corresponding to an increase of 6%

Development in Cloud revenue (DKKm)



EBITDA (DKK)* ** ***

117m

corresponding to a decline of 6.5%.

Columbus Care revenue (DKK)*

152m

corresponding to an increase of 12%.

Profit after tax (DKK)*

55m

corresponding to an increase of 392%

* All numbers and comments are on continued business
** For definition of Alternative Performance Measures, see page 102
*** Normalized EBITDA

Letter from the Chairman of the Board and the Interim CEO

Resilience in a year impacted by a global pandemic

2020 was in all aspects a very unusual year for Columbus, but despite a global pandemic, we succeeded in keeping our company strong, thus delivered above guidance and improved EBITDA margin. With determined focus on creating customer value we improved customer loyalty in difficult times, and we set the direction for our next journey with the launch of our new strategy, Focus23.

Stable results in a challenging year

Columbus came off to a strong start of the year with solid top and bottom line growth. When Covid-19 hit in March, many customers started holding back investments which consequently impacted our business slowing down sales, delaying tenders and postponing project deliveries.

Columbus is operating in markets and industries being impacted differently by the global pandemic. Our subsidiaries in the UK and US have been mostly impacted by the lock-down whereas Scandinavia seems to get through the crisis slightly easier.

Our customers within retail have also been seriously impacted as the lock-down closed physical stores, whereas the food industry and manufacturing were less troubled.

Despite a global pandemic, 2020 was a year with progress in many areas of the business, especially our Business Units Dynamics Sweden and Norway delivered strong top-line growth.

Organic revenue declined by 8.5% and normalized EBITDA declined by 6.5%, however EBITDA margin improved slightly at 7.3%.

Our cloud business continued to grow and will continue to be a key market opportunity going forward. In addition, we saw good progress within Data & Analytics, Modern Workplace and Columbus Care.

Despite Covid-19, we have seen progress across our Business Units during 2020 and especially during Q4 where we started seeing our sales picking up with a good outlook for 2021.

Seen in the light of a global pandemic, we consider the results satisfactory and in line with expectations.

Acceleration of digitalization due to Covid-19

There is no doubt that Covid-19 has been the biggest digital transformation accelerator in recent times.

Columbus is already working with our customers digitally, however as Covid-19 hit, we were forced to turn our entire interactions with customers into 100% digital sales, delivery, and support - overnight. Despite a sudden change in our ways of working, Columbus' employees managed to adapt to the new reality promptly and continued a determined focus on supporting our customers and deliver superior customer value in a difficult period.

During 2020, we have finetuned, optimized and adapted our sales and delivery model further to serve our customers in an entirely digital business environment. We have gained many new customers engagements by only meeting the customer digitally, and we have delivered a range of project implementations 100% remote with high quality, within time and on budget.

Improved customer loyalty

Creating value for our customers is by far the most important focus for us. We work continuously on improving customer relations, project delivery quality and customer service to ensure that we are our customers' preferred partner in their digital transformation journey.

During 2020, we have increased customer loyalty reaching an NPS (Net Promoter Score) of 24 at the end of the year. Since we initiated our customer loyalty program, Columbus Pulse, we have continuously improved and we have now reached a solid result which we aim to improve further with our new strategy Focus23.

Customer centricity is the cornerstone of our new strategy, and we will build our entire organization around creating value for our customers. We will build digital advisory skills which combined with our services and offerings portfolio 9 Doors to Digital Leadership® will ensure our customers a strategic partner in their digital transformation journey.

> *"I consider the results satisfactory and in line with expectations. I want to express my deepest thanks and gratitude to Columbus' employees for a fantastic effort during 2020"*
>
> Ib Kunøe, Chairman of the Board

Full focus on our next strategy

2020 was a year of major transitions for Columbus. We announced our next strategic journey, initiated a global re-organization, and are in process of finding a new strong leader for Columbus.

The sale of To-Increase was a major first step in the transition to becoming a global consultancy.

The divestment of To-Increase to Gilde Buy Out Partners was completed 26 January 2021.The sale of To-Increase will impact the corporate equity by approximately EUR 90m/DKK 671m and the Parent equity by approximately EUR 107m/DKK 794m. The Board of Directors proposes an extraordinary dividend of DKK 6 per share which will be adopted at the Annual General Meeting 27 April 2021.

In December, we divested our private cloud busines to Atea which was also part of simplifying our business. We can now focus on public cloud solutions that target our larger customers within the key industries Food, Retail and Manufacturing.

Focus23 will unleash the full growth potential and make it possible to gradually increase profitable growth to minimum 10% annually in 2023. We will intensify the focus on customer value, digital advisory and a simplified operating model. Our

"With a strong global team, market leading solutions and a robust financial position, we are ready to seize the opportunities in a promising market"

Hans Henrik Thrane, Interim CEO & Corporate CFO

goal is clear - to become our customers' digital trusted advisor by driving increased customer value. With a strong global team, market leading solutions and a robust financial position, we are ready to seize the opportunities in a promising market.

Thank you

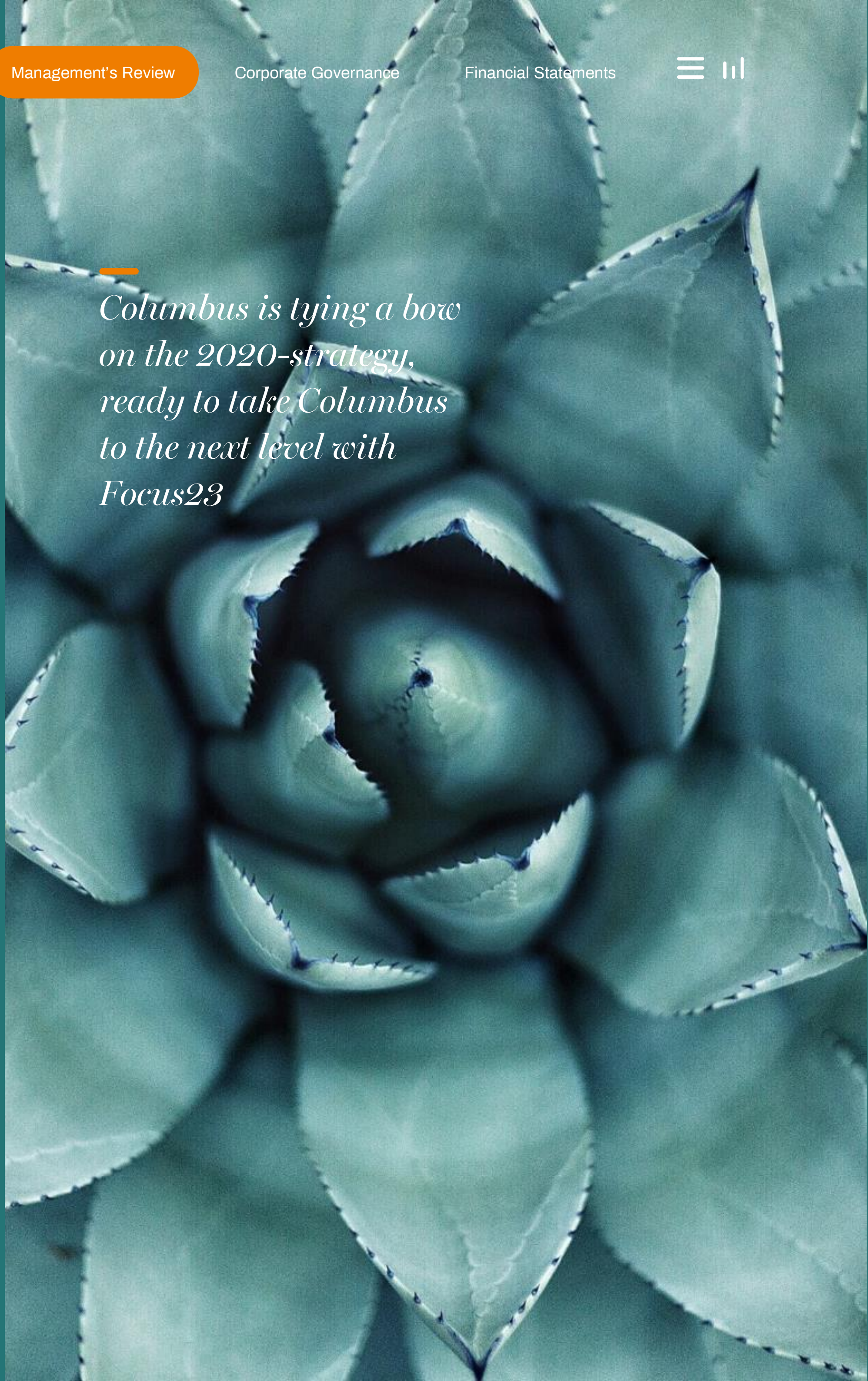
On behalf of the Board of Directors, we would like to extend our sincere thanks to everyone in Columbus for contributing to keeping Columbus resilient during difficult times and keeping up the spirit while working from home. You are all making a huge effort every day and we are grateful for your dedication and loyalty to Columbus. Likewise, we would like to thank our customers for their business and trust in Columbus for the past years, and we are pleased to welcome many new customers to Columbus. We look forward to advising and supporting you in your digital transformation journey.

Thank you to our shareholders for your continued support.

Ib Kunøe
Chairman of the Board

Hans Henrik Thrane
Interim CEO & Corporate CFO

Management's review



2020 outlined

Revenue was in line with expectations and EBITDA was slightly above expectations.

A year of major transitions
2020 was the start of a major transition for Columbus with a sales process completed for the software company To-Increase. Furthermore, the Spanish entity was closed, and the earn-out for the iStone business adjusted accordingly. Finally, we ended the year with divesting our private cloud business to Atea.

Consequently, all numbers and comments are on the continued business, thus excluding assets classified as held for sale and discontinued operations.

In 2020, the Group delivered a decline in revenue of 6.0% resulting in revenue of DKK 1,655m. Reported EBITDA declined by 12.0% to DKK 138m. Result for the year after tax grew to DKK 55m.

Improved normalized EBITDA margin
Adjusting for the acquisition of Advania in 2020 the organic revenue declined by 8.5%. The revenue decline resulted in normalized EBITDA of DKK 117m corresponding to a decrease of 6.5% providing normalized margin increase of 0.2 percentage points to 7.3%.

Full Year EBITDA above expectations
In connection with the Q3 financial statement, Columbus readjusted the expectations for both top line growth and margin upward based on the financial performance in Q3 2020, current order book and pipeline forecast. The full year guidance for 2020 for the continued business was expected in the range of DKK 1,600m and DKK 1,700m. Accordingly, reported EBITDA was expected to be in the range of DKK 125m and DKK 135m.

The realized revenue is in the middle of the adjusted guidance, while reported EBITDA was slightly above expectations due to a strong Q4 (DKK 4m - DKK 14m).

DKKm	2020	2019	Development
Revenue (reported)	1,655	1,761	-6.0%
Revenue from acquisitions during 2020	-44	0	0.0%
Organic revenue*	**1,611**	**1,761**	**-8.5%**
EBITDA (reported)	138	157	-12.0%
Adjustment of provision for loss making contract	35	39	-11.6%
Adjustment of provision for earn out	-46	-71	36.0%
EBITDA from acquisitions during 2020	-11	0	0.0%
Normalized EBITDA	**117**	**125**	**-6.5%**
Normalized EBITDA margin	**7.3%**	**7.1%**	**2.2%**

* For definition of Alternative Performance Measures, see page 102

DKKm	Revenue Range			EBITDA Range		
Q3 outlook total business incl. discontinued operations	**1,750**	**-**	**1,850**	**190**	**-**	**200**
2020 Full year result total business		**1,787**			**204**	

DKKm	Revenue Range			EBITDA Range		
Q3 Outlook continued operations	**1,600**	**-**	**1,700**	**125**	**-**	**135**
2020 full year result continued operations		**1,655**			**138**	

Key figures and ratios

DKK ´000	2020	2019	2018*	2017*	2016*
Income related figures					
Columbus Software licenses	4,186	10,328	29,373	26,673	42,212
Columbus Software subscriptions	21,457	22,422	57,949	50,258	46,876
Columbus Cloud	16,295	8,365	15,547	6,248	1,975
External licenses	78,204	73,774	74,029	94,629	86,495
External subscriptions	175,856	194,797	206,658	190,119	190,327
External cloud	42,969	33,698	24,095	9,215	4,837
Service	1,301,955	1,386,122	1,432,109	822,551	796,401
Other	13,811	31,529	35,492	19,069	23,584
Net revenue	**1,654,733**	**1,761,035**	**1,875,252**	**1,218,762**	**1,192,707**
Recurring revenue % of total revenue	24.7%	22.4%	22.7%	27.8%	25.3%
EBITDA before share-based payment	142,938	162,733	181,183	148,510	144,070
EBITDA	138,459	157,263	171,409	146,208	138,546
EBIT	83,044	12,632	107,516	106,729	105,271
Net financial items	-17,211	-10,734	7,925	-5,099	2,032
Profit before tax	65,833	1,898	115,441	101,630	107,303
Result for the year, continuing operations	55,211	-18,876	96,674	96,129	81,479
Result for the year, discontinued operations	-6,649	39,866	0	0	0
Profit after tax	48,562	20,990	96,674	96,129	81,479
Balance sheet**					
Non-current assets	987,440	1,127,381	1,140,954	584,274	551,726
Current assets	438,944	527,136	492,604	267,489	285,780
Assets classified as held for sale	214,481	0	0	0	0
Total assets	**1,640,865**	**1,654,517**	**1,633,558**	**851,763**	**837,506**
Group shareholder equity	712,421	665,354	636,339	549,112	469,813
Minority interests	3,184	3,126	3,381	3,031	1,774
Total liabilities	831,369	986,037	993,838	299,620	365,919
Total liabilities relating to assets classified as held for sale	93,891	0	0	0	0
Total equity and liabilities	**1,640,865**	**1,654,517**	**1,633,558**	**851,763**	**837,506**

DKK ´000	2020	2019	2018*	2017*	2016*
Investments in tangible assets	**4,248**	**5,957**	**5,907**	**5,106**	**8,799**
Cash flow					
Cash flow from operating activities	190,862	189,146	124,294	103,708	124,708
Cash flow from investing activities	-127,830	-106,370	-255,557	-95,609	-130,546
Cash flow from financing activities	-43,972	-45,853	154,663	-15,365	19,981
Cash flow from continuing operations	-10,542	-13,141	0	0	0
Cash flow from discontinued operations	29,602	50,064	0	0	0
Total net change in cash and cash equivalents	**19,060**	**36,923**	**23,400**	**-7,266**	**14,143**
Key ratios					
EBITDA-margin	8.4%	8.9%	9.1%	12.0%	11.6%
Operating profit margin (EBIT-margin)	5.0%	0.7%	5.7%	8.8%	8.8%
Equity ratio***	43.4%	40.2%	39.0%	64.5%	56.1%
Return on equity***	7.0%	3.3%	16.0%	17.3%	17.2%
Return on invested capital (ROIC)***	12.2%	12.4%	22.5%	29.2%	31.0%
Number of shares	124,622	124,622	121,787	119,866	116,198
Average number of shares	124,622	123,012	121,370	119,101	115,628
Book value of equity per share (BVPS)	5.72	5.34	5.23	4.58	4.04
Earnings per share (EPS) from continuing operations	0.44	-0.16	0.78	0.80	0.70
Cash flow per share	1.53	1.54	1.01	0.85	1.04
Share price, end of period	11.24	9.65	12.68	14.80	10.70
Average full time employee for the period	1,847	1,834	1,845	1,194	1,105

* 2016-2018 is not restated and include discontinued operations
** All 2016-2019 balance sheet items include continuing and discontinued operations
*** 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' "Recommendation & Financial Ratios"

EBITDA margin remains stable and cash flow increases in a challenging year

Columbus had revenue of DKK 1,655m in 2020 corresponding to a decline of 6.0%. Organically, the revenue declined by 8.5%. Normalized EBITDA declined by 6.5% to DKK 117m. Reported EBITDA declined by 12%.

The transition activities initiated in 2020 as the start of our next strategy - Focus23 jumpstarted the development to a global consultancy and impacted the financial numbers accordingly.

Revenue development

Cloud increased by 41%

Cloud revenue continued to grow steadily by 41% due to the continued cloud conversion. Consequently, subscriptions decreased by 9% to DKK 197m and software licenses decreased by 2% to DKK 82m.

The total software revenue declined by 1% to 339m.

Continued progress in Columbus Care

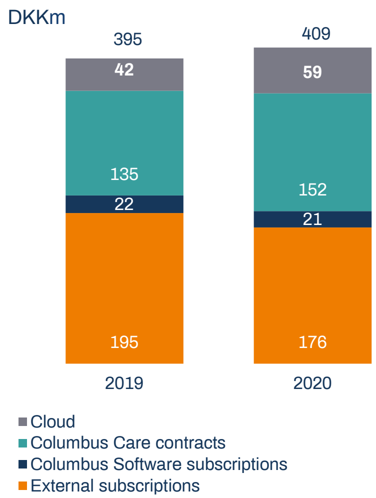
Columbus Care continued to develop positively with a revenue increase of 13% to DKK 152m.

Services revenue declined by 6% to DKK 1,302m. The decline was impacted by the continued global Covid-19 uncertainty and the reduced number of consultants throughout the year.

Growth in recurring revenue

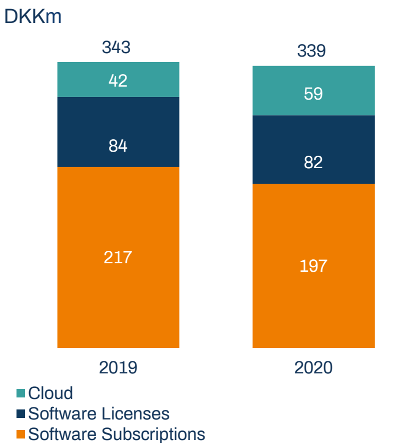
Recurring revenue grew by 4% to DKK 409m. The recurring revenue continues to constitute a larger part of the total revenue with recurring revenue constituting 25% of total revenue (2019: 22%).

Development in recurring revenue

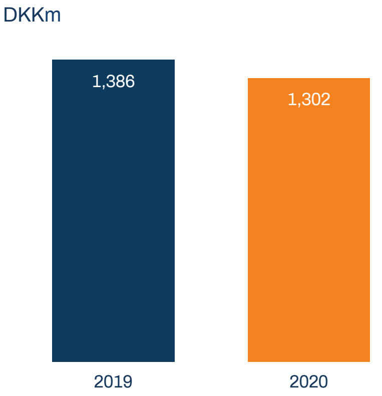


DKKm	2020	2019	Development
Columbus Software licenses	4	10	-59%
Columbus Software subscriptions	21	22	-4%
Columbus cloud	16	8	95%
External licenses	78	74	6%
External subscriptions	176	195	-10%
External cloud	43	34	28%
Services	1,302	1,386	-6%
Other	14	32	-56%
Total net revenue	1,655	1,761	-6%
EBITDA	138	157	-12%

Development in software revenue



Development in services revenue



Cost development

Capacity adjustments reducing cost

Staff cost decreased marginally to DKK 1,061m as an effect of the capacity adjustments early in the year to mitigate the expected Covid-19 impacts.

Less traveling reducing cost

Other external cost decreased by 17% to DKK 147m. The reduction is primarily related to less internal travel.

The reported EBITDA showed a decline – mainly due to a customer provision. The major fixed price project in Columbus Norway has been settled. The customer has engaged with Columbus in a new contract to complete the project on a time and material basis. In addition, Columbus had cost related to close down of the Spanish Business Unit, and as the Spanish Business Unit was part of the acquisition of iStone, the related earn-out was adjusted accordingly. The normalized EBITDA still decreased by 6.5% from DKK 125m to DKK 117m. This leaves a corresponding EBITDA margin increase of 0.2 percentage points to 7.3% due to the reduced staff costs and other external costs.

The reported result before tax increased to DKK 66m.

Cash

Cash flow from continued operations was negative DKK 11m. Operational cash flow increased DKK 24m to DKK 119m but was offset by higher investments. In total, Columbus' cash position improved by DKK 17m compared to 31 December 2019.

Accounts receivable

We have continued our close monitoring of accounts receivables and continue to have no significant loss on accounts receivable.

Equity

Columbus' equity has increased by DKK 47m since 31 December 2019, primarily due to the positive net result. With a total equity of DKK 716m, Columbus has a solvency of 43% (2019: 40%). The high solvency ratio together with the cash position leaves Columbus in a strong financial position that will be further strengthened when the proceeds from To-Increase is recognized in the result and equity in January 2021.

Development in business segments

Western Europe normalized EBITDA improving 32%

Revenue declined by 1% to DKK 1,439m. Adjusting for the acquisition of Advania in 2020 the revenue declined by 4% to DKK 1,395m. The revenue decline is mainly due to a revenue decline in Denmark and UK (customer tenders and projects delayed due to Covid-19) which is only partly offset by an increase in Norway and Sweden.

Reported EBITDA increased by 18% to DKK 173m, but normalized for customer provisions, acquisition and earn-out the EBITDA increased by 32% to DKK 152m.

Eastern Europe

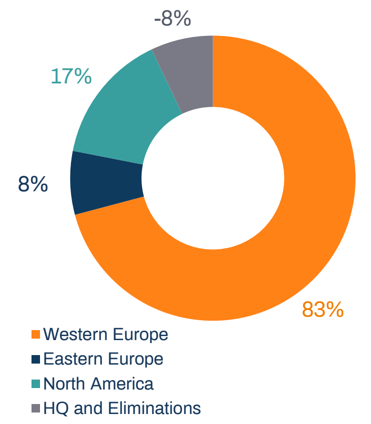
Revenue was stable at DKK 148m due to a revenue increase in Estonia and Lithuania offset by a decline in Russia of 7%. Service revenue grew by 1% to DKK 109m and Cloud revenue more than doubled with license revenue declining 15%.

North America continues revenue decline but increases EBITDA

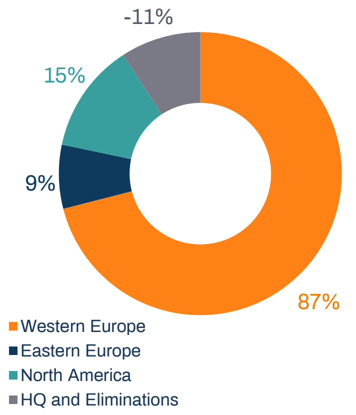
Revenue declined by 17% to DKK 254m, but EBITDA increased by 143% to DKK 12m. The revenue decline was mainly driven by a continued decline in service revenue due to slower turnaround than expected and Covid-19 decreasing US investments. Due to the continued and massive presence of Covid-19 in the US, the turnaround for US is being slowed down. This is also changing the way customers are engaging and in order to meet the market demand we have started to operate the business in two different units to support improved customer engagement – one focusing on larger customers and one focusing on small and mid-market customers.

Revenue by business segments

2019



2020



Solid foundation for our new strategy

Leading in cloud

770%*

growth from 2016 to 2020

Strong Columbus Care market position *

162%

growth from 2016 to 2020

Recurring Revenue constitutes *

27%

of total revenue in 2020

*All numbers and comments are on the total business including discontinued operations and acquired businesses

Columbus2020 – a solid foundation for our new strategy

All numbers in this section about Columbus2020 strategy is including the discontinued operations and acquired businesses.

2020 was the fifth and final year of the Columbus2020 strategy with the ambition of being the preferred service provider of digital business solutions globally in key industries.

Having completed the Colubus2020 strategy in 2020, we reached most of our ambitions and we now have a solid starting point for taking Columbus to the next level.

Columbus2020 was built around three value drivers which measures the progress of the strategy execution:

- Growth in the services business
- Scaling of own software sale
- Recurring service revenue and cloud revenue

Growth in the services business

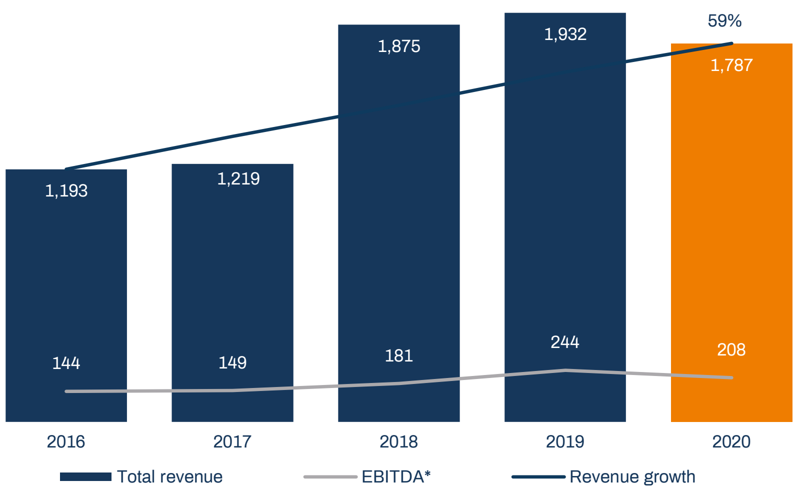
The services business is our largest revenue contributor and the main driver for top line growth. We aim to deliver higher productivity and quality in our services business to optimize delivery, minimize risk and control cost.

With the acquisition of iStone in 2018, our services business grew significantly with the Infor M3 and Dynamics services business from iStone.

In the period from 2016 to 2020, our services business grew by 89%.

Revenue and EBITDA development

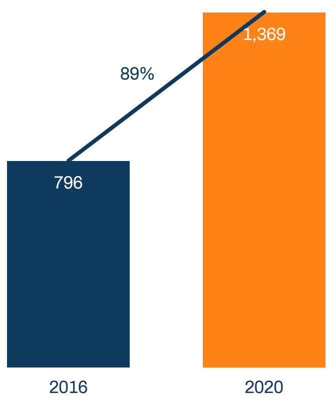
DKKm



* EBITDA before share-based warrants

Development in Services Business

DKKm



Scaling of own software

Columbus Software generated high earnings and has historically been among the main drivers for bottom line growth. During the strategic period, we have converted our software business from mainly on-premise software solutions to nearly 100% cloud.

With the conversion to cloud, our software revenue mix has converted from on-premise software license to cloud subscriptions. Since 2016, Columbus Cloud has grown by 770%.

Our software subsidiary, To-Increase, constituted 58% of our software business in 2020. With the divestment of To-Increase, Columbus' software business will only constitute a minor part of our business going forward.

Recurring service revenue and cloud revenue

The recurring revenue consists of Columbus Software and third-party software subscriptions, cloud revenue and Columbus Care revenue. Recurring revenue is an important component to improve predictability in our business.

Becoming 'cloud-based' is the license to operate and compete in the future, as it is the foundation for delivering software as-a-service, cost-effectively scale of our operations, and drive ecosystem enabled innovation.

Recurring revenue reached a high level of 28% in 2017. With the acquisition of iStone in 2018, we restated the long-term goal of reaching 30% in 2019 to a long-term target of 25% in 2021 as iStone had less recurring revenue than Columbus.

In 2020, the recurring revenue constituted 27% of total revenue, thus exceeding long-term target.

According to Gartner 80% of all ERP customers will upgrade to the cloud by 2025.

Leaders in cloud services

The transition from on-premise infrastructure to cloud or hybrid cloud started accelerating in 2017 which implied a significant change in Columbus' ERP business. The cloud conversion had a short-term negative impact on revenue as sale of cloud subscriptions is recognized on an ongoing basis instead of upfront at the time of sale and delivery.

However, the cloud adaption has been one of the biggest growth opportunities for Columbus during the past five years as most companies will upgrade their on-premise business applications to cloud.

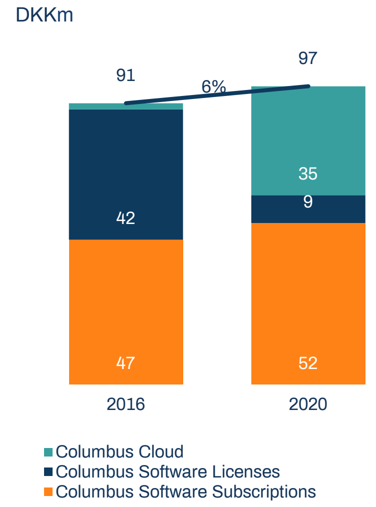
During the past five years, our cloud business has grown by 1,113% and is continuing to grow.
In 2020, we launched a "cloud factory program" to accelerate the cloud migration and ensure our ERP customers a smooth migration to the cloud. The cloud factory initiative was launched across multiple business units in Columbus. We collaborated with Microsoft to conduct assessments of more than 100 enterprise customers globally. Internally, we created a robust framework, methodology, and process to migrate on-prem customers to the cloud. We also migrated the first set of customers to the cloud successfully.

Today, Columbus is positioned among the leaders within cloud ERP in our key industries.

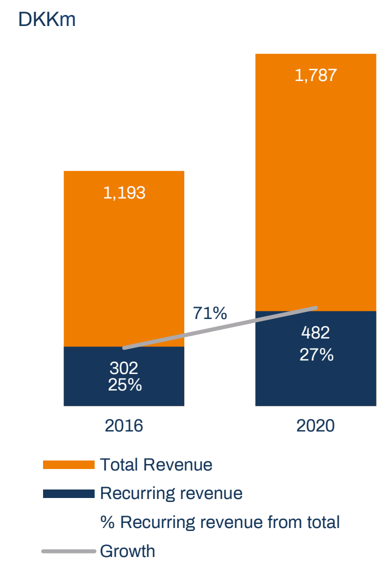
Acquisition of iStone a game-changer

In 2018, Columbus acquired the Swedish IT services company iStone with 600 employees, global representation and a leading provider of business applications and Commerce solutions. iStone brought global leadership within Infor M3, Nordic leadership within digital commerce and a strong Microsoft Dynamics 365 position in the Nordics. Combined with Columbus' leading position within Microsoft Dynamics globally, our common market position was a game changer for Columbus.

Development in sale of Columbus Software



Development in recurring service revenue



Columbus Care - a key competitive edge

Our Application & Infrastructure Management services, Columbus Care, has increasingly become a key market differentiator when customers are investing in new business critical applications running in the cloud.

Many companies are working with a hybrid portfolio, where some of their applications are in the cloud and some are on-premises. At the same time, the demand for business change continues to accelerate. The combination of these two things means that organizations are seeking ways to simplify application integration and ensuring high availability in a hybrid IT environment that has become even more complex.

Columbus Care has been a key focus area in the Columbus2020 strategy, and today, we have a well-established global Columbus Care organization and a strong market position within Application & Infrastructure Management Services. During the 2020 strategic period, Columbus Care contracts have grown by 162% from 2016 to 2020 (2016 DKK 58m – 2020 DKK 152m). Columbus Care will continue to be a major driver for bottom-line growth.

End-to-end digital solutions

The 9 Doors to Digital Leadership® was introduced in 2018 and is our global services and solutions framework which addresses the lifecycle demands of the retail, distribution, and manufacturing industries.

With the 9 Doors to Digital Leadership® portfolio we expanded our traditional core ERP services and solutions to address the customers' entire business challenge thus enabling us to expand our customer base and reach out to new markets.

Over the past five years, Columbus has developed the business from being mainly an ERP service provider to a business application service consultancy and among the leaders within digital transformation in our core industries.

Increasing customer loyalty

In 2016, we introduced Columbus Pulse, which is a global loyalty and satisfaction program that measures our customers' loyalty monthly – using the Net Promoter Score framework (NPS).

Columbus Pulse is used to review customer engagements making sure that Columbus and the customers are aligned and that expectations are met. By using Columbus Pulse proactively in customer relationship management, we have managed not only to increase the score, but also to foster a more open dialogue and closer relationship with our customers.

During the strategic period, Columbus Pulse has improved gradually and in 2020, Columbus Pulse reached a score of NPS of 24 (2019: 14).

Global access to talent

Global sourcing is a key component of the Columbus strategy to meet the unique business requirements of our customers. Columbus' global delivery model enabled by global sourcing provides customers with end-to-end services distributed globally across geographies and time zones and yet based on consistent systems, tools and processes.

During 2020 Columbus continued to further grow and mature global access to talent through Global delivery centres in India, Poland and Czech Republic. These three centres put together are the backbone of Columbus Global Sourcing approach.

From a global people perspective, Columbus continued to grow its global sourcing in 2020. We added 85+ new team members to the global talent pool. The total size of the global talent pool is now 400+. We also increased the breath of competencies during 2020.

Business growth was achieved in areas of Data & Analytics, Modern Workplace, Automated Testing & QA, and Cloud Migration leveraging global delivery set-up.

High quality and risk management

Process Excellence is a key strategic element of the Columbus2020 strategy to ensure high quality in our delivery organization.

We have implemented a range of initiatives within Quality in Delivery, Cloud Transitions, Release Management, Automated Testing, and a global process library with industry templates. In addition, we have implemented "scaled agile" as an addition in our delivery methodology called Columbus Navigator and the end-to-end guiding template for delivering enterprise cloud projects for Business Applications.

Our focus on high quality in deliveries has not only resulted in more profitable projects but has given us a competitive edge and increased customer loyalty during the past years.

Strong financial position

During the strategic period, EBITDA grew by 98% (including the discontinued operation).

Columbus' has a strong financial fundament with a solvency rate of 43% and a strong cash position of DKK 164m in 2020.

With a successful execution of the strategy Coulmbus2020, Columbus has a strong foundation for taking the business to the next level focusing on digital advisory.

Positioned to seize market growth

Strong growth opportunities
Digital transformation remains a top priority and business leaders have now experienced the importance of business continuity in a world they cannot always foresee. Every industry has in some way been affected by the Covid-19 pandemic. For many companies Covid-19 demonstrated the fragility of supply chains and many enterprises suffered severe disruptions during the initial lockdown.

With Covid-19, strategic and business model change has rapidly translated, and continues to translate, into new challenges and priorities for leaders around the world.

In 2021, the demand for digital products and services will increase

According to a recent Gartner survey[2], 69% of boards report accelerating digital business initiatives in response to Covid-19. In fact, 76% of survey respondents to the 2021 Gartner CIO Survey[1] say that demand for new digital products and services increased in 2020 and 83% say that it will increase in 2021[1].

When asked to rank technologies they are using or plan to use in the next year: Digital workplace technologies to support work from home come out on top. Following behind are artificial intelligence/machine learning, robotic process automation, distributed cloud and multi-experience platforms. These emerging technologies automate processes and decisions, enabling a faster pace of business execution.

There is no doubt that Covid-19 has been the biggest digital transformation accelerator in recent times. And the CIO' relationship with the business is stronger than ever before[2].

As IT and business is further interlinked and crucial for the continued growth, companies are increasingly seeking a partner that can act as a strategic business partner in their digital transformation. A partner that understands the business strategy, the industry processes and digital transformation - a digital trusted advisor.

Positioned to seize growth opportunities
During the past five years, Columbus has extended our business beyond ERP and today we offer a wide services portfolio within digital transformation - such as Data & Analytics, Digital Commerce, Cloud and Modern Workplace with strong annual growth rates.

In addition, Columbus has intensified the focus on services within digital transformation strategy, change management and management consultancy for our larger customers, and we have experienced an increasing demand for these competencies over the past couple of years.

Today, we act as digital advisor for a range of our key customers seeking our specific competencies and services linking business and digital transformation.

Focus23 will further position Columbus within this market space – digital trusted advisor for larger companies.

[1] Gartner Survey: Top Priorities for IT: Leadership Vision for 2021

[2] Seize This Opportunity For Digital Business Acceleration.

Focus23 – our new journey

On 12 November 2020, Columbus launched our new three-year strategy Focus23, which will be executed in the period 2021 until the end of 2023.

With Focus23, Columbus will unleash the full growth potential and make it possible to gradually increase profitable growth to minimum 10% annually in 2023.

The strategy contains an increased focus on digital advisory, customer value, and a simplified operating model.

Our ambition is to be our larger customers' preferred digital trusted advisor. This ambition will intensify our focus on creating value for our key customers with digital advisory and a broad range of digital offerings.

With the strategic decision of divesting To-Increase, Columbus has taken the first step to focus the business on digital advisory and services for larger customers within our key industries Food, Retail and Manufacturing.

Columbus is already well-positioned within Cloud ERP (Microsoft Dynamics and Infor M3) and a wide range of digital business application services with the 9 Doors to Digital Leadership®. With Focus23, we accelerate the growth of key business areas such as Data & Analytics, Modern Workplace, Digital Commerce and Columbus Care.

Four drivers to unleash potential

Focus23 contains three strategic elements: Empower, Sustain and Delight, which combined with Focus & Simplify will take Columbus to the next level of becoming digital trusted advisor for our key customers.

Focused and simplified operation

The strategic element Focus & Simplify is the foundation for our new strategy.
In order to ensure a profitable growth, we will implement a focused and simplified operating model to leverage global delivery capacity and synergies in the organization, including:

- A global operating model with local presence and global delivery
- A new customer centricity organization with focus on larger customers
- Uniform business processes to accelerate collaboration globally

> "Our ambition is to be our larger customers' preferred digital trusted advisor. To realize that ambition we have defined a strategy based on three main strategic elements."

Empower – powered to drive customer value

By building global capabilities within digital advisory and intensify focus on customer centricity, we strengthen the customer relation and improve customer value.

Columbus is a people business and in order to deliver on our strategic goals, we rely on constant development of our highly skilled, engaged and loyal employees.

We will run two key programs under the Empower element:

- Accelerate you
- Lead for trust

The programs will ensure that we build appropriate digital advisory skills across roles, further strengthen career tracks and improve leadership skills and training.

Sustain – sustainability in everything

By advising on industry sustainability within our key industries and offering digital solutions to run a sustainable business, we build trust and sustainable relationships with our customers.

We will intensify the focus on applying and implementing solutions within sustainability that address our customers' need for digitalization in a sustainable way.

We will run one key program under the Sustain element:

- Build to Sustain

The program will focus on developing sustainable offerings to our customers and establish a clear position for Columbus as a responsible company supporting and driving our selected SDGs.

Delight – dedicated to delight our customers

By creating higher value to our customers, we achieve a better customer experience resulting in higher customer satisfaction and long-lasting relationships and advocacy.

Columbus will implement a customer serving concept that puts the customers in the center of our organization. Customer loyalty is essential for growth.

We will run two key programs under the Delight element:

- Understand Customer
- Deliver Delight

The programs will focus on developing Strategy & Change capabilities and offerings, develop our customer segmentation and extend customer feedback with Columbus Pulse. In addition, improvement of quality and value in delivery are key initiatives in the Deliver Delight program.

Phased strategy execution

The execution of the three strategic elements; Empower, Sustain and Delight will run in a phased manner.

In 2021, we will focus on building and initiating the different programs under each of the strategic elements. We will engage our leaders and employees globally to ensure engagement, involvement and ownership in the organization.

Outlook for 2021

We are laying behind us the most unprecedented year in modern history, thus entering 2021 with a second wave of Covid-19. However, we can now see the light at the end of the tunnel.

2021 is expected to be the year of stabilization, and a reset for a number of disruptions experienced this year with an economic recovery to follow. Global GDP growth is forecasted to reaching 5.8%[3] building on expected widespread distribution of vaccines during the second half of 2021, leading to ease of mobility and slowly openings of societies.

The digital transformation is expected to accelerate post covid-19 with emphasis on making supply chain more resilient, optimize remote workplaces, improve cloud infrastructure, scaling up digital commerce and infusing data and analytics into the core of the business' to predict and reach to market challenges promptly.[4]

Columbus is well positioned to capture the global market trends, which are representing our key growth areas in the newly announced Focus23 strategy.

However, as we are not yet post Covid-19, our focus is to continue to stay resilient during uncertain times. As a global company with customers around the world, Columbus is subject to day-to-day varying market conditions due to Covid-19, and lockdowns and mobility restrictions continue to impact our customers and our employees.

We expect the extraordinary uncertainty in our marketplace will remain throughout 2021, but with positive trends and growth within digital transformation.

Focus23: Build-plan-execute

2021 will be an exciting year for Columbus with the start of Focus23. In 2021, we will focus on further defining our strategic programs, target setting and initiate executing, as described in the Focus23 paragraph on page 18.

The strategic element Focus & Simplify is already in execution phase with a global roll-out of business processes, customer centricity organization and a global operating model.

Top priorities for 2021

In 2021, the top priorities will be:

- On-boarding of new CEO to Columbus
- Build-plan-execute the three strategic programs under Focus23; Empower, Sustain and Delight
- Roll-out global business application platform
- Implement new global operating model
- Mitigating risk related to Covid-19
- Cost savings and cost-efficient operations
- Grow 9 Doors to Digital Leadership with special focus on Data & Analytics, Modern Workplace and Digital Commerce

Financial Guidance

Despite the continued Covid-19 uncertainty and the negative market impact, the management believes that there continues to be good business opportunities going forward and Columbus continues to react promptly to changes in our markets, thus mitigating risks and keep business in good health.

Columbus' ambition is to gradually increase profitable growth to minimum 10% annually in 2023.

DKKm	Revenue			EBITDA		
2021 Outlook	1,650	-	1,800	125	-	150
Implied growth to 2020 result	0%	-	9%	-2%	-	18%

[3] J.P. Morgen 2021 Market Outlook
[4] Deloitte: 2021 Technology Industry Outlook

Based on the financial performance in 2020, current order book and pipeline forecast, our guidance for full-year 2021 is as follows:

Revenue is expected to be in the range of DKK 1,650m – 1,800m corresponding to a growth of 0%-9%.

EBITDA is expected to be in the range of DKK 125m – 150m corresponding to a decrease of 2% to an increase of 18% compared to the 2020 EBITDA adjusted for customer provision and earn-out adjustments.

Events after the balance sheet date

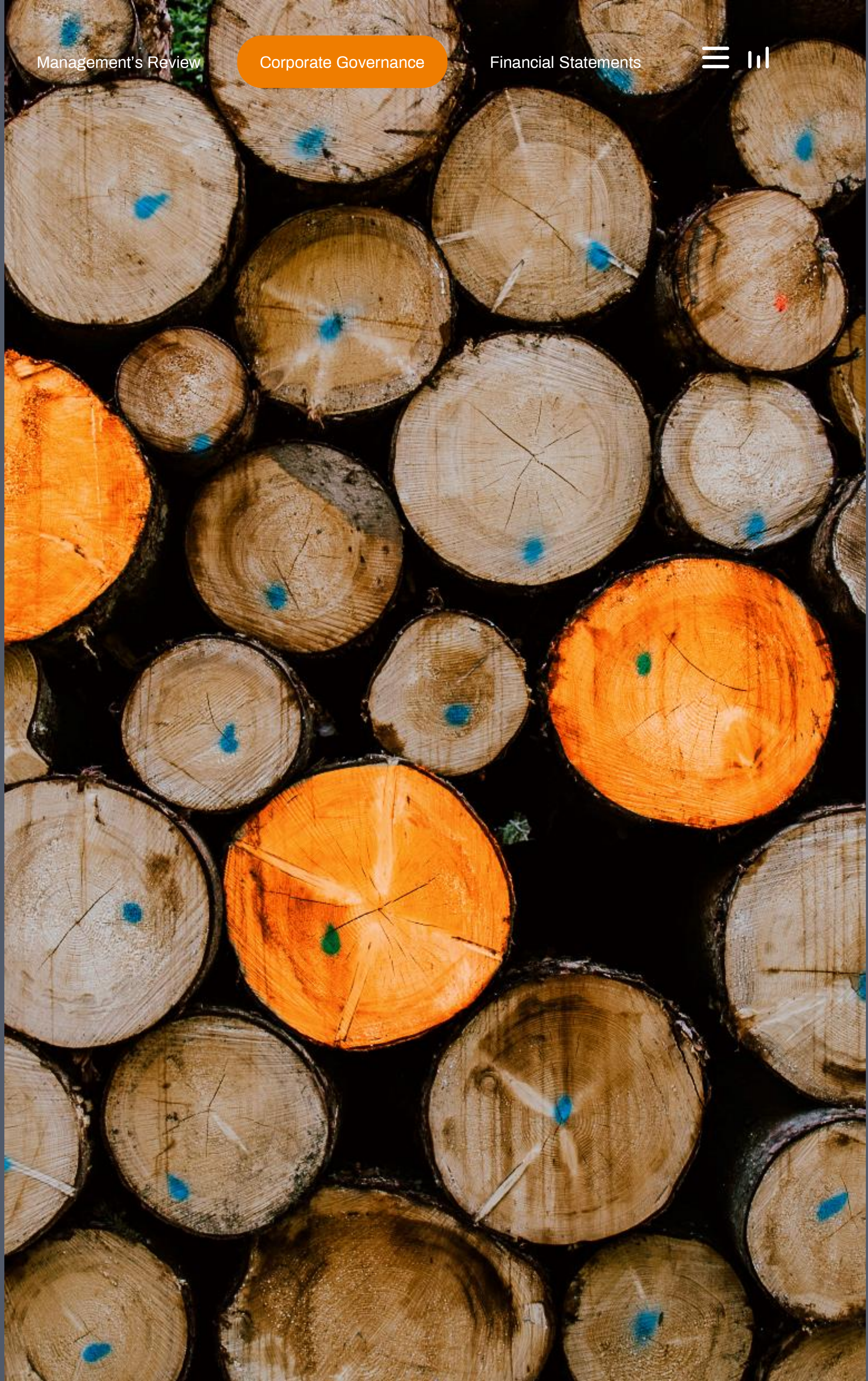
Divestment of To-Increase

On 26 January 2021, Columbus completed the divestment of its software company To-Increase in Holland to Gilde Buy Out Partners and the management of To-Increase for a price (Enterprise Value) of EUR 113m. The transaction was effective as of 26 January 2021.

The total net proceeds of EUR 115m/DKK 858m were paid in cash at completion. The sale of To-Increase has impacted the corporate equity by approximately EUR 90m/DKK 671m and the Parent equity by approximately EUR 107m/DKK 794m.

The Board of Directors proposes an extraordinary dividend of DKK 6 per share which will be adopted at the Annual General Meeting 27 April 2021.

Corporate governance



Corporate governance

Columbus is committed to follow the Danish Recommendations on Corporate Governance of 23 November 2017, issued by the Danish Committee on Corporate Governance. Accordingly, the Board of Directors continuously considers the updated recommendations in order to determine which are relevant for Columbus, considering the size, ownership structure, nature of the Company and the Company's business model.

Each year, in connection with the Annual Report, Columbus A/S publishes the statutory report on Corporate Governance, cf. Section 107b of the Danish Financial Statements Act.

Columbus complies with 40 recommendations, does not comply with seven recommendations and partly complies with two of the recommendations. Deviations are all explained in the statutory report on Corporate Governance for 2020 according to the "comply or explain principle".

Shareholders

The shareholders have the final authority over the company and exercise their right to make decisions at the Company's General Meetings.

Management

Columbus has a unified management structure consisting of a Board of Directors and an Executive Board. The two bodies are separate, and no one serves as members of both.

The Board of Directors is responsible for the overall management of the Company on behalf of the shareholders and supervises the Company and the work of the Executive Board. The Executive Board is responsible for the day-to-day management. Together with the Executive Board, the Board of Directors determines goals and strategies, and approves budgets and action plans.

Board of Directors

The Board of Directors in Columbus A/S consists of four members: Ib Kunøe, Sven Madsen, Peter Skov Hansen and Karina Kirk Ringsted. The Board members are elected for one year at a time with the option for re-election.

Two out of the four members elected by the General Meeting are independent members, and none of the Board members participates in the day-to-day operation of the Company.

The Board of Directors holds at least ten meetings a year according to a meeting schedule planned one year in advance on the Board meeting in December. Extraordinary Board meetings are held according to need. In 2020, 14 Board meetings were held. All Board members attended all meetings.

The Executive Board participates in Board meetings in order to ensure a direct dialogue and that the Board of Directors is well informed about the operation of the Company.

In 2020, the Board of Directors focused on the following areas:

- Covid-19
- Financial reporting
- Capital and share structure
- Organization and activities
- Strategy
- Risk management and internal controls
- Budgets

For more details about the members of the Board of Directors and the members of the Audit Committee, see "Board of Directors and Executive Board" on page 38

Executive Board

The Board of Directors appoints the Executive Board and determines the terms of employment. The Executive Board is responsible for the day-to-day operation and management of Columbus, including strategy, budgets and targets for the Company. The Executive Board currently consists of one member, Interim CEO & Corporate CFO Hans Henrik Thrane. Columbus is in the process of hiring a new CEO.

Governance Structure

Audit Committee

The purpose of the Audit Committee is to supervise accounting, audit, risk and controlling issues. The Audit Committee consists of Peter Skov Hansen (Chairman) and Sven Madsen. One of the two members of the Audit Committee (Peter Skov Hansen) is considered an independent member.

The tasks of the Audit Committee have been determined in a Terms of Reference, which have been approved by the Board of Directors. The Terms of Reference are available on the Company's website. The Committee determines the meeting frequency. In 2020, five meetings were held. Both Audit Committee members attended all meetings.

In 2020, the Audit Committee focused on the following areas:

- Audit planning
- Financial reporting and compliance
- Risk management and internal controls

Evaluation of performance

The Chairman of the Board is responsible for conducting an annual evaluation of the competencies of the Board of Directors, the cooperation between the Board of Directors and the Executive Board, and the performance and results of the Board of Directors and the Executive Board, including the areas operation, finance, strategy, organization and management.

The individual Board and Executive Board members anonymously complete an online survey. The results of the evaluation are presented and discussed at the subsequent Board meeting.

Based on the evaluation, which was conducted in 2020, it was concluded that the work of the Board of Directors and Executive Board is efficient, and that the composition of the Board of Directors is appropriate in terms of professional experience and relevant special competences to perform the tasks of the Board of Directors.

Remuneration

Columbus' remuneration policy determines the frame for fixed and variable remuneration for the Board of Directors and the Executive Board.

The overall objective with Columbus' remuneration policy is to ensure:

- That Columbus will constantly be able to attract, motivate and retain qualified members of the Board of Directors and the Executive Board.
- Aligned interests for the company's shareholders, Board of Directors and the Executive Board.
- Promoting of the long-term interests and sustainability of Columbus and fulfilment of its business strategy short-term and long-term.

The guidelines, which are available on the Company's corporate website, were adopted by the general meeting in April 2020.

Board of Directors

Members of the Board of Directors in Columbus A/S receive a fixed annual basic remuneration. The Chairman of the Board receives triple basic remuneration. The Chairman of the Audit Committee receives and additional remuneration of 50% of the basic remuneration, and other members of the Audit Committee receives an additional remuneration of 25% of the basic remuneration. In addition, potential travel expenses related to board meetings are reimbursed. In addition, the Board of Directors may allot share-based instruments, if the Board of Directors considers it expedient in order to encourage common goals for Columbus's management and shareholders.

The Board of Directors evaluates its remuneration at least once a year. When determining the remuneration, the Board takes into consideration benchmarks from other companies, responsibilities and qualifications.

In March 2020 it was announced that the Board of Directors had reduced their fees by 30% due to the Covid-19 crisis. The overview below shows the total remuneration for the Board of Directors in 2020.

Total remuneration of the Board of Directors in 2020

DKK'000	Fixed fee	Audit Committee fee	One-off bonus	Total
Board of Directors				
Ib Kunøe (Chairman)	210	0		210
Sven Madsen (Deputy Chairman)	70	18	1,000	1,088
Peter Skov Hansen (member)	70	35		105
Karina Kirk Ringsted (member)	70	0		70

* Sven Madsen earned an one-off bonus in relation to the sale of To-Increase. See Remuneration Report for further details regarding this one-off bonus www.columbusglobal.com/Investors/Remuneration

Executive Board
The Board of Directors determines the remuneration of the Executive Board. The size and components of the remuneration to the Executive Board are evaluated on yearly basis.

The Executive Board receives a fixed remuneration. In addition to the fixed remuneration, other benefits such as pension contribution, company car, insurances and other normal benefits related to local conditions may be agreed to cover the Executive Board member's daily performance. Furthermore, an allowance or reimbursement of additional costs related to stationing is offered. The fixed fee is determined based on market standard hereunder scope of responsibility and qualifications.

In addition to the fixed remuneration, variable incentive programs may be allotted. Incentive programs may comprise any form of variable remuneration, including share-based instruments such as share options, warrants and phantom shares as well as non share-based bonus schemes - both ongoing, single-based and event-based.

In March 2020, it was announced that the Executive Board had reduced their remuneration by 30% of their total On Target Earning (OTE), which includes fixed salary, other benefits and short-term bonus, for the remaining part of 2020 due to the Covid-19 crisis. The 30% reduction did not apply to one-off bonuses and share-based instruments.

On 27 August 2020 Thomas Gregers Honoré left his position as CEO & President but remains under contract with Columbus until the end of February 2022.

The overview below shows the total remuneration of the Executive Board in 2020.

Pursuant to Section 139b of the Danish Companies Act, Columbus has prepared a Remuneration Report for 2020 which is available at the Company's corporate website. The Remuneration Report provides an overview and detailed description of the total remuneration received by each member of the Board of Directors and of the Executive Board for the 2020 financial year with comparative figures for past financial years where relevant.

Diversity and inclusion
Pursuant to Section 99b of the Danish Companies Act, the Board of Directors have set targets for the gender distribution in Columbus. The targets are reviewed annually[5].

According to the Danish Business Authority's guidelines on target figures, policies and reporting on the gender composition

In 2019 the gender distribution at management level in Columbus A/S constituted 21% women and 79% men. At the end of 2020, the percentage of women at management level had increased to 28%.

Remuneration of the Executive Board in 2020

	Fixed remuneration					Variable remuneration				
DKK ´000	Fixed base salary	Pension	Other benefits	Special allowance	Total	Short-term bonus	One-off bonus	Share-based instruments	Total	Total fixed & variable remuneration
Thomas Honoré, CEO (until 27 August 2020)	2.541	0	136	0	**2.677**	0	2.000	431	**2.431**	**5.108**
In percent	50%	0%	3%	0%	**52%**	0%	39%	8%	**48%**	**100%**
Severance pay*				7.517	**7.517**					**7.517**
Hans Henrik Thrane, CFO (Interim CEO & CFO from 28 August 2020)	2.554	0	204	0	**2.758**	0	2.985	431	**3.416**	**6.174**
In percent	41%	0%	3%	0%	**45%**	0%	48%	7%	**55%**	**100%**
Total without special arrangements	5.095	0	340	0	**5.435**	0	4.985	862	**5.847**	**11.282**
In percent	45%	0%	3%	0%	**48%**	0%	44%	8%	**52%**	**100%**

* In connection with Thomas Honoré's resignation, the Board of Directors determined an allowance of DKK 7,517 thousand for the period September 2020 to end February 2022. This corresponds to 2019 level fixed basic salary, on-target bonus and other benefits and is thus in accordance with the remuneration policy. The severance pay is expensed in the financial year 2020.

[5] The statutory report applies for Columbus A/S.

This means that at the end of 2020, Columbus reached the target set in 2019 to reach a minimum of 25% female managers by the end of 2023.

Columbus has decided to increase the future target to obtain a minimum of 35% female managers in Columbus A/S by the end of 2023.

Pursuant to Section 99b of the Danish Financial Statements Act, Columbus has prepared a statutory report on gender distribution as part of the CSR Report 2020, which is available at the Company's corporate website.

Columbus A/S has no diversity and inclusion policy covering the Company's Group Management (Board of Directors and Executive Board), cf. Section 107d of the Danish Financial Statements Act.

So far Columbus has not found it relevant with specific diversity targets, besides gender distribution, for the Group Management, since the Company, due to its global structure, already has a high diversity in terms of nationality, age and educational background in its Business Unit management.

The composition of the Board of Directors is considered appropriate in terms of professional experience and relevant special competencies to perform the tasks of the Board of Directors.

Columbus works with diversity and inclusion broadly at a global level. Columbus' people focus areas, including diversity and inclusion are described in Columbus' CSR Report 2020, which is available at the Company's corporate website.

Internal controls and risk management related to financial reporting

The intention of Columbus A/S' internal control system is to eliminate or mitigate significant risks identified in the financial reporting, and that material errors and inconsistencies in the financial reporting process are identified and corrected.

Overall control environment

The Board of Directors has the overall responsibility for Columbus A/S' internal controls and has approved Group policies related to internal controls, standards and procedures for financial reporting.

The Board of Directors has appointed the Audit Committee to assist the Board of Directors with supervising the financial reporting process and monitoring the effectiveness of the internal controls and risk management system.

The responsibility for maintaining efficient internal controls and a risk management system in connection with the financial reporting lies with the Executive Board which in cooperation with the Board of Directors annually evaluate the control system of the Group. Responsibilities, authorities and procedures relating to essential areas are defined in a Group policy which is approved by the Board of Directors.

Risk assessment

The Board of Directors and the Executive Board assess the risks that Columbus A/S is exposed to, including risks related to the financial reporting process annually.

On an ongoing basis, the Audit Committee monitors the effectiveness of the internal controls for financial reporting and reviews and discusses material and relevant changes to accounting principles, including implementation of these.

Control activities and monitoring

All companies in the Columbus Group report financial and operational data to the head office on a monthly basis. The reporting includes comments to the financial and business development. Based on this reporting the Group's financial statements are consolidated and reported to the Group management. As part of this process, monthly business reviews and controlling meetings are held, and control visits to all operational companies in the Group are performed on an ongoing basis in order to ensure that material errors in the financial reporting are discouraged, discovered and corrected.

The need for an internal audit is considered annually by the Audit Committee. However, due to the size of the Company and the established control activities the Audit Committee so far considers it unnecessary to establish an independent internal executive audit board.

Information and communication

Columbus has implemented a formalized reporting process for monthly, quarterly and annual reporting as well as for budgeting and forecasting.

Columbus' reporting manual and other reporting instructions are updated on an ongoing basis. All updates are communicated to the global finance organization. All employees have access to reporting manuals and instructions.

Whistleblower function

As part of the risk management, Columbus has established a whistle-blower function for expedient and confidential notification of possible or suspected wrongdoing. At the end 2020, no cases had been reported through the whistle-blower scheme.

Further information

The statutory report on Corporate Governance for 2020, cf. section 107b of the Danish Financial Statement Act is available at: www.columbusglobal.com/Investors/Corporate Governance Statements

Remuneration Policy, including guidelines for incentive programs, cf. section 139 and 139a of the Danish Companies Act is available at: www.columbusglobal.com/Investors/Remuneration

The Remuneration Report for 2020, cf. section 139b of the Danish Companies Act is available at: www.columbusglobal.com/Investors/Remuneration

The statutory report on gender distribution for 2020, cf. section 99b of the Danish Financial Statements Act is available as part of the CSR Report at: www.columbusglobal.com/Investors/CSR

Corporate Social Responsibility

In Columbus, we are committed to contribute to the UN Sustainable Development Goals. In 2019, we took an important step to focus on five of the 17 SDGs. In each of the SDG targets, we have formulated our commitment and focus points:

Gender equality

5 GENDER EQUALITY

We commit to gender equality and continue to increase the proportion of women in Columbus.

Decent work and economic growth

8 DECENT WORK AND ECONOMIC GROWTH

We ensure high-quality work and safe working conditions for our people and we strive to foster an inclusive workplace where people thrive and grow with equal career opportunities for all.

Industry, innovation and infrastructure

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

We help our customers modernize their infrastructure by building new, innovative digital solutions that help our customers run a sustainable business.

Responsible consumption and production

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

We reduce waste generation through reduction, recycling and reuse in our offices globally. We develop innovative digital solutions that monitor, analyse and report production patterns in order to help our customers reduce waste and loss in production and optimize supply chain to enable sustainable production patterns.

Climate action

13 CLIMATE ACTION

We reduce our environmental footprint globally by reducing flight travel, recycle and optimize our consumption and energy mix.

UN GLOBAL COMPACT

Columbus support the UN Global Compact

Columbus has been part of the UN Global Compact since 2012, which shows our commitment to being socially and environmentally responsible.

Columbus supports and enacts ten general principles of corporate social responsibility.

These principles are based on internationally recognized conventions on human rights, labour standards, environment and anti-corruption.

More Information

The full CSR Report for 2020 is available at: www.columbusglobal.com/Investors/CSR

Helping our customers run a growing, profitable and sustainable business

With ever-increasing emphasis on sustainability, organizations seek new, innovative business models to future-proof, transform, and modernize their infrastructure. Columbus helps our customers future-proof their business by enabling them to run a sustainable, growing, and profitable business through digitalization.

Columbus has strong domain knowledge within key industries based on more than 30 years of experience and profound insights with more than 5,000 customers. As sustainability is becoming increasingly important, we are stepping forward and leading our customers in creating a better tomorrow.

We offer end-to-end sustainable digital solutions such as Cloud ERP, Digital Commerce, Data & Analytics, and Application Management and advisory services to address the lifecycle and sustainability demands of the manufacturing, food, and retail and distribution industries.

Manufacturing

An acute shortage of skilled workforce, expensive machinery, and increasing production costs have a high impact on the manufacturing sector. Columbus supports manufacturers to stay ahead of the competition curve by bringing Industry 4.0 best practices into the picture. We enable the players to upgrade their technological capabilities and build a sustainable, reliable, and resilient infrastructure.

Our services include, but are not limited to, efficient global supply chain integration, IoT for improved connectivity, personalization and configuration, as well as artificial intelligence and machine learning-related expertise for demand prediction and planning.

This results in streamlined production at a lesser cost, and an efficient global supply chain.

Food, Beverage & Process

The last few decades have seen an infuse of IT in the food and beverage industry. Increased competition from medium and small companies and evolving consumer needs necessitate food manufacturers and retailers to build capabilities around technology for pricing, to forecast customer demand, ensure high levels of quality in a highly regulated industry.

Columbus solutions help our clients increase transparency and traceablity across the supply chain to ensure a granular MRP. Columbus solutions help our customers respond to changing customer dietary preferences and compliance mandates by minimizing wastes, improving the efficiency of supply chains and inventories, optimizing delivery routes, automating manual processes, and ensuring that the food products adhere to the highest quality and safety standards.

Retail & Distribution

A modern-day consumer goes through several touchpoints before making a purchase. Columbus enables retailers, distributors, and brands to ensure a seamless customer experience throughout this journey. Our solutions enable our clients to provide a unified customer experience across all channels and touchpoints, optimize costs with centralized inventory management, increase order values through improved engagement, maximize revenue from existing customers, and gain new customers.

New Sustainable Solutions in 2020

During 2020, Columbus has continued to develop new offerings within sustainability and closely work with our customers to support their sustainability journey.

Below is a selection of our sustainability solutions:

- Route optimization: Helping our customers reduce carbon emissions, as well as ensure faster transportation, by determining the most cost-efficient route.
- Resource productivity: Working with our customers to maximize resource productivity by providing solutions for uninterrupted communication, file storage and sharing, as well as ensuring security.

Sustainable operations: Helping our customers in developing a cost-effective supply chain to meet the ever-changing customer needs and future-proofing their organizations

Empower our People

Columbus is built on our talented people serving our customers all over the world around the clock. Attracting, developing, and retaining our talents is crucial for Columbus and will continue to be a key part of our new strategy Focus23. With Covid-19 we have proven the resilience of our global community, the fighting spirit in our teams and the dedication from all our people to go that extra mile for our customers even in difficult times.

Columbus is a people business and our employees are our greatest asset. Therefore, it is crucial that we attract, develop, and retain the best people in the industry.

We want Columbus to be a company smart people join and where they stay for many years. Key success factors to attract talents are to ensure that Columbus has a strong employer brand and is known as a workplace with attractive working conditions and great professional and personal development opportunities.

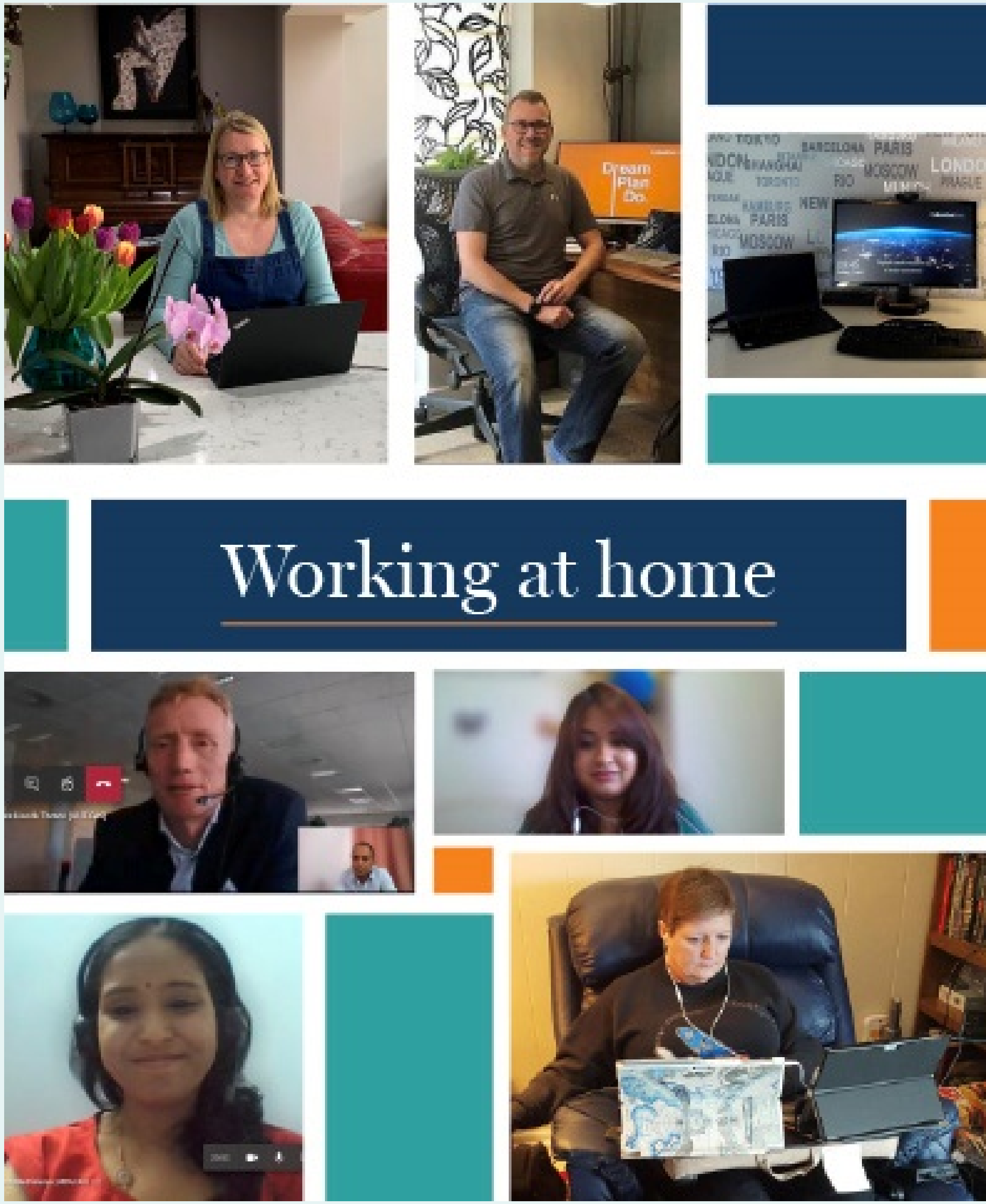
To ensure an attractive career path and support high performance across Columbus, we are setting individual targets in our Performance Excellence Program that support business strategy, operational and financial goals and we support individual learning and career development in our Career and Competence Framework.

A key element to continue to develop competences is our Columbus Academy – our global virtual training framework – which is constantly extended to develop our highly skilled, engaged, and loyal employees.

A resilient team - physically apart but mentally close

As the global pandemic hit the world in March, Columbus' focus was on taking care of our employees and overnight we initiated 100% remote working for all.

In most of our locations, our employees have had to work from home since March. Even though we have been used to working together digitally internally across Columbus for many years, having to work from home full-time was a significant change in many employees' everyday lives.



However, the readiness for change, the fighting spirit, and the dedication to take care of colleagues and customers in a difficult time, has proven the resilience of our global community. We might be socially apart but mentally; we are still closely connected.

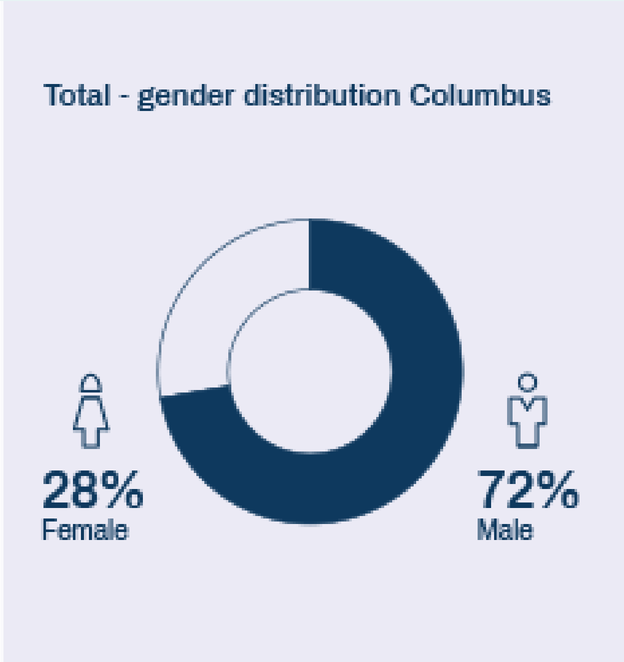
To ensure the wellbeing of employees, Columbus implemented several initiatives, such as videos from the CEO with updates to all employees and daily "Inspiration for you" e-mails with ideas on how to stay in touch with colleagues, guides to working remote, guides to ensure efficient Teams meetings, Columbus Academy courses, exercise inspiration and sharing of home office photos and fun things to do at home.

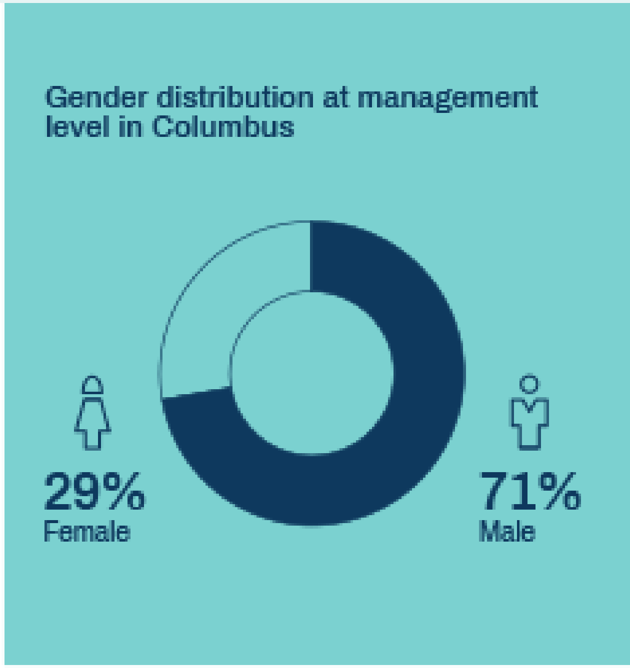
We are confident that we have a strong community and together we will continue to stay strong.

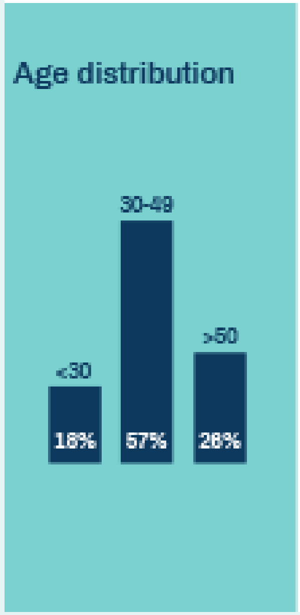
Empower our People

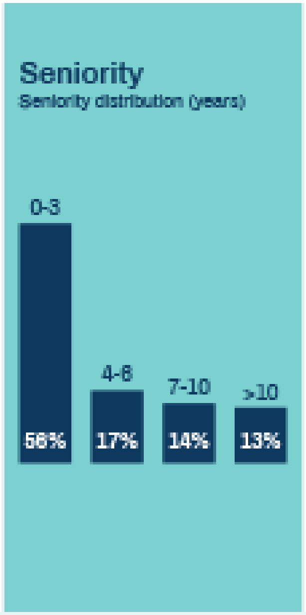
Motivated, dedicated and skilled people are crucial for reaching our ambitious goals. Therefore, we continue the strategic focus on our people with our new strategy Focus23. The strategic element Empower will focus on development of our highly skilled people, build digital advisory skills, further ensure exciting career tracks and improve leadership skills across Columbus.

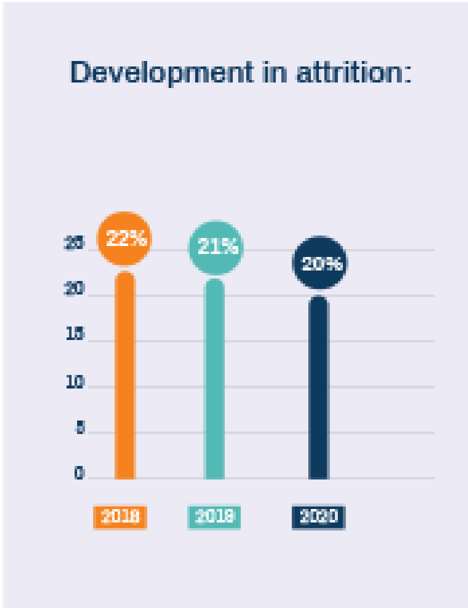
We are excited about the new strategic journey ahead of us.











Preparing for the future is good business

Business Development

transform

your strategy and business model

Digital Advisory

maximize

your operations and supply chain

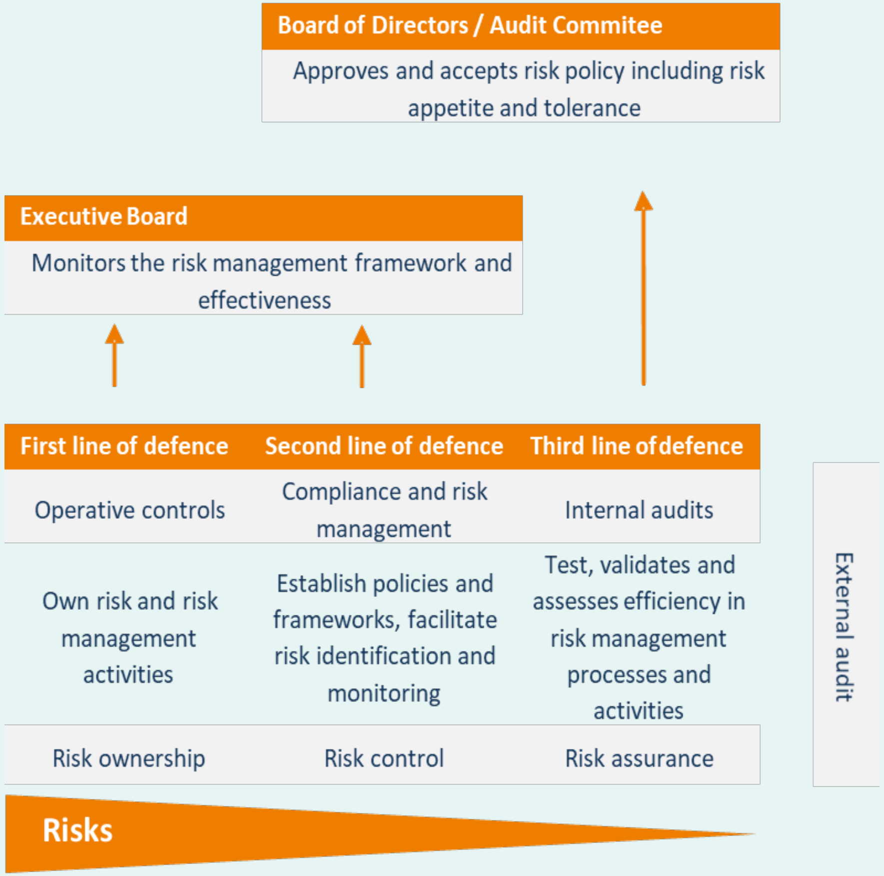
Sustainable growth

futureproof

your customer value add

Risk management

As a global company operating in a continuously changing environment, Columbus is exposed to a number of commercial and financial risks. Consequently, it is essential for the Company to ensure that risks are constantly identified, monitored and controlled in order to reduce potential negative impact on growth, activities and results.



As Columbus has grown and developed over time, focus on risk management has increased and become an integrated part of the Group's business activities. By constantly monitoring and mitigating risks, Columbus aims to reduce risks to an acceptable level in order to reduce potential negative impact on growth, activities and results.

Columbus risk management is organized according to the "Three lines of defence" model which organizes roles and responsibilities for risk decisions and controls to ensure efficient risk management and governance.

The Executive Board is responsible for the ongoing risk management and continuously considers and reviews key risks. Risk management is reported to and discussed with the Audit Committee at committee meetings during the year.

Once a year, a formalized updated risk assessment, including measures to mitigate risks, is reported to the Board of Directors for approval.

The Board of Directors has the final responsibility for the Group's risk management, whereas the Audit Committee supervises compliance with the framework determined by the Board of Directors and the Executive Board.

Risk definition

Columbus' is exposed to a number of commercial and financial risks that potentially could reduce the ability to realize the Company's strategic and operational objectives. Risks are evaluated in terms of:

Probability that the risk will materialize

X

Impact without any mitigation

=

Gross Risk

-

Mitigation activities

=

Net Risk

Risk handling

Columbus constantly strives to bring risks to a level that is acceptable. Columbus' seeks to **transfer** the risk to a third party and/or to **mitigate** the risk seeking to minimize the exposure. Ultimately some risks will remain that Columbus **accepts**. By constantly monitoring and mitigating these risks, Columbus aims to reduce them to an acceptable level.

Risk grouping

Columbus groups the risks in Commercial and Financial risks.

Columbus' potential to realize the Company's strategic and operational objectives is exposed to several commercial risks, such as the ability to adapt to market changes, project and contract risks, employee dependency and partnership with software providers.

Due to Columbus' international activities, investments and financing, the Group's earnings and equity are impacted by changes in currency rates, interest rates, liquidity and credit risk. The overall objective of the financial risk management is to reduce the sensitivity of earnings to fluctuations in economic trends.

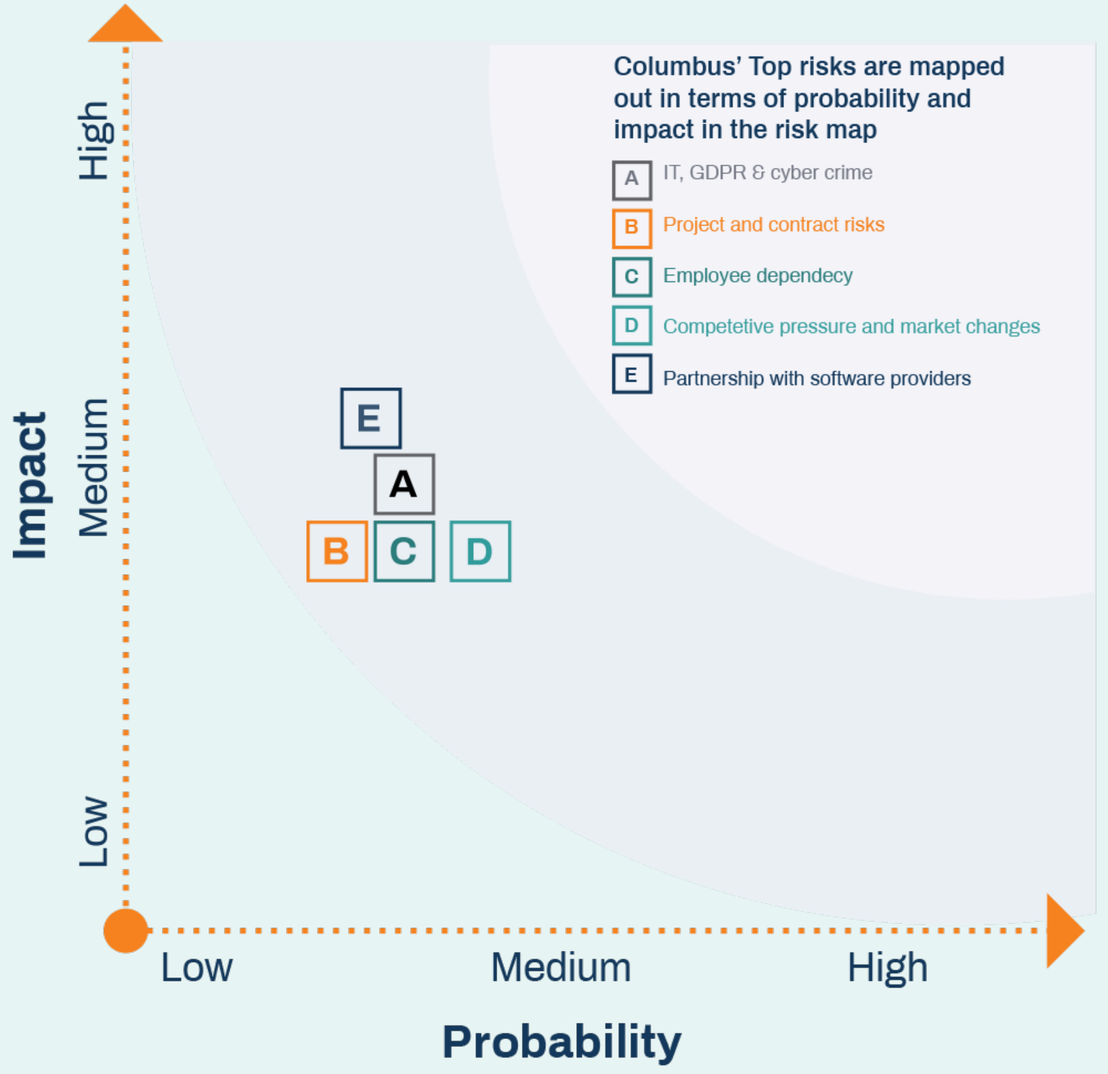
The Parent Company controls the financial risks in the Group centrally and coordinates the Group's liquidity management, including provision of capital and placement of excess liquidity pursuant to the "Finance policy and financial risk management guidelines" determined by the Board of Directors and the Executive Board.

These guidelines are updated and approved by the Board of Directors annually, based on a low risk profile so that currency and interest risks only emerge in commercial conditions.

Internal controls and risk management related to financial reporting are described on page 27 under "Corporate Governance" and are included in the Company's Statutory Corporate Governance statement, cf. section 107b of the Danish Financial Statements Act which is available on Columbus' website.

The top risk issues are further described on the next page.

Risk map 2021



Risk issues and actions

	A IT, GDPR and cybercrime	B Project and contract risks	C Employee dependency	D Competitive pressure and market changes	E Partnership with software providers
Risk	Key IT risks are unauthorized attacks and operational dependency and potential non-compliance to personal data regulation including General Data Protection Regulations (GDPR).	It is crucial to Columbus' services projects to be able to execute high quality at the agreed time and price. Risks are attached to the Sale, Analysis and Design, Development, Implementation and Deployment phases.	Columbus is a knowledge-intensive company and in order to continuously offer optimal solutions, develop innovative products, and ensure satisfactory financial results, it is necessary to attract, retain and develop the right employees.	Rapid changes and competitive pressures from both existing and new competitors in the IT market provide a risk of losing relevance.	Columbus' business is to a wide extent based on implementation and servicing of customer solutions based on third party software and cloud products. Partnerships with our software and cloud providers is of crucial importance to the implementation of Columbus' business strategy.
Impact	Business interruptions, property theft and regulatory consequences leading to financial losses and reputational damage. Potential impact is considered high, but mitigation reduces risk and probability.	Incorrect pricing and unclear scoping pose a risk of cost overruns and delivery risks. Probability is considered low/medium and impact medium.	Lack of talent will limit the future growth and loss of key employees could have negative impact on the existing business. Both probability and potential impact is considered medium.	Failing to spot and follow market trends and development could have a negative impact on the growth opportunities and existing business. Both probability and potential impact is considered medium.	Loss of partnership agreements or deteriorating relationships could have a significant negative impact on the overall business. Probability is considered low and impact medium/high.
Mitigation	Columbus is in the process of adopting the ISO 27001 and 27002 framework and uses ITIL v3 standards for IT operations to follow a best practice approach to IT service management. Cyber security prevention tools and awareness have been further upgraded during 2020. Part of the risk is transferred to a third party through cybercrime insurance.	By focusing on the sales phase, we are striving towards repetition in solving the customer problems and the procedures by which these problems are managed. Through project reviews and ongoing analyses before, during, and after initiation, Columbus aims that contracts are entered into with the correct pricing and estimations.	Columbus has the goal of being an attractive workplace and achieves this through incentive programs, attractive working conditions, employee and manager development, and placing great importance on the company culture. All employee's heartbeat (based on NPS approach) are measured on a monthly basis to ensure good culture, personal progress and employee development	Columbus is continuously improving and developing new market and industry relevant services and solutions with the 9 Doors to Digital Leadership® We measure and react to customer loyalty, we monitor market development and competition. We constant development our skilled employees to ensure high quality in delivery of projects and services.	Columbus has strong strategic partnerships with Microsoft and Infor, among others. Columbus is in close dialog with our major partners on an ongoing basis, which is mitigating the risk of sudden incidents to deteriorating the partnership.

Notifications to Nasdaq Copenhagen

2020

1	6 January	Columbus acquires Advania Business Solutions in Norway
2	17 February	Incentive scheme
3	18 February	Transactions by members of senior management in shares issued by Columbus A/S and related securities
4	19 February	Amendment of Articles of Association
5	24 March	Columbus Annual Report 2019
6	24 March	Columbus Financial Result for 2019
7	25 March	Transactions by members of senior management and Board of Directors in shares issued by Columbus A/S and related securities
8	27 March	Transactions by members of senior management and Board of Directors in shares issued by Columbus A/S and related securities
9	3 April	Notice to convene annual general meeting
10	28 April	Interim management statement for Q1 2020
11	28 April	Passing of Columbus Annual General Meeting and subsequent constitution of the Board of Directors
12	30 April	Amendment of Articles of Association
13	19 August	Columbus A/S Interim Report 2020
14	27 August	CEO & President Thomas Honoré is leaving Columbus
15	25 September	Updated Columbus Financial Calendar 2020
16	28 October	Columbus initiates a structured sales process in relation to To-Increase
17	12 November	Q3 Report 2020
18	12 November	Columbus launches new strategy Focus23
19	21 December	Columbus enters into agreement regarding divestment of To-Increase

2021

1	15 January	Works Council consultation procedures finalized in relation to Columbus divestment of To-Increase
2	26 January	Columbus completes the divestment of To-Increase
3	10 March	Major shareholder information pursuant to Section 30 of the Danish Capital Markets Act
4	15 March	Extraordinary dividend payment

Financial calendar 2021

Annual Report 2020	16 March 2021
Q1 Report 2021	18 May 2021
Annual General Meeting	27 April 2021
Interim Report H1 2021	18 August 2021
Q3 Report 2021	3 November 2021

Immediately following the publication, the notifications will be available on Columbus' website: www.columbusglobal.com

Group overview

Company	Country	Ownership by Columbus A/S, %	Columbus A/S' share of voting right, %	Average no. of employees
Columbus A/S	Denmark			380
Subsidiaries				
Western Europe				
Columbus M3 Danmark ApS	Denmark	100	100	22
R H ApS	Denmark	100	100	0
Columbus Norway AS	Norway	100	100	113
Columbus Dynamics Norge AS	Norway	100	100	42
iStone Norge AS	Norway	100	100	0
Columbus Sweden AB	Sweden	100	100	476
iStone AB	Sweden	100	100	0
iStone Saplication AB	Sweden	100	100	0
Columbus Global (UK) Ltd.	England	100	100	213
iStone UK Ltd	England	100	100	0
iStone Switzerland SA	Switzerland	100	100	2
Columbus Deutschland GmbH	Germany	100	100	13

Company	Country	Ownership by Columbus A/S, %	Columbus A/S' share of voting right, %	Average no. of employees
Eastern Europe				
AO Columbus	Russia	100	100	176
000 Columbus Global	Russia	100	100	7
Columbus Global Ukraine	Ukraine	100	100	2
Columbus Global Kazakhstan	Kazakhstan	100	100	3
UAB Columbus Lietuva	Lithuania	100	100	61
Columbus Eesti AS	Estonia	51	51	80
Columbus Global s.r.o	Czech	100	100	28
Columbus Poland Sp.z.o.o.	Poland	100	100	29
North America				
Columbus US Inc.	USA	100	100	167
Columbus M3 Inc.	USA	100	100	8
Asia				
Columbus Global Services India Pvt. Ltd.	India	100	100	13
Rest of world				
Columbus Chile SpA	Chile	100	100	12

Note: The overview only contains the Group's operative companies.
** 285 employees in Columbus Global Services India Pvt. Ltd. are allocated to the other individual subsidiaries

The Board of Directors

	Ib Kunøe	Sven Madsen
Born	1943	1964
Title and position	Chairman of the Board Member of the Board since 2004, re-elected in 2020, term expires 2021	Member of the Board since 2007, re-elected in 2020, term expires 2021 CFO in Consolidated Holdings A/S Member of the Audit Committee
Education	Holds an HD Graduate Diploma in Organization and Management as well as a background as a professional officer (major).	Holds a Graduate Diploma in Financial and Management Accounting and an MSc in Business Economics and Auditing
Independency	Does not fulfil the Committee of Corporate Governance definition of independency	Does not fulfil the Committee of Corporate Governance definition of independency
Chairman of the Board	Atea ASA, Consolidated Holdings A/S, X-Yacht A/S, Calum, Åbyhøj K/S, Calum, Værløse K/S, Calum, Bagsværdlund K/S, Komplementarselskabet Åbyhøj ApS, Komplementarselskabet Værløse ApS and Komplementarselskabet Bagsværlund ApS	CHV III ApS
Member of the Board	Atrium Partner A/S and Kosmetolog Instituttet A/S	Atea ASA, Consolidated Holdings A/S, core:workers AB, core:workers Holding A/S, X-Yachts A/S, Ejendomsaktieselskabet af 1920 A/S, CHV V A/S, DAN-Palletiser Finans A/S and MonTa Biosciences ApS.
Special competencies	Company management, including management of IT companies, development of and dealing with companies.	General management, M&A, business development, economic and financial issues.
No. of shares 31 Dec 2020	360,000	768,529
Changes in fiscal years, shares	0	0
Total no. of warrants 1 Jan 2020	90,000	180,000
No. of warrants exercised in 2020	0	0
No. of warrants granted in 2020	0	0
Total no. of warrants 31 Dec 2020	90,000	180,000

	Peter Skov Hansen	Karina Kirk Ringsted
Born	1951	1971
Title and position	Member of the Board since 2012, re-elected in 2020, term expires 2021 Chairman of the Audit Committee	Member of the Board since 2018, re-elected in 2020 term expires 2021 Owner of KIRK & CO. Executive and board advisory
Education	Completed State Authorized Public Accountant education in 1980, registered as nonpracticing.	Holds a Master of Science in International Business Administration (1996), NYU Stern School of Business, MBA selected classes (1994), Executive, Board Leadership and Governance (2017)
Independency	Fulfils the Committee of Corporate Governance definition of independency	Fulfils the Committee of Corporate Governance definition of independency
Chairman of the Board	Topstykket A/S	–
Member of the Board	X-Yachts A/S	–
Special competencies	Business development and financial, accounting and tax related issues.	General management, management of consulting companies, market and customer leadership, business development and business transformation.
No. of shares 31 Dec 2020	280,000	20,000
Changes in fiscal years, shares	0	0
Total no. of warrants 1 Jan 2020	90,000	90,000
No. of warrants exercised in 2020	0	0
No. of warrants granted in 2020	0	0
Total no. of warrants 31 Dec 2020	90,000	90,000

Executive Board

Hans Henrik Thrane

Born	1968
Title and position	Interim CEO & Corporate CFO Joined in July 2010
Education	Holds a Graduate Diploma in Financial and Management Accounting and an MSc in Business Economics and Auditing
Special competencies	General management, M&A, business development, economic and financial issues.
No. of shares 31 Dec 2020	1,128,800
Changes in fiscal years, shares	0
Total no. of warrants 1 Jan 2020	1,320,000
No. of warrants exercised in 2020	0
No. of warrants granted in 2020	180,000
Total no. of warrants 31 Dec 2020	1,500,000

Shareholder information

At the end of 2020, the price of the Columbus A/S share was DKK 11.24, while at the end of 2019 it was DKK 9.65 – an increase of 16.48% (2019: -23.9%)[6].

In 2020, a total of 43m shares were traded corresponding to 34.5% of the total number of shares at the end of 2020 (2019: 21.8%). The average trade per business day in 2020 was DKK 1.4m (2019: DKK 1.2m)[6].

The Company's market value amounted to DKK 1,401m at the end of 2020 against DKK 1,203m at the end of 2019.

Share capital

At the end of 2020 the share capital in Columbus A/S comprised of 124,622,132 shares at DKK 1.25 corresponding to nominal share capital of DKK 155,777,665 (2019: 124,622,132 shares at DKK 1.25 corresponding to nominal share capital of DKK 155,777,665).

Each share provides one vote. The shares are marketable securities and no restrictions have been set for the shares' negotiability. The shares must be named and noted in the Company's share register.

Shareholders

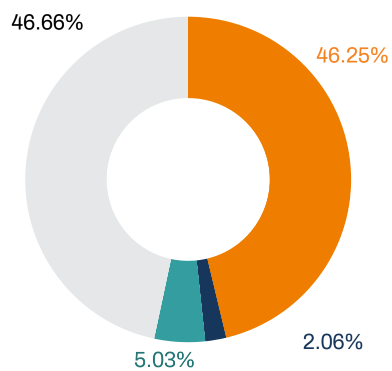
At the end of 2020 Columbus A/S had 6,716 registered shareholders, who together owned 97.75% of the total share capital.

The following shareholders have informed Columbus A/S of possession of 5% or above of the share capital:

	No. of shares	%
Protector Forsikring ASA	6,267,742	5.03
Consolidated Holdings A/S	57,634,032	46.25
Ib Kunøe	360,000	0.29
	57,984,032	46.54*

* Due to shareholder voting agreements, Consolidated Holdings A/S holds 47.49% of the voting rights.

Shareholders



Share price development in 2020[6]:

Share data

Share capital	DKK 155,777,665
No. of shares	124,622,132
Stock exchange	Nasdaq Copenhagen A/S
ISIN code	DK0010268366
Abbreviated name	COLUM
Index	Mid Cap
Share price at year-end	DKK 11.24

[6] Source: Nasdaq Copenhagen A/S

Members of Columbus A/S' Board of Directors and Executive Board owned in total 48.31% of the share capital at the end of 2020.

Dividend

The Company's dividend policy is to distribute dividend of minimum 10% of the nominal share capital each year, corresponding to DKK 0.125 per share. Besides, the Board of Directors may decide to propose to the General Meeting that this dividend be supplemented with an extraordinary dividend for a specific fiscal year.

However, it is decisive for Columbus to reduce debts and improve financial resources in order to be able to seize any positive development opportunities for continued strengthening of the long-term value creation for the Company. The Board of Directors may therefore decide to deviate from the dividend policy and propose at the General Meeting that dividends are not distributed for a specific fiscal year.

The Board of Directors proposes an extraordinary dividend of DKK 6 per share which will be adopted at the Annual General Meeting 27 April 2021. The distribution takes place with earned profits arising from the proceeds in connection with the Columbus' divestment of To-Increase.

As a result of this extraordinary dividend payment, the Board of Directors has decided not to propose distribution of ordinary dividend for the fiscal year 2020.

The proposed extraordinary dividend payment must be adopted at the Annual General Meeting which is scheduled to be held on 27 April 2021.

Investor Relations

Columbus seeks to provide a high and consistent level of information to our shareholders and other interested parties. A company goal is to have an open and active dialogue with shareholders, share analysts, the press and the public in order to ensure the necessary insight and thereby the best possibility to evaluate the Company. This will be obtained in accordance with rules and legislation for companies listed on Nasdaq Copenhagen and in accordance with Columbus' Investor Relations policy. Communication with interested parties takes place via the ongoing publication of notifications, investor presentations and individual meetings.

The website www.columbusglobal.com is the primary source of information for interested parties. It is updated constantly with new information about Columbus' results, activities and strategy.

At the Company's website, it is possible to subscribe to Columbus' e-mail service and thereby receive company announcements, financial statements and investor news via e-mail.

Columbus hosts a conference call after publication of financial statements. The call and presentations can be followed directly via the Company's website.

Analyst coverage

The Danish share analysts, Aktieinfo covers Columbus, and four times a year they publish a share analysis with recommendations about the Columbus share based on the Company's results and factors that may influence the Company's business and future share price development.

Contact

The Interim CEO & Corporate CFO handles the daily contact with investors and analysts:

Interim CEO & Corporate CFO,
Hans Henrik Thrane
Email: hht@columbusglobal.com

Columbus
Lautrupvang 6
2750 Ballerup
Tel: +45 7020 5000

General Meeting

The Company's Annual General Meeting will be held on:
27 April 2021 at 10.00 a.m.
on the Company's address at:
Lautrupvang 6, 2750 Ballerup.

Due to the coronavirus, it will also be possible to participate electronically via webcast/conference call.

Statement by management on the Annual Report

The Board of Directors and the Executive Board have today considered and approved the annual report of Columbus A/S for the financial year 01.01.2020 - 31.12.2020.

The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and cash flows for the financial year 2020.

In our opinion, the management commentary contains a fair review of the development of the Group's and the Parent's business and financial matters, the results for the year and of the Parent's financial position and the financial position as a whole of the entities included in the consolidated financial statements, together with a description of the principal risks and uncertainties that the Group and the Parent face.

We recommend the annual report for adoption at the Annual General Meeting.

Ballerup, 16 March 2021

Executive Board

Hans Henrik Thrane
Interim CEO & Corporate CFO

Board of Directors

Ib Kunøe
Chairman

Sven Madsen
Deputy Chairman

Peter Skov Hansen

Karina Kirk Ringsted

Independent Auditor's Reports

To the shareholders of Columbus A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Columbus A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as for the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020, and of the results of their operations and cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements* section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, we have not provided any prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014.

We were appointed auditors of Columbus A/S for the first time on 20.03.1998 for the financial year 1998. We have been reappointed annually by decision of the general meeting for a total contiguous engagement period of 21 years up to and including the financial year 2020.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 01.01.2020 – 31.12.2020. These matters were addressed in the context of our audit of the consolidated financial statements and the parent financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of goodwill

Refer to Note 11 in the consolidated financial statements.

At 31 December 2020 the carrying value of the Group's goodwill for continued operations was DKK 777.0 million, and for discontinued operations was DKK 81.7 million, total amount of DKK 858.7 million. Annually, an impairment test is performed.

The determination of the recoverable amount was based on the individual CGU and the Discounted Cash Flow Model (DCF model). Significant judgement is required by Management in determining value-in-use including cash flow projections based on financial budgets for 2021 and financial forecasts for 2022-2024, discount rate and growth rate in the terminal period.

Intangible assets are considered to be a key audit matter due to the judgement associated with determining the recoverable amount combined with the significance of the balance of goodwill to the financial statements.

How the matter was addressed in our audit

In assessing the valuation of goodwill we obtained and evaluated Management's future cash flow forecasts for each Cash Generating Unit ("CGU"), and the underlying process by which they were drawn up including the mathematical accuracy of the cash flow models, and reconciled future growth, investment and margin assumptions to the latest Board approved budgets and financial forecasts.

For each CGU, we evaluated the appropriateness of key market related assumptions in Management's valuation models including discount rates and terminal growth rates. We assessed the reasonableness of Management's future forecasts of growth, investment and margin included in the cash flow forecasts in light of the historical accuracy of such forecasts and the current operational results.

We independently calculated a weighted average cost of capital by making reference to market data and verified the long-term growth rate to market data.

In assessing the level of headroom in respect of these CGUs, we performed a downside sensitivity analysis around the key assumptions, using a range of higher WACC and lower cash flows, and we concluded that headroom was maintained under these scenarios.

Revenue recognition, including the valuation and recognition of work in progress

Refer to Notes 3, 4 and 16 in the consolidated financial statements.

Recognised consultancy revenue based on the stage of completion method amounted to DKK 1,315.8 million in 2020. At 31 December 2020 the carrying value of the Group's work in progress amounted to a net liability of DKK 4.9 million or recognised assets of DKK 14.7 million and liabilities of DKK 19.6 million corresponding to the contract value of work in progress of DKK 45.9 million and progress billing of DKK 50.8 million.

Significant estimates are required by Management in determining the stage of completion and estimated profit on each project including assessment of provisions for specific project risks.

Due to the estimates associated with determining the stage of completion and estimated profit including the specific risk provision combined with the significance of revenue recognised and the balance to the financial statements as a whole, the valuation and recognition of work in progress are considered to be a key audit matter.

How the matter was addressed in our audit

We tested the relevant internal controls for work in progress primarily relating to contract acceptance and terms, change orders, monitoring of project development, costs incurred, estimated costs to completion and assessment of provisions for specific project risks.

From management we obtained an overview of the Group's consultancy contracts in progress at 31 December 2020 as well as completed contracts during the year. Based on project risk and materiality, we selected a sample of projects for which we obtained the underlying contracts including change orders, original budget, project reports including estimates of costs to completion and overview of the risk and corresponding risk provision per contract.

For the selected contracts, we tested and challenged Management's assumptions for determining stage of completion including their assessment of risk provisions and estimated profits. The testing involved interviews with project controllers and project management as well as discussions and assessment of the contract terms, associated project risks and final acceptance. Furthermore, we performed reviews of completed contracts including assessment of project risk and development and utilisation of risk provisions to assess the completeness and accuracy of Management's assumptions applied throughout the contract period.

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Management's responsibilities for the consolidated financial statements and the parent financial statements
Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the

disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 16 March 2021

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Bill Haudal Pedersen
State-Authorised Public Accountant
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Eskild N. Jakobsen

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State-Authorised Public Accountant
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Financial statements

Statement of comprehensive income

		Group		Parent Company	
DKK ´000	Note	2020	2019	2020	2019
Net revenue	4	1,654,733	1,761,035	311,922	338,482
External project costs		-350,142	-434,245	-59,652	-74,586
Gross profit		**1,304,591**	**1,326,790**	**252,270**	**263,896**
Staff expenses and remuneration	5	-1,061,320	-1,065,749	-230,456	-225,163
Other external costs		-146,883	-176,020	-40,788	-41,220
Other operating income	7	46,567	77,726	93,892	111,812
Other operating costs		-17	-13	0	0
EBITDA before share-based payment		**142,938**	**162,733**	**74,918**	**109,325**
Share-based payment	5	-4,479	-5,470	-4,479	-110
EBITDA		**138,459**	**157,263**	**70,439**	**109,215**
Depreciation, amortization and impairment	6	-55,415	-144,631	-10,109	-9,682
Operating profit (EBIT)		**83,044**	**12,632**	**60,330**	**99,533**
Results in subsidiaries		0	0	105,508	-59,002
Financial income	8	955	426	1,444	2,495
Financial expenses	8	-18,166	-11,160	-15,612	-6,993
Profit before tax from continuing operations		**65,833**	**1,898**	**151,670**	**36,033**
Corporate tax	9	-10,622	-20,774	-2,326	-4,964
Profit after tax from continuing operations		**55,211**	**-18,876**	**149,344**	**31,069**
Profit after tax from discontinued operations	28	**-6,649**	**39,866**	**-38,626**	**1,155**
Profit after tax for the period		**48,562**	**20,990**	**110,718**	**32,224**

		Group		Parent Company	
DKK ´000	Note	2020	2019	2020	2019
Items that may be reclassified subsequently to profit and loss:					
Foreign exchange adjustments of subsidiaries		-5,916	4,139	0	3,853
Other comprehensive income		**-5,916**	**4,139**	**0**	**3,853**
Total comprehensive income for the period		**42,646**	**25,129**	**110,718**	**36,077**
Profit after tax allocated to:					
Shareholders in Columbus A/S		48,492	20,619		
Minority interests		70	371		
		48,562	**20,990**		
Total comprehensive income allocated to:					
Shareholders Columbus A/S		42,588	24,757		
Minority interests		58	372		
		42,646	**25,129**		
Earnings per share of DKK 1.25 (EPS)		0.44	-0.16		
Earnings per share of DKK 1.25, diluted (EPS-D)		0.44	-0.16		

Balance sheet

		Group		Parent Company	
DKK ´000	Note	**2020**	2019	2020	2019
ASSETS					
Goodwill	11	776,961	845,774	110,240	110,240
Customer base	11	41,394	50,933	952	6,126
Other intangible assets	11	17,805	10,565	17,783	10,555
Development projects finalized	11	3,397	78,852	1,871	4,161
Development projects in progress	11	940	6,066	0	0
Property, plant and equipment	12	8,674	12,248	2,019	1,348
Right-of-use assets	13	87,616	85,927	13,268	12,970
Investments in subsidiaries	14	0	0	862,847	912,668
Deferred tax assets	9	43,390	29,550	2,615	3,361
Other receivables		7,263	7,466	2,997	2,368
Total non-current assets		**987,440**	**1,127,381**	**1,014,592**	**1,063,796**
Trade receivables	15	222,571	307,231	36,350	49,440
Contract assets	16	14,733	28,605	1,638	593
Receivables from subsidiaries		0	0	62,460	58,018
Corporate tax receivables	9	871	1,360	0	0
Other receivables		8,058	16,563	3,568	534
Prepayments		28,498	26,113	8,468	4,705
Receivables		**274,731**	**379,872**	**112,484**	**113,290**
Cash		164,213	147,264	60,048	34,636
Total current assets		**438,944**	**527,136**	**172,532**	**147,926**
Assets classified as held for sale	**29**	**214,481**	**0**	**48,114**	**0**
TOTAL ASSETS		**1,640,865**	**1,654,517**	**1,235,238**	**1,211,722**

		Group		Parent Company	
DKK ´000	Note	**2020**	2019	2020	2019
EQUITY AND LIABILITIES					
Share capital		155,778	155,778	155,778	155,778
Reserves on foreign currency translation		-46,269	-40,365	-7,366	-7,366
Reserve to development costs		0	0	15,330	11,478
Retained profit		602,912	549,941	528,397	417,053
Group shareholders' equity		**712,421**	**665,354**	**692,139**	**576,943**
Minority interests		3,184	3,126	0	0
Equity		**715,605**	**668,480**	**692,139**	**576,943**
Deferred tax	9	24,493	26,296	0	0
Other provisions	18	21,337	28,635	21,337	7,393
Contingent consideration	18	0	157,850	0	153,368
Debt to credit institutions		176,000	176,000	176,000	176,000
Lease liability right-of-use assets	19	59,929	58,911	9,142	9,337
Non-current liabilities		**281,759**	**447,692**	**206,479**	**346,098**
Debt to subsidiaries		0	0	123,721	186,334
Contingent consideration	18	81,594	15,774	81,594	10,838
Contract liabilities	16	19,607	17,727	9,164	2,189
Trade payables		69,210	85,618	20,022	23,221
Corporate tax payables	9	10,202	5,127	11	2,946
Other payables	20	300,470	272,367	85,511	48,345
Other provisions	18	6,722	26,000	0	0
Accruals and deferred income		29,799	82,872	5,313	9,929
Lease liability right-of-use assets	19	32,006	32,860	5,169	4,879
Current liabilities		**549,610**	**538,345**	**330,505**	**288,681**
Total liabilities		**831,369**	**986,037**	**536,984**	**634,779**
Total liabilities relating to assets classified as held for sale	**29**	**93,891**	**0**	**6,115**	**0**
TOTAL EQUITY AND LIABILITIES		**1,640,865**	**1,654,517**	**1,235,238**	**1,211,722**

Statement of changes in equity - Group

DKK ´000	Share capital	Reserves on foreign currency translation	Retained profits	Minority interests	Equity
	Shareholders in Columbus A/S				
2020					
Balance at 1 January 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 cf. note 5	0	0	4,479	0	4,479
Balance at 31 December 2020	**155,778**	**-46,269**	**602,912**	**3,184**	**715,605**

On 26 January 2021, Columbus completed the divestment of To-Increase. The total net proceeds of EUR 115m/DKK 856m were paid in cash at completion. The sale will impact the corporate equity by approximately EUR 90m/DKK 671m. The Board of Directors proposes an extraordinary dividend of DKK 6 per share which will be adopted at the Annual General Meeting 27 April 2021.

DKK ´000	Share capital	Reserves on foreign currency translation	Retained profits	Minority interests	Equity
	Shareholders in Columbus A/S				
2019					
Balance at 1 January 2019	**152,234**	**-44,503**	**528,608**	**3,381**	**639,720**
IFRS 16 opening adjustment	**0**	**0**	**-4,849**	**-261**	**-5,110**
Balance at 1 January 2019	**152,234**	**-44,503**	**523,759**	**3,120**	**634,610**
Profit after tax	0	0	20,619	371	20,990
Currency adjustments of investments in subsidiaries	0	4,138	0	1	4,139
Total comprehensive income	**0**	**4,138**	**20,619**	**372**	**25,129**
Capital increase	3,544	0	15,671	0	19,215
Share-based payment, cf. note 5	0	0	5,470	0	5,470
Payment of dividend	0	0	-15,578	-366	-15,944
Balance at 31 December 2019	**155,778**	**-40,365**	**549,941**	**3,126**	**668,480**

Accounting policies

Dividend

Proposed dividends are recognized as a liability at the time of approval by the general meeting (time of declaration).

Translation reserve

The translation reserve comprises foreign exchange differences arising from translation of the financial report for entities with a different functional currency than Danish kroner.

Statement of changes in equity – Parent company

DKK ´000	Share capital	Reserves on foreign currency translation	Reserve to develop-ment costs	Retained profits	Equity
2020					
Balance at 1 January 2020	**155,778**	**-7,366**	**11,478**	**417,053**	**576,943**
Profit after tax	0	0	0	110,717	110,717
Total comprehensive income	**0**	**0**	**0**	**110,717**	**110,717**
Share-based payment cf. note 5	0	0	0	4,479	4,479
Development costs	0	0	3,852	-3,852	0
Balance at 31 December 2020	**155,778**	**-7,366**	**15,330**	**528,397**	**692,139**

On 26 January 2021, Columbus completed the divestment of To-Increase. The total net proceeds of EUR 115m/DKK 856m were paid in cash at completion. The sale will impact the Parent equity by approximately EUR 107m/DKK 794m. The Board of Directors proposes an extraordinary dividend of DKK 6 per share which will be adopted at the Annual General Meeting 27 April 2021.

DKK ´000	Share capital	Reserves on foreign currency translation	Reserve to develop-ment costs	Retained profits	Equity
2019					
Balance at 1 January 2019	**152,234**	**-11,219**	**6,734**	**385,408**	**533,157**
IFRS 16 opening adjustment	**0**	**0**	**0**	**-1,398**	**-1,398**
Balance at 1 January 2019	**152,234**	**-11,219**	**6,734**	**384,010**	**531,759**
Profit after tax	0	0	0	32,224	32,224
Currency adjustments of investments in subsidiaries	0	3,853	0	0	3,853
Total comprehensive income	**0**	**3,853**	**0**	**32,224**	**36,077**
Capital increase, cf. note 17	3,544	0	0	15,671	19,215
Share-based payment cf. note 5	0	0	0	5,470	5,470
Payment of dividend	0	0	0	-15,578	-15,578
Development costs	0	0	4,744	-4,744	0
Balance at 31 December 2019	**155,778**	**-7,366**	**11,478**	**417,053**	**576,943**

Cash flow

DKK ´000	Note	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
Operating profit (EBIT)		83,044	12,632	60,330	99,533
Non-recurring income and expenses from acquisitions		-45,766	-76,777	-45,766	-73,287
Depreciation, amortization and impairment	6	55,415	144,631	10,109	9,682
Cost of incentive scheme	5	4,479	5,470	4,479	5,470
Changes in net working capital	26	30,485	35,122	-41,988	163,643
Cash flow from primary activities		**127,657**	**121,078**	**-12,836**	**205,041**
Interest received, etc.		956	426	1,444	2,495
Interest paid, etc.		-3,776	-7,149	-4,496	-6,483
Corporate tax paid		-6,239	-20,024	-4,516	-2,121
Cash flow from operating activities discontinued operations	28	72,264	94,815	1,410	5,420
Cash flow from operating activities		**190,862**	**189,146**	**-18,994**	**204,352**
Net investment in development projects		509	-2,165	1,463	-1,703
Acquisition of tangible assets		-4,248	-5,728	-1,771	-818
Acquisition of intangible assets		-9,430	-5,608	-9,408	-5,608
Disposal of tangible assets		0	2,138	0	0
Acquisition of subsidiaries and activities	22	-75,147	-56,090	-38,667	-170,580
Disposals of subsidiaries and activities		-2,696	0	-6,714	0
Dividends received from subsidiaries		0	0	105,508	15,998
Cash flow from investing activities discontinued operations	28	-36,818	-38,917	0	0
Cash flow from investing activities		**-127,830**	**-106,370**	**50,411**	**-162,711**

Accounting policies

The cash flow statement is presented using the indirect method based on operating profit.
The cash flow statement shows cash flows for the year, the change in cash, as well as the balance of cash at the beginning and end of the year.

Cash flow from operating activities
Cash flow from operating activities is calculated as profit before tax adjusted for noncash operating items, changes in working capital, interests received and paid, and corporation tax paid.

DKK ´000	Note	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
Proceeds from capital increase/warrants exercised		0	19,215	0	19,215
Overdraft facilities	27	0	-15,764	0	-15,346
Repayment of lease liabilities	27	-38,128	-27,526	-6,005	-5,632
Dividends paid		0	-15,944	0	-15,577
Cash flow from financing activities discontinued operations	28	-5,844	-5,834	0	0
Cash flow from financing activities		**-43,972**	**-45,853**	**-6,005**	**-17,340**
Total net change in cash and cash equivalents		**19,060**	**36,923**	**25,412**	**24,301**
Cash funds at the beginning of the period		147,264	108,909	34,636	10,335
Exchange rate adjustments		-2,111	1,432	0	0
Cash funds at the end of the period		**164,213**	**147,264**	**60,048**	**34,636**

Cash flow from investment activities
Cash flows from investment activities comprise payments relating to purchase and divestment of businesses and activities, purchase and divestment of intangible and other long-term assets as well as purchase and divestment of securities not recognized as cash and dividends received.

Cash flow from acquired companies is included from the date of acquisition, while cash flow from divestments is recognized until the time of sale.

Cash flow from financing activities
Cash flows from financing activities comprise changes in size or composition of share capital and related costs, proceeds from capital increase/warrants exercised as well as raising and repayment of loans, repayment of interest-bearing debt, repayment of lease liabilities, purchase and divestment of treasury shares and payment of dividend to shareholders. Inception of leases are treated as non-cash transactions. Cash flows realigned to financial leases are recognized as payments of interest and repayment of debt.

Cash
Cash comprise cash less any overdraft facilities that are an integral part of cash management. Cash pool arrangements exist and are recognized as either net asset or liability. Cash flows in currencies other than the functional currency are translated using average exchange rates unless these deviates significantly from the transaction date.

Notes

Notes

Note 1 – Significant accounting principles

The financial statements for 2020 for Columbus, which include financial statements for the Parent Company Columbus A/S and consolidated financial statements for the Columbus Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for annual reports prepared after reporting class D (listed), cf. IFRS Executive Order issued pursuant to the Financial Statements Act. Columbus is a public limited company seated in Denmark.

The consolidated and Parent Company's financial statements are presented in Danish Kroner (DKK), which is the presentation currency for the Group's activities and the functional currency of the parent.

The consolidated and Parent Company's financial statements have been prepared based on historical cost. The main elements of the accounting policies and changes compared to last year due to new and amended standards are described below. The accounting principles are also disclosed in each of the individual notes to the financial statements.

In preparing the consolidated and Parent Company's financial statements, the management makes various accounting assessments that form the basis of presentation, recognition and measurement of the Parent Company and the Group's assets and liabilities. The most significant estimates and assessments are presented in note 2.

Consolidated financial statements
The consolidated financial statements include Columbus A/S and the companies in which the Group holds more than 50% of the voting rights, or otherwise has the power to govern the financial and operating policies for achieving returns or other benefits from its activities.

Principles of consolidation
The consolidated financial statements are prepared based on financial reporting for Columbus A/S and its subsidiaries. The consolidated financial statements are prepared by combining financial statements uniform items. The financial reporting that is used for the consolidation is prepared in accordance with the Group's accounting policies.

On consolidation, intercompany income and expenses, intercompany accounts and dividends, and gains and losses on transactions between the consolidated companies are eliminated.
In the consolidated financial statements items of subsidiaries are included 100%.

Minority interests
On initial recognition, minority interests are measured at fair value or at their proportionate share of the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. The adopted method is selected for each transaction. Minority interests are subsequently adjusted for their proportionate share of changes in equity of the subsidiaries. Comprehensive income is allocated to minority interests regardless of whether the minority interest thus may be negative. Purchase and sale of minority shares in a subsidiary that does not result in a loss of control are treated in the consolidated financial statements as an equity transaction, and the difference between the consideration and the carrying amount is allocated to the Parent Company's share of equity.

Gains and losses on divestments or dissolvement of subsidiaries or associates
Gains or losses on divestments or dissolvements 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.

Business Units that have been divested of in the financial year or are expected to be divested within the following 12 months, are in the profit and loss classified as discontinued operations, and in the balance sheet classified as assets and liabilities held for sale. For further description of the accounting principles, please refer to note 28.

Impairment of tangible and intangible assets as well as investments in subsidiaries
The carrying values of tangible and intangible assets of indefinite useful lives as well as investments in subsidiaries are reviewed at each balance sheet date to determine any indications of impairment. If this is the case, the asset's recoverable value is determined to identify any need for impairment and the extent thereof.

If the asset does not generate cash flow independent of other assets, the recoverable amount of the smallest cash-generating unit to which the asset belongs is determined.
The recoverable amount of an asset is the higher of net selling price and capital value.
For cash-generating units, the impairment is firstly distributed on goodwill, and then any remaining impairment is distributed to other assets in the unit.

Impairment losses are recognized in the statement of comprehensive income. On any subsequent reversal of impairment losses resulting from changes in the assumptions used to determine the recoverable amount, the asset and the cash-generating unit's carrying amount is increased to the adjusted recoverable amount, however not exceeding the carrying value of the asset or cash-generating excluding impairment. Impairment of goodwill is not reversed.

Deferred tax assets are reviewed annually and recognized only to the extent that it is probable for utilization within a five-year period.

Notes

The effect of new accounting standards
All new and revised standards, which entered into force with effect from fiscal periods beginning at 1 January 2020, and interpretations that are relevant to the Columbus Group are used in preparing the financial statements. Columbus Group has assessed that the new or amended standards and interpretations have not had any material impact on Columbus Annual Report 2020.

New standards effective from 2020
IASB has not issued new or amended standards and interpretations which have effect on the consolidated financial statements for 2020 or onwards.

External project costs
External projects costs include the expenses excluding wages and salaries that are directly incurred to achieve revenue for the year and include the cost of licenses, subcontractors, etc. External project costs are recognized as the project progresses and product cost are recognized when incurred.

Other external costs
Other external costs include expenses of premises, sale and distribution, office expenses, etc.

Prepayments
Prepayments recognized under assets include expenses paid concerning subsequent financial years and are measured at cost.

Deferred income
Deferred income recognized under liabilities comprises payments received concerning income in subsequent years measured at cost.

Notes

Note 2 – Significant accounting estimates and judgements

By applying the Group's accounting principles as described in each of the individual notes to the consolidated financial statements, it is necessary that the management performs judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The performed estimates and assumptions are based on historical experience and other factors that management considers reasonable under the circumstances, but which are inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may occur. The Company is also subject to risks and uncertainties that may cause actual results to differ from these estimates. Specific risks for the Columbus Group are described in "Risk Management", cf. page 33

The estimates and underlying assumptions are reviewed regularly. Changes to accounting estimates are recognized in the accounting period in which the change occurs and in future periods if the change affects both the period, in which the change occurs and subsequent accounting periods.

Areas	Note
Estimates	
Revenue recognition and contract assets and liabilities	4, 16
Deferred tax asset	9
Impairment of goodwill	11

For further description of the applied judgements and estimates, please refer to the specific notes listed above.

The following judgements and estimates are considered the most significant for the Group.

Estimate of revenue recognition of contracts
The stage of completion, forming the basis for the current recognition of revenue at the Group, uses the production method of contracts. The stage of completion is determined on the basis of the relationship between the entity's resources in relation to recent total estimate of resource consumption. The degree of completion is assessed regularly by the responsible employees and the projects are closely monitored by management, and further adjustments are made to the stage of completion, etc., if deemed necessary. When performing this evaluation, all factors concerning the relevant contract are taking into consideration and assessed appropriately.

Estimate of recoverable amount of goodwill
The determination of impairment of recognized goodwill requires determination of the value of the cash-generating units to which the goodwill is allocated. Determination of the value requires an estimate of expected future cash flows of each cash-generating unit and a reasonable discount rate. At 31 December 2020, the carrying value of goodwill is DKK 776,961k. For a detailed description of methods and assumptions for impairment of goodwill, see note 11.

Estimate of utilization of deferred tax assets
Deferred tax assets are recognized for all unused tax losses and difference values to the extent it is deemed likely that within the foreseeable future taxable profits will be realized in which the losses and the difference values can be utilized. Determining the size of the amount that can be recognized for deferred tax assets is based on management's estimate of the likely time and amount of future taxable profits. At 31 December 2020, the carrying value of recognized tax was DKK 43,390k, which is estimated to be realized in a foreseeable future (5 years or less).

Notes

Note 3 – 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
Consultancy	Sale, implementation and services of standard business systems	Western Europe North America Eastern Europe

Management monitors the business primarily based of the geographical segments and the type of service or products sold.

Information about the Group's segments is stated below.

	Consultancy				
DKK ´000	Western Europe	Eastern Europe	North America	HQ and Eliminations	Total
2020					
Columbus Software licenses	1,483	2,098	730	-125	4,186
Columbus Software subscriptions	14,724	1,286	5,530	-83	21,457
Columbus Cloud	15,254	1,469	106	-534	16,295
External licenses	50,965	11,454	18,109	-2,324	78,204
External subscriptions	82,681	18,885	74,447	-157	175,856
External cloud	22,515	2,473	17,855	126	42,969
Services	1,237,238	109,447	136,415	-181,145	1,301,955
Other	13,756	611	970	-1,526	13,811
Total net revenue	**1,438,616**	**147,723**	**254,162**	**-185,768**	**1,654,733**
Gross profit	1,030,061	115,573	157,119	1,838	1,304,591
EBITDA	173,356	13,177	11,694	-59,768	138,459
Operating profit (EBIT)	91,561	4,990	185	-13,692	83,044
Profit before tax	84,512	4,825	-443	-23,061	65,833
Profit after tax	77,545	3,913	-735	-25,512	55,211
Segment assets	1,141,580	104,010	176,273	4,521	1,426,384
Segment liabilities	433,527	45,151	36,731	315,960	831,369
Non-current assets	673,353	57,365	142,368	114,354	987,440
Asset investments	3,944	428	292	10,366	15,030
Depreciation, amortization and impairment	-37,365	-4,813	-7,550	-5,687	-55,415
Average number of employees	**1,296**	**330**	**167**	**54**	**1,847**

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 – Segment data continued

DKK ´000	Consultancy: Western Europe	Consultancy: Eastern Europe	Consultancy: North America	HQ and Elimina-tions	Total
2019					
Columbus Software licenses	4,862	4,183	1,350	-67	10,328
Columbus Software subscriptions	15,218	1,700	5,562	-58	22,422
Columbus cloud	7,470	719	222	-46	8,365
External licenses	44,679	11,712	18,768	-1,385	73,774
External subscriptions	88,763	18,320	88,029	-315	194,797
External cloud	17,337	984	15,377	0	33,698
Services*	1,241,319	108,887	171,870	-135,954	1,386,122
Other	33,801	1,315	3,496	-7,083	31,529
Total net revenue	**1,453,449**	**147,820**	**304,674**	**-144,908**	**1,761,035**
Gross profit	994,200	116,742	194,072	21,776	1,326,790
EBITDA	147,353	14,401	4,819	-9,310	157,263
Operating profit (EBIT)	74,585	5,101	-97,907	30,853	12,632
Profit before tax	74,009	3,692	-101,138	25,335	1,898
Profit after tax	75,227	1,024	-107,900	12,773	-18,876
Segment assets	1,162,723	113,443	195,820	182,531	1,654,517
Segment liabilities	414,326	53,904	50,960	466,847	986,037
Non-current assets	632,831	58,963	149,626	285,961	1,127,381
Asset investments	12,055	2,069	576	7,440	22,140
Depreciation, amortization and impairment	-36,176	-5,210	-98,138	-5,107	-144,631
Average number of employees	**1,275**	**327**	**186**	**46**	**1,834**

* DKK 69m has been restated from HQ, GDC and Eliminations to Western Europe compared to the annual report 2019. The net revenue is not affected by the restatement.

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.

Revenue and non-current assets distributed in geographic areas
The Group's revenue from external customers and non-current assets distribution in geographical areas are specified below. Revenue is distributed according to the country of the entity from where invoicing has taken place, and the non-current assets are distributed according to location and legal relation.

DKK ´000	Net revenue from external customers 2020	Net revenue from external customers 2019	Non-current assets 2020	Non-current assets 2019
Denmark	312,324	369,591	168,192	243,519
Norway	175,789	155,512	72,159	57,706
United Kingdom	172,629	190,096	49,108	52,181
USA	253,100	312,962	142,368	149,626
Sweden	595,297	587,535	498,248	395,939
Russia	69,193	74,268	34,894	37,086
The rest of the world	76,401	71,071	22,471	21,876
Non-current assets classified as held for sale	0	0	0	169,448
Total	**1,654,733**	**1,761,035**	**987,440**	**1,127,381**

Accounting policies

Segment data
Segment data are prepared in accordance with the Group's accounting policies and the Group's internal management reporting. Segment income, expenses, segment assets, and liabilities include items directly attributable to a segment and items that can be allocated to the individual segments on a reliable basis.

Assets in the segments comprise assets used directly in segment operations, including intangible and tangible fixed assets, investments in associates, inventories, receivables from sales of goods and services, other receivables, prepayments and cash.

Liabilities related to the segments comprise of liabilities derived from segment operations, including debts to suppliers of goods and services, provisions and other payables.

Notes

Note 4 – Net revenue

	Group		Parent Company	
DKK ´000	**2020**	2019	**2020**	2019
Sale of products				
Columbus Software licenses	4,186	10,328	654	3,575
Columbus Software subscriptions	21,457	22,422	8,631	8,730
Columbus Cloud	16,295	8,365	6,190	3,471
External licenses	78,204	73,774	13,490	15,364
External subscriptions	175,856	194,797	42,568	47,601
External cloud	42,969	33,698	10,639	7,033
Total sale of products	**338,967**	**343,384**	**82,172**	**85,774**
Sale of services				
Sales value of finished projects	1,388,026	1,320,247	236,372	243,083
Change in contract assets	-86,071	65,875	-9,444	4,698
Other services	13,811	31,529	2,822	4,927
Total sale of services	**1,315,766**	**1,417,652**	**229,750**	**252,708**
Total net revenue	**1,654,733**	**1,761,035**	**311,922**	**338,482**
Contract assets, beginning of period	132,000	66,125	21,401	16,703
Contract assets, end of period	45,929	132,000	11,957	21,401
Total change in contract assets	**-86,071**	**65,875**	**-9,444**	**4,698**

Accounting policies

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration Columbus expects to receive in exchange for the products or services. Revenue is recognized net of VAT, taxes etc. collected on behalf of third parties and discounts.

Columbus has chosen to apply the practical expedient to not adjust the total consideration over the contract term for the effect of incremental costs of obtaining a contract. The incremental costs to obtain a contract are recognized as an expense when incurred if the amortization period of the asset that Columbus otherwise would have recognized is one year or less.

Columbus has chosen to apply the practical expedient to not adjust the total consideration over the contract term for the effect of a financing component if the period between the transfer of services to the customer and the customer's payment for these services is expected to be one year or less.

Columbus typically enters into contracts that include a combination of software licenses and consulting services. These contracts are classified either as multiple element contracts or compound contracts. Multiple element contracts and compound contracts which include multiple products and services, are generally capable of being distinct and accounted for as separate performance obligations. Multiple element contracts are contracts where price and other significant issues in the contract are negotiated independently. In this group of contracts, each element is recognized individually, so that the sale of software and consulting services is recognized separately at their standalone selling prices.

Compound contracts are contracts where price and other essential items are negotiated together and cannot be disassembled. For these types of contracts products and services are recognized as their relative estimated standalone prices. The majority of Columbus' customer base has payment terms between 14 and 30 days from the invoice date. Columbus' accounting policies for each revenue line are disclosed below.

Each revenue line is subject to the 5-step model which includes:

1. Identification of contract
2. Separation of performance obligations
3. Determining the transaction price
4. Allocation of price to performance obligations
5. Recognition of revenue

Notes

Note 4 – Net revenue (continued)

Columbus Software licenses
Columbus Software licenses are licenses to Columbus' own developed software where Columbus owns the software. Columbus software licenses are classified as on-premises software where the customer is provided with a right to use the software as it exists when made available to the customer. Revenue from distinct on-premise licenses is recognized at the point in time when the software is made available to the customer and the right to use the software has commenced.

Columbus Software subscriptions
Columbus Software subscriptions are subscriptions to Columbus' own developed software. The subscriptions to Columbus Software entitle the customer to receive new versions of the software that Columbus releases. Columbus Software subscriptions are recognized over time on a straight-line basis over the subscription period.

Columbus Cloud
Columbus Cloud is Columbus' own developed software where Columbus owns the software. Columbus Cloud is classified as software-as-a-service (SaaS), which allows customers to use hosted software without taking possession of the software. Columbus Cloud revenue includes two elements related to Columbus own Software; 1) A right to use, and 2) A right to updates and bugfixes. The right to use is 83% of the contract value and the right to updates and support is 17%. The value of the right to use the software for the contract period is recognized at the point in time when the software is made available to the customer. The value of the right to support and bugfixes are recognized over the contract period.

External licenses
External licenses are licenses to third party software where Columbus does not own the software and Columbus is a reseller of the software. External licenses are classified as on-premises software where the customer is provided with a right to use the software as it exists when made available to the customer. Revenue from distinct on-premise licenses is recognized upfront at the point in time when the software is made available to the customer and the right to use the software has commenced.

External subscriptions
External subscriptions are subscriptions to third party software where Columbus does not own the software and Columbus is a reseller of the software subscriptions. The subscriptions to external software entitle the customer to receive new versions of the software that the third-party software provider releases. External subscriptions are recognized at the point in time when the subscription is accepted by the customer as the performance obligation to Columbus is completed.

External cloud
External cloud is third party software where Columbus does not own the software and Columbus is a reseller of the usage to the software. External cloud is classified as software-as-a-service (SaaS), which allows customers to use hosted software without taking possession of the software. External cloud is recognized upfront at the point in time when the software is made available to the customer and the right to use the software has commenced as Columbus has fulfilled all its obligations.

Services/other
Professional services and other fees on time and material contracts are recognized over time as production of each project is carried out. Revenue from fixed price projects is recognized based on the value corresponding to the stage of completion method. Revenue is recognized when total income and expenses of the projects and completion at the balance sheet date can be measured reliably as Columbus satisfies its performance obligations and it is probable that the economic benefits including payments will flow to the Group. Columbus considers this input method to be an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

The timing of revenue recognition often differs from contract payment schedules, resulting in revenue that has been earned but not billed. These amounts are included in "Contract assets". Amounts billed in accordance with customer contracts, but not yet earned, are recorded and presented as part of "Contract liabilities".

Notes

Note 5 – Staff expenses and remuneration

	Group		Parent Company	
DKK ´000	**2020**	2019	**2020**	2019
Staff expenses				
Salary and wages	867,501	871,822	220,860	214,792
Other social security costs	152,327	155,112	1,715	1,860
Other staff expenses	41,492	38,815	7,881	8,511
Staff costs before share-based payment	**1,061,320**	**1,065,749**	**230,456**	**225,163**
Share-based payment	4,479	5,470	4,479	110
Staff expenses	**1,065,799**	**1,071,219**	**234,935**	**225,273**
Average number of employees	1,847	1,834	352	345

The parent company's Executive Board and Board of Directors are remunerated as follows:

DKK ´000	Executive Board	Board of Directors	Other senior employees
2020			
Salary and wages	5,435	473	30,809
Share-based payment	861	76	612
Severance pay	7,517	0	0
One-off bonus	4,985	1,000	0
	18,798	**1,549**	**31,420**
2019			
Salary and wages	8,362	675	25,980
Share-based payment	1,503	174	1,102
	9,865	**849**	**27,082**

In connection with the CEO's resignation, the Board of Directors determined an allowance of DKK 7,517 thousand for the period September 2020 to end February 2022.

Other senior employees are defined as those employees involved in management of the parent company, as well as the Managing Directors of the parent company's subsidiaries.

The Executive Board and a number of senior employees in the Parent Company as well as the Group are subject to special bonuses depending on individually defined performance targets. The arrangements are unchanged compared to last year.

Defined contribution plans

The Group finances defined contribution plans through continuous premium payments to independent pension and insurance companies, which are responsible for the pension liabilities. After payment of pension contribution to defined contribution plans, the Group has no further pension liabilities towards employees or resigned employees in relation to the future development in interest rates, inflation, mortality, disability etc. with regards to the amount to be paid to employees at a later time.

Incentive schemes

In December 2017 Columbus established a warrant program for the Board of Directors, senior executives and other senior employees. The program, which can only be exercised by purchasing the shares in question, grants the right to subscribe a number of shares in the parent company at a price agreed in advance. The vesting period corresponds to the fiscal year with the final grant at 31 December 2020. At the grant date the market value of the shares was DKK 3,966,643. The exercise periods are scheduled to the first 14 days after publication of the Company's Annual Report. Warrants not exercised within the last exercise period will be lost. The warrant program is contingent on employment in the Company.

In April 2018 Columbus established a warrant program for the senior executives and other senior employees. The program, which can only be exercised by purchasing the shares in question, grants the right to subscribe a number of shares in the parent company at a price agreed in advance. The vesting period corresponds to the fiscal year with the final grant at 31 December 2020. At the grant date the market value of the shares was DKK 10,928,988. The exercise periods are scheduled to the first 14 days after publication of the Company's Annual Report. Warrants not exercised within the last exercise period will be lost. The warrant program is contingent on employment in the Company.

Notes

Note 5 – Staff expenses and remuneration (continued)

In May 2019 Columbus established a warrant program. The program, which can only be exercised by purchasing the shares in question, grants the right to subscribe a number of shares in the parent company at a price agreed in advance. The vesting period corresponds to the fiscal year with the final grant at 31 December 2022. At the grant date the market value of the shares was DKK 452.169. The exercise periods are scheduled to the first 14 days after publication of the Company's Annual Report. Warrants not exercised within the last exercise period will be lost. The warrant program is contingent on employment in the Company.

In February 2020 Columbus established a warrant program for senior executives and other senior employees. The program, which can only be exercised by purchasing the shares in question, grants the right to subscribe a number of shares in the parent company at a price agreed in advance. The vesting period corresponds to the fiscal year with the final grant at 31 December 2023. At the grant date the market value of the shares was DKK 4,546,962. The exercise periods are scheduled to the first 14 days after publication of the Company's Annual Report. Warrants not exercised within the last exercise period will be lost. The warrant program is contingent on employment in the Company.

Changes in the capital in Columbus, distribution of dividend or change of control does not result in any adjustment of the number of warrants or the exercise price.

The development in outstanding warrants can be specified as follows:

	Number of warrants		Avg. exercise rate per warrant	
	2020	2019	2020	2019
Outstanding 1 January	8,340,000	11,535,000	13.22	12.66
Granted during the period	3,105,000	270,000	8.99	12.30
Lost due to termination of employment	-802,500	-630,000	12.13	12.81
Exercised during the period	0	-2,835,000	0.00	6.78
Outstanding end of period	**10,642,500**	**8,340,000**	**12.07**	**13.22**

Number of warrants which can be exercised at balance sheet date	5,276,250	2,845,000
Weighted average contractual life (years)	1.86	2.08
Weighted average exercise rate	13.59	14.56

The incentive scheme is based on Black & Scholes' calculations for the estimated market value at the time of allocation. The assessment is based on the following assumptions:

Warrants December 2020	Share price at grant date (DKK per share)	Exercise price (DKK per share)	Number of warrants end of period	Estimated volatility (%)*	Risk free interest (%)	Estimated return rate (%)	Expiry (number of years)
Granted December 2017	13.15	13.15	2,055,000	22.1%	0.0%	0.0%	0.30
Granted April 2018 **	12.30	12.30	3,606,250	22.4%	0.0%	0.0%	0.30
Granted April 2018 **	15.08	15.08	2,011,250	19.2%	0.0%	0.0%	0.30
Granted February 2020	8.99	8.99	2,970,000	25.4%	0.0%	0.0%	3.30

* The expected volatility is calculated based on the historic volatility during the past year until the grant of the warrant programs.

** In May 2019 Columbus changed the share price at grant date for the program granted April 2018. The share price at grant date is changed from 15.08 DKK per share to 12.30 DKK per share. According to regulation the grant share price for granted shares related to 2018 is not changed as the change is executed in 2019.

	Group		Parent Company	
DKK ´000	**2020**	2019	**2020**	2019
Expensed share-based payment related to equity instruments	4,479	5,470	4,479	5,470

Notes

Note 5 – Staff expenses and remuneration (continued)

Accounting policies

Wages and salaries, social security contributions, leave and sick leave, bonuses and non-monetary benefits are recognised in the financial year in which services are rendered by employees of Columbus. Termination benefits are recognised at the time an agreement between Columbus and the employee is made and no future service is rendered by the employee in exchange for the benefits.

Share option schemes

Equity-settled share options are measured at fair value at grant date and recognized in the income statement under share-based payment over the period in which the final right of the options vest. The balancing item is recognized directly in equity.

On initial recognition of share options, the number of options expected to vest at expiry is estimated. Subsequently revised for changes in the estimated number of vested options, so that the total recognition is based on the actual number of vested options.

The fair value of the options granted is estimated using the Black-Scholes model with the parameters stated in the Note.

Note 6 – Depreciation, amortization and impairment

	Group		Parent Company	
DKK ´000	**2020**	2019	**2020**	2019
Depreciation	39,488	39,087	6,385	6,194
Amortization	15,927	15,543	3,724	3,488
Impairment	0	90,000	0	0
Total depreciation, amortization and impairment	**55,415**	**144,631**	**10,109**	**9,682**

In 2019 the impairment is related to an extraordinary write down of goodwill in the US business of DKK 90m.

Note 7 – Other operating income

	Group		Parent Company	
DKK ´000	**2020**	2019	**2020**	2019
Non-recurring income from acquisitions	45,766	76,029	45,766	73,287
Central cost allocation Columbus Group	0	0	48,126	38,525
Other services	801	1,697	0	0
Total other operating income	**46,567**	**77,726**	**93,892**	**111,812**

Non-recurring income is related to adjustment of provision of unachieved earn out remuneration to seller from the acquisition of iStone in earlier years.

Accounting policies

Other operating income and expenses include income and expenses of a secondary nature to the Group's primary activities, including adjustments of contingent liabilities related to acquisitions, gains and losses on disposal of intangible and tangible assets. Gains and losses on disposal of intangible and tangible assets are calculated as the selling price less selling costs and the carrying amount at the time of sale.

Notes

Note 8 – Financial income and expenses

	Group		Parent Company	
DKK ´000	**2020**	2019	**2020**	2019
Financial income				
Interest income from subsidiaries	0	0	217	2,495
Interest income on bank deposits, etc.	173	337	1,200	0
Other interest income	783	89	27	0
Interest income on financial assets measured at amortised cost in the result	**956**	**426**	**1,444**	**2,495**
Foreign exchange gains	0	0	0	0
Total financial income	**956**	**426**	**1,444**	**2,495**
Financial expenses				
Interests expense to subsidiaries	0	0	200	119
Interest expense on bank loans	2,478	1,687	2,522	1,691
Interest expense leases, Right-of-use-assets	3,661	4,072	515	569
Other interest expense	2,754	1,973	2,087	1,970
Interest expense from financial liabilities that are measured at amortised cost in the result	**8,893**	**7,732**	**5,324**	**4,349**
Foreign exchange loss	9,272	3,428	10,288	2,644
Total financial expenses	**18,165**	**11,160**	**15,612**	**6,993**

Discounted interest expenses of DKK 1,294k which relate to contingent consideration (note 18) are included in other interest expenses.
Foreign exchange loss include fair value adjustment of currency forward derivative in 2020 of DKK -2,252k and in 2019 of DKK 6,548k.

Accounting policies

Transactions in currencies other than the Group's functional currency are translated initially at the transaction date. Receivables and payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated at the closing rate. Gains and losses arising from the difference between the exchange and the transaction date are recognized in the statement of comprehensive income as financial items. Tangible and intangible assets, inventories and other non-monetary assets acquired in foreign currency and measured at historical cost are translated at the transaction date. Non-monetary items revalued at fair value are translated using the exchange rate at the date of revaluation. Simple forward contracts are measured at fair value and recognized in other receivables or other payables. Gain and losses arising from the forward contracts are recognized in the statement of comprehensive income as financial items.

Translation of foreign subsidiaries

On recognition in the consolidated financial statements of foreign subsidiaries with a functional currency other than Danish kroner (DKK), income statements are translated at average exchange rates for the months unless these deviates significantly from the actual exchange rates at the transaction dates. In the latter case, the actual exchange rates are used. Balance sheet items are translated at the closing exchange rates. Goodwill is considered to belong to the acquired entity and is translated at the closing rate.

Foreign exchange differences arising from the translation of foreign company balance sheet items at the beginning of the closing exchange rates, and on translation of foreign entities' income statements from average rates to closing rates are recognized in other comprehensive income. Similarly, exchange differences arising as a result of changes made directly in the foreign enterprise's equity, are also recognized in other comprehensive income. Adjustment of receivables or debt to subsidiaries which are considered part of the Parent Company's overall investment in the subsidiary in question are recognized in other comprehensive income in the consolidated financial statements, whereas they are recognized in the statement of comprehensive income of the Parent Company.

Financial items

Financial items include interest income and expenses, the interest portion of lease payments, gains and losses on foreign currency transactions and surcharges and allowances under the account tax scheme.

Notes

Note 9 – Corporate tax

	Group		Parent Company	
DKK ´000	**2020**	2019	**2020**	2019
Tax on result for the year				
Current tax	14,584	19,666	11	2,946
Change in deferred tax	-6,092	408	746	2,098
Withholding tax	1,553	330	1,553	0
Adjustment to previous years	577	370	16	-80
Total tax on result for the year	**10,622**	**20,774**	**2,326**	**4,964**
Tax on result for the year explained as follows				
Calculated 22% on pre-tax earnings on continuing operations	14,483	418	32,856	8,181
Tax effect of:				
Adjustment to tax concerning previous years	577	-145	16	-80
Adjustment to tax rates in foreign subsidiaries relative to 22%	-446	1,338	0	0
Non-capitalized tax value of losses	2,976	18,900	0	0
Withholding tax	1,553	330	1,553	0
Effect of reduced corporate tax rate	0	33	0	0
Not taxable income	-372	-889	-23,066	-3,520
Not taxable expenses	985	5,063	23	17,347
Other temporary differences	-1,372	12,710	0	-55
Other permanent differences	-7,762	-16,984	-9,056	-16,909
Total tax on result for the year	**10,622**	**20,774**	**2,326**	**4,964**
Effective tax rate (%)	**16.13**	**56.53**	**1.53**	**13.35**

	Group		Parent Company	
DKK ´000	**2020**	2019	**2020**	2019
Corporate tax payable (net)				
Balance at 1 January	3,767	3,236	2,946	1,506
Currency adjustment	65	173	0	0
Adjustment to previous years	-1,901	17	0	0
Current tax for the year	14,584	24,787	11	2,946
Tax paid on account for the year	-3,688	-16,648	-2,946	-1,506
Corporate tax paid during the year	-4,154	-7,797	0	0
Reclassified to assets classified as held for sale	658	0	0	0
Balance at 31 December	**9,331**	**3,767**	**11**	**2,946**
Corporate tax receivable	-871	-1,360	0	0
Corporate tax payable	10,202	5,127	11	2,946
Balance at 31 December	**9,331**	**3,767**	**11**	**2,946**

The effective tax rate in 2019 is extraordinarily high as tax assets that relate to the impairment has not been recognised.

Notes

Note 9 – Corporate tax (continued)

	Group		Parent Company	
DKK ´000	**2020**	2019	**2020**	2019
Deferred tax assets				
Balance at 1 January	29,550	28,910	3,361	4,764
Deferred tax assets 1 January	**29,550**	**28,910**	**3,361**	**4,764**
Currency adjustments	-1,735	352	0	0
Adjustment to previous years	2,227	1,110	0	694
This year's change in deferred tax	13,348	-822	-746	-2,097
Balance at 31 December	**43,390**	**29,550**	**2,615**	**3,361**
Deferred tax assets relate to				
Intangible assets	1,100	4,357	1,337	1,827
Tangible assets	2,241	2,619	1,130	1,398
Current assets	4,139	5,220	148	136
Loss carry forward	35,910	17,354	0	0
Balance at 31 December	**43,390**	**29,550**	**2,615**	**3,361**

Based on the management's assessment of future income, short-term tax assets are expected to be DKK 11m and the total tax assets are expected to be utilized within a 5-year period.

	Group		Parent Company	
DKK ´000	**2020**	2019	**2020**	2019
Deferred tax liabilities				
Balance at 1 January	26,296	25,016	0	0
Deferred tax liabilities 1 January	**26,296**	**25,016**	**0**	**0**
Currency adjustment	88	-99	0	0
Adjustment to previous years	8,618	0	0	0
This year's change in deferred tax	5,614	1,379	0	0
Reclassified to assets classified as held for sale	-16,123	0	0	0
Balance 31 December	**24,493**	**26,296**	**0**	**0**
Deferred tax liabilities relate to				
Intangible assets	21,943	18,801	0	0
Current assets	2,550	7,495	0	0
Balance 31 December	**24,493**	**26,296**	**0**	**0**

The Group's non-capitalized tax assets amount to DKK 29m (2019: DKK 13m).

Accounting policies

Income tax for the year, comprising current tax and movements in deferred tax, is recognized in the statement of comprehensive income by the portion attributable to the profit and directly in equity or in other comprehensive income to the extent that it relates to items recognized directly in equity and in other comprehensive income. Exchange adjustments of deferred tax is recognized as part of the adjustment of deferred tax.
Current tax liabilities and receivables are recognized in the balance sheet as estimated tax on the taxable income, adjusted for prepaid tax.

When calculating the current tax, the applicable tax rates and rules on the balance sheet date is used.

Notes

Note 9 – Corporate tax (continued)

Deferred tax is recognized using the balance sheet liability method on all temporary differences between accounting and tax values of assets and liabilities, except for deferred taxes on temporary differences arising on the initial recognition of goodwill or from the initial recognition of a transaction that is not a business combination, and where the temporary difference identified by the initial recognition affects neither the accounting profit nor the taxable income. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, unless the parent is able to control when the deferred tax is realized, and it is probable that the deferred tax will not crystalize as current tax in the foreseeable future. Deferred tax is calculated based on the planned use of each asset and settlement of each liability.

Deferred tax is measured based on the tax rules and rates in the respective countries, based on enacted or in reality enacted laws at the balance sheet dates that are expected to apply when the deferred tax is expected to crystallize as current tax. Changes in deferred tax due to changes in tax rates or rules are recognized in the statement of comprehensive income unless the deferred tax is attributable to transactions previously recognized directly in equity or in other comprehensive income. In the latter case, the change is also recognized in equity, respectively, in other comprehensive income.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognized at the value at which they are expected to be realized, either as net assets to offset against future taxable income or against deferred tax liabilities in the same legal tax entity and jurisdiction. It is assessed at each reporting date whether it is likely that in the future there will be sufficient taxable profits against which the deferred tax asset can be utilized.

The Parent Company and its Danish subsidiaries are part of a mandatory Danish joint taxation with all Danish companies controlled by Consolidated Holdings A/S. The calculated Danish tax on the joint taxable income is distributed among the jointly taxed companies in proportion to their taxable income (full allocation with credit for tax losses).

Notes

Note 10 – Earnings per share

The calculation of earnings per share is based on the following:

	Group	
DKK ´000	**2020**	2019
Result for the year from continuing operations	55,211	-18,876
Minority interests' share of the result for the year	-70	-371
Result used for calculating earnings per share, diluted	**55,141**	**-19,247**
Average number of shares listed on NASDAQ Copenhagen (pcs.)	124,622,132	124,013,192
Number of shares used to calculate earnings per share (pcs.)	**124,622,132**	**124,013,192**
Average dilutive effect on outstanding subscription rights (pcs.)	0	0
Number of shares used to calculate earnings per share, diluted (pcs.)	**124,622,132**	**124,013,192**
Earnings per share of DKK 1.25 (EPS)	0.44	-0.16
Earnings per share of DKK 1.25, diluted (EPS-D)	0.44	-0.16

Note 11 – Intangible assets

DKK ´000	Goodwill	Customer base	Other intangible assets	Develop-ment projects finalized	Develop-ment projects in progress	**Total**
Group 2020						
Balance at 1 January 2020	1,011,163	96,552	16,916	241,555	6,066	1,372,252
Currency translation	-12,608	-1,210	-117	-1,092	-14	-15,041
Additions	0	0	9,430	397	955	10,782
Additions relating to acquisitions	17,048	9,409	0	854	0	27,311
Disposal for the year	0	0	0	-2,389	0	-2,389
Transfer	0	0	0	277	-277	0
Reclassified to assets held for sale	-81,907	-13,615	0	-202,704	-5,790	-304,016
Balance at 31 December 2020	**933,696**	**91,136**	**26,229**	**36,898**	**940**	**1,088,899**
Amortization at 1 January 2020	165,389	45,620	6,351	162,703	0	380,063
Currency translation	-8,654	-1,156	-117	-951	0	-10,878
Amortization	0	12,265	2,190	1,472	0	15,927
Reversal of amortization	0	0	0	-529	0	-529
Reclassified to assets held for sale	0	-6,987	0	-129,194	0	-136,181
Amortization at 31 December 2020	**156,735**	**49,742**	**8,424**	**33,501**	**0**	**248,402**
Carrying amount at 31 December 2020	**776,961**	**41,394**	**17,805**	**3,397**	**940**	**840,497**

Except for goodwill, economic life of all intangible assets is expected to be definitive.

Notes

Note 11 – Intangible assets (continued)

DKK ´000	Goodwill	Customer base	Other intangible assets	Develop-ment projects finalized	Develop-ment projects in progress	Total
Group 2019						
Balance at 1 January 2019	1,009,734	96,413	11,279	219,346	11,723	1,348,495
Foreign currency translation	1,429	139	109	267	200	2,144
Additions	0	0	5,608	1,897	35,530	43,035
Disposal for the year	0	0	-80	-21,343	0	-21,423
Development projects, finalized	0	0	0	41,388	-41,388	0
Balance at 31 December 2019	**1,011,163**	**96,552**	**16,916**	**241,555**	**6,066**	**1,372,252**
Amortization at 1 January 2019	75,862	32,063	4,618	151,866	0	264,409
Foreign currency translation	-473	421	109	245	0	302
Amortization	0	13,136	1,704	28,435	0	43,275
Impairment	90,000	0	0	0	0	90,000
Reversal of amortization	0	0	-80	-17,844	0	-17,924
Amortization at 31 December 2019	**165,389**	**45,620**	**6,351**	**162,703**	**0**	**380,063**
Carrying amount at 31 December 2019	**845,774**	**50,933**	**10,565**	**78,852**	**6,066**	**992,190**

Except for goodwill, economic life of all intangible assets is expected to be definitive.

Goodwill
The carrying amount of goodwill is distributed on cash-generating units as shown below:

DKK ´000	Country	Segment*	31 December 2020	31 December 2019
Columbus A/S	DK	VAR	110,240	110,240
ZAO Columbus	RU	VAR	30,944	30,944
Columbus US Inc.	US	VAR	115,498	126,518
Columbus Norway AS	NO	VAR	51,270	37,960
UAB Columbus Lietuva	LT	VAR	4,694	4,713
Columbus Global (UK) Ltd.	UK	VAR	39,547	42,087
Columbus Eesti AS	EE	VAR	10,900	10,944
Columbus CoMakeIt India Pvt Ltd.	IN	VAR	4,130	4,130
iStone AB	SE	VAR	409,738	396,332
Total consultancy			**776,961**	**763,868**
To-Increase B.V.	NL	ISV	0	81,906
Total ISV segment			**0**	**81,906**
Total goodwill			**776,961**	**845,774**

*VAR = Value Added Reseller, ISV = Independent Software Vendor

The management performs an impairment test of the carrying amount of goodwill, development projects and other non-current assets at least annually and more frequently if there are indicators of impairment. The annual impairment test is performed on 31 October 2020.
The recoverable amount of goodwill related to the individual cash generating units are calculated based on the Discounted Cash Flows method (DCF).

The main changes in the goodwill from 2019 to 2020 relate to addition on goodwill in Columbus Norway AS, following purchase of Advania Business Solutions in Norway. The total amount of goodwill is further impacted by the classification of CGU's that is classified as held for sale, including To-Increase B.V. and Columbus A/S private cloud business.

Notes

Note 11 – Intangible assets (continued)

Future cash flows

The recoverable amount of the individual cash-generating units to which the goodwill belongs to, is calculated based on the calculations of capital value. The most significant uncertainties are connected to the determination of discount rates, growth rates and expected changes in costs in the budget and terminal periods.

Budget for the individual cash generating units is based on a bottom up process. The key assumptions for the budget are expected development in efficiency (number of chargeable hours compared to total hours) in the consultancy business and expected revenue and gross profits from sale of software and general development in cost. The budget process takes place in October through November and takes into consideration the historical performance and current condition and performance of the cash generating unit in terms of pipeline, order book and current capacity in terms of consultants.

The 3-year projection period is based on individual and balanced assumptions for the three main revenue streams in Columbus i.e. Consultancy, external software and Columbus Software.

In generating a terminal value, a conservative real growth in revenue and cost of 1% is applied. With regards to staff cost a real growth of 2% is expected in the 3-year interim period and 1% in generating the terminal value.

Columbus is operating in a market where the development has low sensitivity to market development in general and to the development in general IT spending by companies. The management believes that likely changes in the key assumptions will not cause the carrying amount of goodwill to exceed the recoverable amounts. Group management has performed a sensitivity analysis of goodwill impairment tests to show the headroom between carrying amount and the recoverable amounts. The sensitivity analysis is focusing on changes in free cash flow in terminal period with 5% and changes in discount rate with 1 percentage point. The analysis did not identify any indication of impairment.

The US Cash Generating unit was impaired in 2019, as a result of a challenging turnaround process, that was expected to be delayed due to the spread of the Covid-19 pandemic. Due to global crisis, it was expected that the turnaround would become a longer journey than initially assumed. As a result, management decided to write down the goodwill for Columbus US with DKK 90m. During the financial year 2020, the assumption of the longer turnaround has turned out to be correct, and thus the US business has delivered results lower than the initial budget, but at the expected level, considering the global crisis. The impairment test shows that the US cash generating unit continues to be a close call, and in case of a drop in cash flow of 5%, would result in a need for impairment. Due to the challenging situation, the US cash-generating unit continues to be a focus point for the Group, in order to ensure a successful turnaround.

Discount rate

The determined discount factors reflect the market assessment of the time value of money in the countries where the cash generating units operate expressed as a risk-free rate and the specific risks associated with each cash-generating unit. The discount rate is determined on an "after tax" basis on the assessed Weighted Average Costs of Capital (WACC).

The discount rate used to calculate the present value of expected future cash flow is between 7.1% and 10.1% after tax (2019: 7.1% - 9.1%), representing 7.2% and 10.2% pretax (2019: 7.1% - 9.1%). The reason for the insignificant difference between after tax and pre-tax discount rates is due to a relatively low debt to equity ratio and due to the fact that Columbus has significant tax losses carry forwards to offset tax payments. The discount rate has been determined based on the Capital Asset Pricing Model and comprise a risk-free interest rate, the market risk premium and a beta factor, covering systematic market risk and a company premium. The values for the risk-free interest rate, the market risk premium and the beta factor are determined using external sources. The Group applies the same discount rates for all cash generating units, as the risk of the individual cash generating units are reflected in their estimated cash flows. However, to accommodate for higher assessed risk in the future cash flows in US, RU, EE and LT, a 3% higher discount factor has been applied for these markets.

Most important assumptions for the impairment test

With the applied method for the annual impairment test, the growth rate applied in the terminal value and the WACC becomes the most important assumptions for the net present value of the future cash flows.

Overall, the impairment based on the above assumptions demonstrates that the present value of the future cash flows from the cash generating units exceeds the carrying amount of goodwill. The management has applied conservative growth rates for the projection period and for the period following the projection period developed for the purpose of the impairment test.

Notes

Note 11 – Intangible assets (continued)

DKK ´000	Goodwill	Customer base	Other intangible assets	Develop-ment projects finalized	Total
Parent 2020					
Balance at 1 January 2020	111,224	18,979	13,755	28,647	172,605
Reclassification of previous years	0	0	1,018	707	1,725
Additions	0	0	9,408	397	9,805
Disposal for the year	0	0	0	-2,389	-2,389
Reclassification to assets held for sale	0	-10,000	0	0	-10,000
Balance at 31 December 2020	**111,224**	**8,979**	**24,181**	**27,362**	**171,746**
Amortization at 1 January 2020	984	12,853	3,200	24,486	41,523
Reclassification of previous years	0	0	1,019	706	1,725
Amortization	0	715	2,179	828	3,722
Reversal of depreciation	0	0	0	-529	-529
Reclassification to assets held for sale	0	-5,541	0	0	-5,541
Amortization at 31 December 2020	**984**	**8,027**	**6,398**	**25,491**	**40,900**
Carrying amount at 31 December 2020	**110,240**	**952**	**17,783**	**1,871**	**130,846**

Other intangible assets include development projects for internal use with a net carrying amount of DKK 17.783k.

DKK ´000	Goodwill	Customer base	Other intangible assets	Develop-ment projects finalized	Total
Parent 2019					
Balance at 1 January 2019	111,224	18,979	8,146	26,944	165,293
Additions	0	0	5,609	1,703	7,312
Balance at 31 December 2019	**111,224**	**18,979**	**13,755**	**28,647**	**172,605**
Amortization at 1 January 2019	984	10,730	1,505	23,407	36,626
Amortization	0	2,124	1,694	1,079	4,898
Amortization at 31 December 2019	**984**	**12,853**	**3,200**	**24,486**	**41,523**
Carrying amount at 31 December 2019	**110,240**	**6,126**	**10,555**	**4,161**	**131,082**

Other intangible assets include development projects for internal use with a net carrying amount of DKK 10.555k.

Notes

Note 11 – Intangible assets (continued)

Accounting policies

Goodwill
Goodwill is recognized and measured at initial recognition as the difference between the cost and the net assets of the acquired company. The net assets of the acquired company are based on the fair value of assets and liabilities at the acquisition date. On recognition of goodwill, the goodwill is allocated to each of the Group's activities that generate separate cash flows (cash generating units). The determination of cash-generating units follows the management structure and internal financial management and reporting of the Group.

Goodwill is not amortized but is tested annually for impairment.

Customer base
Customer base are primarily capitalized to the fair value of the customer base in acquired companies, recognized during the purchase price allocation. Customer base is amortized over 7 years.

Other intangible assets
Other intangible assets comprise internally developed projects, that is carried out to optimize internal work flows. These are measured at cost less accumulated amortization and impairment losses.

Other intangible assets are amortized over the expected life. The amortization period is usually 5 years. Acquired license rights are impaired to the recoverable amount if this is lower than the carrying value.

Development projects
Development projects are projects that are clearly defined and identifiable, where the technical feasibility, adequate resources and a potential future market or application in the Group can be demonstrated and where the intention is to produce, promote or use the project. Development projects are recognized as intangible assets if the cost can be measured reliably and there is sufficient assurance that future earnings or the net selling price will cover production, sales, administration and development costs. Other development costs are recognized in the statement of comprehensive income as incurred.

Development costs are measured at cost less accumulated depreciation and impairment losses. The cost includes wages, salaries, services and other costs directly attributable to the Group's development and which are necessary to complete the project, from the time when the development project first qualifies for recognition as an asset.

After completion of the development project, development costs are depreciated on straight-line basis over the estimated useful life. The depreciation period is usually 3-5 years.

Development projects are reviewed annually to determine whether there are indications of impairment. If such an indication exists, the asset's recoverable amount is calculated. If the recoverable amount is lower than the carrying value, the development projects are impaired to this value. Development projects in progress are tested at least annually for impairment.

Notes

Note 12 – Tangible assets

DKK ´000	Land and buildings	Leasehold improve-ments	Fixtures and equipment	Total
Group 2020				
Balance at 1 January 2020	95	818	61,636	62,549
Foreign currency translation	-6	-8	-2,138	-2,152
Additions	0	0	4,248	4,248
Additions related to acquisitions	0	0	13	13
Disposals	0	0	-6,441	-6,441
Reclassification of previous years	0	0	-6,852	-6,852
Reclassified to asset held for sale	0	-89	-7,463	-7,552
Balance at 31 December 2020	**89**	**721**	**43,003**	**43,813**
Depreciation at 1 January 2020	66	749	49,486	50,301
Foreign currency translation	-3	-5	-1,739	-1,747
Depreciation	13	53	5,193	5,259
Reversed depreciation on disposals	0	0	-6,441	-6,441
Reclassification of previous years	0	0	-6,852	-6,852
Reclassified to asset held for sale	0	-85	-5,296	-5,381
Depreciation at 31 December 2020	**76**	**712**	**34,351**	**35,139**
Carrying amount at 31 December 2020	**13**	**9**	**8,652**	**8,674**

DKK ´000	Land and buildings	Leasehold improve-ments	Fixtures and equipment	Total
Group 2019				
Balance at 1 January 2019	2,165	861	75,897	78,923
Foreign currency translation	145	1	561	707
Additions	0	9	5,948	5,957
Disposals	-2,238	-53	-13,050	-15,341
Reclassification of previous years	23	0	-7,720	-7,697
Balance at 31 December 2019	**95**	**818**	**61,636**	**62,549**
Depreciation at 1 January 2019	144	687	53,902	54,733
Foreign currency translation	12	0	620	632
Depreciation	52	114	6,257	6,423
Reversed depreciation on disposals	-164	-52	-12,946	-13,162
Reclassification of previous years	22	0	1,653	1,675
Depreciation at 31 December 2019	**66**	**749**	**49,486**	**50,301**
Carrying amount at 31 December 2019	**29**	**69**	**12,150**	**12,248**

At the beginning of the year leases formerly classified as Financial Leasing, with a net carrying amount of DKK 9,373k was transferred to Right-of-use-assets due to the implementation of IFRS 16. Please refer to note 13 Right-of-use-assets.

Notes

Note 12 – Tangible assets (continued)

DKK ´000	Leasehold improve-ments	Fixtures and equipment	Total
Parent 2020			
Balance at 1 January 2020	486	25,471	25,957
Additions	0	1,771	1,771
Balance at 31 December 2020	**486**	**27,242**	**27,728**
Depreciation at 1 January 2020	455	24,153	24,608
Depreciation	27	1,074	1,101
Depreciation at 31 December 2020	**482**	**25,227**	**25,709**
Carrying amount at 31 December 2020	**4**	**2,015**	**2,019**

DKK ´000	Leasehold improve-ments	Fixtures and equipment	Total
Parent 2019			
Balance at 1 January 2019	486	24,653	25,139
Additions	0	818	818
Balance at 31 December 2019	**486**	**25,471**	**25,957**
Depreciation at 1 January 2019	377	22,949	23,326
Depreciation	78	1,204	1,282
Depreciation at 31 December 2019	**455**	**24,153**	**24,608**
Carrying amount at 31 December 2019	**31**	**1,318**	**1,348**

Accounting policies

Property plant and equipment

These are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date the asset is ready for use.

Fixtures and equipment are depreciated over 3 to 5 years, equal to the asset's estimated useful life. Leasehold improvements are amortized over the lease period not exceeding 5 years.

The basis for depreciation is determined taking into account the residual value less impairment losses. The value is impaired to the recoverable amount if this is lower than the carrying value. The residual value is determined at the acquisition date and reassessed annually. Depreciation is discontinued if the residual value exceeds the carrying amount.

In amendment of the depreciation period or the residual value, the effect is recognized prospectively as a change in accounting estimates.

Notes

Note 13 – Right-of-use-assets

DKK ´000	Other equipment	Cars	Offices	Total
Group 2020				
Balance at 1 January 2020	1,756	25,151	161,328	188,235
Foreign currency translation	112	708	-5,239	-4,419
Re-assessment of existing assets	366	0	28,614	28,980
Additions	1,684	7,328	10,557	19,569
Additions related to acquisitions	0	0	1,051	1,051
Disposals	-1,604	-5,434	-20,221	-27,259
Reclassified to assets held for sale	-153	-8,790	-4,142	-13,085
Balance at 31 December 2020	**2,161**	**18,963**	**171,948**	**193,072**
Depreciation at 1 January 2020	1,053	10,493	90,762	102,308
Foreign currency translation	32	123	-2,174	-2,019
Depreciation	656	3,976	29,597	34,229
Reversed depreciation on disposals	-869	-2,739	-16,271	-19,879
Reclassified to assets held for sale	-135	-5,251	-3,797	-9,183
Depreciation at 31 December 2020	**737**	**6,602**	**98,117**	**105,456**
Carrying amount at 31 December 2020	**1,424**	**12,361**	**73,831**	**87,616**

Total cash flow for the Group relating to right-of-use-assets is equal to the actual payments on the leases amounting to DKK 38m.

DKK ´000	Other equipment	Cars	Offices	Total
Group 2019				
Balance at 1 January 2019 (initial recognition)	1,854	29,796	180,006	211,656
Foreign currency translation	-24	37	1,135	1,148
Additions	517	7,631	13,314	21,462
Disposals	-591	-12,313	-33,127	-46,031
Balance at 31 December 2019	**1,756**	**25,151**	**161,328**	**188,235**
Depreciations at 1 January 2019 (initial recognition)	1,249	12,899	85,269	99,417
Foreign currency translation	-18	-4	484	462
Depreciation	413	7,378	31,393	39,184
Reversed depreciation on disposals	-591	-9,780	-26,384	-36,755
Depreciation at 31 December 2019	**1,053**	**10,493**	**90,762**	**102,308**
Carrying amount at 31 December 2019	**703**	**14,658**	**70,566**	**85,927**

Total cash flow for the Group relating to right-of-use-assets is equal to the actual payments on the leases amounting to DKK 28m.

Notes

Note 13 – Right-of-use-assets (continued)

DKK ´000	Other equipment	Cars	Offices	Total
Parent 2020				
Balance at 1 January 2020	139	3,280	34,866	38,285
Re-assessment of existing assets	70	237	5,110	5,417
Additions	219	157	0	376
Disposals	-273	-539	-2,718	-3,530
Balance at 31 December 2020	**155**	**3,135**	**37,258**	**40,548**
Depreciation at 1 January 2020	123	1,515	23,677	25,315
Depreciation	55	1,174	4,058	5,287
Reversed depreciation on disposals	-115	-491	-2,716	-3,322
Depreciation at 31 December 2020	**63**	**2,198**	**25,019**	**27,280**
Carrying amount at 31 December 2020	**92**	**937**	**12,239**	**13,268**

Total cash flow for the parent company relating to right-of-use-assets is equal to the actual payments on the leases amounting to DKK 6m.

DKK ´000	Other equipment	Cars	Offices	Total
Parent 2019				
Balance at 1 January 2019 (initial recognition)	139	2,909	34,866	37,914
Additions	0	970	0	970
Disposals	0	-599	0	-599
Balance at 31 December 2019	**139**	**3,280**	**34,866**	**38,285**
Depreciations at 1 January 2019 (initial recognition)	79	1,142	19,781	21,002
Depreciation	44	972	3,896	4,912
Reversed depreciation on disposals	0	-599	0	-599
Depreciation at 31 December 2019	**123**	**1,515**	**23,677**	**25,315**
Carrying amount at 31 December 2019	**16**	**1,765**	**11,189**	**12,970**

Total cash flow for the parent company relating to right-of-use-assets is equal to the actual payments on the leases amounting to DKK 5.6m.

Accounting policies

Lease assets are classified separately from other assets in the financial statement. The lease assets are depreciated on a straight-line basis over the lease term. The lease asset can be adjusted due to modifications to the lease contract or reassessment of lease term.

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

Lease liabilities are initially measured at the net present value of the fixed lease payments for the use of a lease asset. If, at inception of the lease, we are reasonably certain about exercising an option to extend a lease, we will include the lease payments in the option period when calculating the lease liability. We measure the lease asset to the value of the lease liability at initial recognition with the addition of lease payments at or before the commencement date of the lease, less any lease incentives received, any initial direct costs, and an estimate of costs to be incurred upon returning the underlying asset to the lessor.

Notes

Note 13 – Right-of-use-assets (continued)

Lease liabilities are measured using the incremental borrowing rate, rather than the interest rate implicit in the leases since these cannot easily be determined in the contracts.

The incremental borrowing rate comprises of three parts:
- Reference rate
- Financing spread adjustment
- Lease specific adjustment

The interest rate used for measuring lease liabilities ranges between 2.81% and 5.81% (2019: 3.71% and 6.71%).

Contracts may contain both lease and non-lease components. We allocate the consideration in a contract to the lease and non-lease components based on their relative stand-alone prices. We account for non-lease components in accordance with the accounting policy applicable for such items. Non-lease components comprise of services and operating costs etc. Variable lease expenses are recognized in other external expenses in the period when the condition triggering those payments occurs.

Interests of lease liabilities are recognized in financial expenses. Each lease payment is separated into repayment of the lease liability and payment of interests of the lease liability.

Debt repayments are classified as cash flows from financing activities, and payment of interests are classified as cash flows from operating activities.

Short-term leases and leases of low-value assets are also recognized as right-of-use-assets.

Notes

Note 14 – Investments in subsidiaries

	Parent Company	
DKK ´000	**2020**	2019
Balance at 1 January	1,073,121	962,006
Additions	22	111,115
Disposals	-4,777	0
Reclassified to assets held for sale	-45,066	0
Balance at 31 December	**1,023,300**	**1,073,121**
Write down at 1 January	-160,454	-85,454
Write down	0	-75,000
Amortization and write down at 31 December	**-160,454**	**-160,454**
Carrying amount 31 December	**862,847**	**912,668**

Additions of investments in subsidiaries in 2020 relates to acquisition of a shelf company related to the purchase of Advania Business Solutions (Norway). Disposals of investment in subsidiaries relates to disposal of iStone Group entities Columbus China Ltd and Columbus Global Iberia SAL.
Reclassification in 2020 relates to To-Increase, which is as per 31.12.2020 considered as Assets held for sale.

Additions of investments in subsidiaries in 2019 relate to internal acquisition of iStone Norge AS (Norway), 11 iStone subsidiaries and restatement of intercompany loan and receivables with Columbus US. Write down in 2019 relates to impairment of Columbus US.

Accounting policies

Investments in subsidiaries in the Parent Company's financial statement
Investments in subsidiaries are measured in the Parent Company's financial statements at historical cost. If the historical cost exceeds the recoverable amount, the costs are impaired to the lower value.

When dividend distributed exceeds the accumulated earnings after the acquisition date this is considered as an indication of impairment.

If the Parent Company has a legal or constructive obligation to cover a subsidiary's deficit, a provision is recognized to the extent that it exceeds amounts owed by the subsidiary.

Gains and losses on disposal of subsidiaries are calculated as the difference between the sale or liquidation amount and the carrying amount at the time of sale less costs to sell. Gains or losses are recognized in the statement of comprehensive income under "Other operating income" and "Other operating expenses".

Dividends from subsidiaries
Dividends from investments are recognized in the Parent Company's profit in the accounting period, where the right for the dividend is earned.

Notes

Note 15 – Trade receivables

	Group		Parent Company	
DKK ´000	**2020**	2019	**2020**	2019
Receivables (gross) at 1 January	**322,535**	**327,367**	**50,060**	**61,602**
Change in receivables during the period	-80,786	-4,832	-13,037	-11,542
Receivables (gross) 31 December	**241,749**	**322,535**	**37,023**	**50,060**
Provisions for bad debt at 1 January	**15,304**	**11,256**	**620**	**578**
Change in provisions for bad debt during the period	3,799	8,341	-169	34
Loss realized during the period	75	-4,293	222	8
Provisions for bad debt 31 December	**19,178**	**15,304**	**673**	**620**
Carrying amount 31 December	**222,571**	**307,231**	**36,350**	**49,440**

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

	Group		Parent Company	
DKK ´000	**2020**	2019	**2020**	2019
Age of receivables (gross):				
Not due	167,236	191,826	27,832	34,391
0-30 days	48,834	85,958	6,369	9,296
30-60 days	9,827	17,671	1,606	5,271
61-90 days	2,771	8,927	156	421
91-180 days	4,508	9,651	807	156
181-270 days	954	1,414	77	6
270-360 days	1,874	3,163	23	35
Above 360 days	5,745	3,925	153	484
Total	**241,749**	**322,535**	**37,023**	**50,060**

	Group		Parent Company	
DKK ´000	**2020**	2019	**2020**	2019
Age of impairment:				
Not due	2,599	655	28	30
0-30 days	1,044	430	32	16
30-60 days	446	442	40	25
61-90 days	2,008	672	12	15
91-180 days	4,508	4,603	308	31
181-270 days	954	1,414	77	2
271-360 days	1,874	3,163	23	17
Over 360 days	5,745	3,925	153	484
Total	**19,178**	**15,304**	**673**	**620**

	Group		Parent Company	
DKK ´000	**2020**	2019	**2020**	2019
Provision matrix:				
Not due	1.6%	0.3%	0.1%	0.1%
0-30 days	2.1%	0.5%	0.5%	0.2%
30-60 days	4.5%	2.5%	2.5%	0.5%
61-90 days	72.5%	7.5%	7.7%	3.6%
91-180 days	100.0%	47.7%	38.2%	19.9%
181-270 days	100.0%	100.0%	100.0%	35.3%
271-360 days	100.0%	100.0%	100.0%	48.0%
Over 360 days	100.0%	100.0%	100.0%	100.0%

Notes

Note 15 – Trade receivables (continued)

Accounting policies

Receivables consist of receivables from sales of products and services and other receivables.

Receivables are measured at initial recognition at fair value and subsequently at amortized cost, which usually corresponds to nominal value less provisions for bad debts.

When assessing impairment for the Group's receivables the expected credit losses model (ECL) is applied in accordance with IFRS 9. The ECL model involves a three-stage approach under which financial assets move through the stages as their credit quality changes. The stages determine how impairment losses are measured. For trade receivables the Group uses the simplified approach in calculating ECL's. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Provision rates are determined based on grouping of trade receivables sharing the same credit risk characteristics and days past due.

Loans to subsidiaries in the Parent Company's financial statement
Impairment losses on loans to subsidiaries will be recognized based on a 12-month ECL model.

Note 16 – Contract assets and contract liabilities

	Group		Parent Company	
DKK ´000	**2020**	2019	**2020**	2019
Balance at 1 January	**10,877**	**-5,427**	**-1,596**	**-2,302**
Changes contract assets during the period	-65,331	65,874	-9,443	4,698
Changes on account billing and prepayments during the period	47,526	-49,570	3,514	-3,992
Reclassified to assets held for sale	2,054	0	0	0
Balance at 31 December	**-4,874**	**10,877**	**-7,525**	**-1,596**
Work in progress	45,929	132,000	11,957	21,401
On account billing and prepayments	-50,803	-121,122	-19,483	-22,997
Balance at 31 December	**-4,874**	**10,877**	**-7,526**	**-1,596**
The net value is included in the balance as follows:				
Contract assets	14,733	28,605	1,638	593
Contract liabilities	-19,607	-17,727	-9,164	-2,189
Balance at 31 December	**-4,874**	**10,877**	**-7,526**	**-1,596**

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.

The decrease in work in progress and on account billing and prepayments are related to one significant fixed price projects which has been terminated, as well as the reclassification to assets held for sale.

Of the prepayments as of 31 December 2019 (DKK 17,727, hereof DKK 6,976k from the continued business) DKK 6,802k has been recognized as revenue in the reporting period corresponding to 98%.

Notes

Note 16 – Contract assets and contract liabilities (continued)

The Group's total value of contracts relating to "Contract assets" represents DKK 51,946k as of 31 December 2020 (DKK 199,603k as of December 2019). DKK 38,037k of the total contract value is recognized as revenue as of 31 December 2020 (DKK 115,345k as of 31 December 2019). The remaining DKK 13,909k is expected to be recognized as revenue within 12-18 months from the balance date (DKK 84,258k as of 31 December 2019). The lower contract values in 2020 compared to 2019 is affected by assets held for sale and one major contract that was terminated in 2020.

Accounting policies

Contract assets and contract liabilities are measured at the sales value of the work performed less progress billings and expected losses. Market value is measured based on completion at the balance sheet date and the total expected income from the contract. The stage of completion is determined as the ratio between the resources spent and the total estimated resource for the project. For some projects where the consumption of resources cannot be used as a base, the measurement is instead based on the ratio between completed sub activities and the total project.

When it is probable that total costs will exceed total revenue on a contract work in progress, the expected loss on the contract is taken immediately as an expense and a provision.

When the outcome of a contract cannot be estimated reliably, the selling price is only recognized at cost, to the extent that it is probable, they will be recovered.

Contract assets and contract liabilities are recognized in the balance sheet under current assets or liabilities, depending on whether net value of a contract is a receivable or liability.

Costs of sales work and securing contracts are recognized in statement of comprehensive income as incurred.

When assessing impairment for the Group's contract work in progress the simplified approach under the ECL model is used in line with impairment for the Group's trade receivables.

Note 17 – Share capital

The share capital consists of 124,622,132 shares of DKK 1.25, corresponding to DKK 155,778k (nom.). The shares are not divided into classes, and no shares have any special rights. The share capital is fully paid up.

There has been no capital increase in 2020. In 2019 the Company increased the capital by 2,835,000 shares of DKK 1.25, corresponding to DKK 3,544k (nom.) as a result of exercised warrant programs.

	Parent Company	
	2020	2019
Number of shares at the beginning of the year	124,622,132	121,787,132
Capital increase	0	2,835,000
Number of shares at 31 December	**124,622,132**	**124,622,132**

Notes

Note 18 – Provisions and contingent consideration

	Group		Parent Company	
DKK ´000	**2020**	2019	**2020**	2019
Contingent consideration	0	157,850	0	153,368
Other provisions	21,337	28,635	21,337	7,393
	21,337	**186,485**	**21,337**	**160,761**

DKK ´000	Contingent considera-tion	Other provisions	Total
Group 2020			
Balance (non-current) at 1 January 2020	**157,850**	**28,635**	**186,485**
Balance (current) at 1 January 2020	**15,774**	**26,000**	**41,774**
Foreign currency translation, year-end exchange rate	505	0	505
Additions during the period	1,294	27,204	28,498
Completion of fixed price project	0	-47,231	-47,231
Changes in forward contract	0	-6,549	-6,549
Paid earn out during the period	-39,847	0	-39,847
Unachieved earn out reversed during the period	-45,766	0	-45,766
Reclassified to assets held for sale	-8,216	0	-8,216
Carrying amount at 31 December 2020	**81,594**	**28,059**	**109,653**
Carrying amount non-current at 31 December 2020	**0**	**21,337**	**21,337**
Carrying amount current at 31 December 2020	**81,594**	**6,722**	**88,316**

Contingent consideration
Contingent consideration concerns earn outs related to acquisition of enterprises. The development in the contingent consideration is related to the iStone earn out. The carrying amount 31. December 2020 will be paid in spring 2021.

Other provisions
Other provisions are primarily related to the completion of a fixed price project. Further, the provision includes changes in the fair value of a SEK forward contract and retained holiday allowance due to changes in the danish legislation.

DKK ´000	Contingent considera-tion	Other provisions	Total
Group 2019			
Balance (non-current) at 1 January 2019	**227,259**	**12,015**	**239,274**
Balance (current) at 1 January 2019	**90,264**	**12,500**	**102,764**
Foreign currency translation, year-end exchange rate	-4,476	0	-4,476
Additions during the period	0	30,120	30,120
Paid earn out during the period	-62,646	0	-62,646
Unachieved earn out reversed during the period	-76,777	0	-76,777
Carrying amount at 31 December 2019	**173,624**	**54,635**	**228,259**
Carrying amount non-current at 31 December 2019	**157,850**	**28,635**	**186,485**
Carrying amount current at 31 December 2019	**15,774**	**26,000**	**41,774**

Notes

Note 18 – Provisions and contingent consideration (continued)

DKK ´000	Contingent considera-tion	Other provisions	Total
Parent 2020			
Balance (non-current) at 1 January 2020	**153,368**	**7,393**	**160,761**
Balance (current) at 1 January 2020	**10,838**	**0**	**10,838**
Foreign currency translation, year-end exchange rate	505	0	505
Additions during the period	1,294	20,492	21,786
Changes in forward contract	0	-6,548	-6,548
Paid earn out during the period	-38,645	0	-38,645
Unachieved earn out reversed during the period	-45,766	0	-45,766
Carrying amount at 31 December 2020	**81,594**	**21,337**	**102,931**
Carrying amount non-current at 31 December 2020	**0**	**21,337**	**21,337**
Carrying amount current at 31 December 2020	**81,594**	**0**	**81,594**

Contingent consideration
Contingent consideration concerns earn outs related to acquisition of enterprises. The development in the contingent consideration is related to the iStone earn out. The carrying amount 31. December 2020 will be paid in spring 2021.

Other provisions
Other provisions are primarily related to the completion of a fixed price project. Further, the provision includes changes in the fair value of a SEK forward contract and retained holiday allowance due to changes in the danish legislation.

DKK ´000	Contingent considera-tion	Other provisions	Total
Parent 2019			
Balance (non-current) at 1 January 2019	**214,552**	**2,472**	**217,024**
Balance (current) at 1 January 2019	**81,888**	**0**	**81,888**
Foreign currency translation, year-end exchange rate	-4,529	0	-4,529
Additions during the period	0	4,921	4,921
Paid earn out during the period	-54,418	0	-54,418
Unachieved earn out reversed during the period	-73,287	0	-73,287
Carrying amount at 31 December 2019	**164,205**	**7,393**	**171,598**
Carrying amount non-current at 31 December 2019	**153,368**	**7,393**	**160,761**
Carrying amount current at 31 December 2019	**10,838**	**0**	**10,838**

Accounting policies

Provisions

Provisions for liabilities are recognized as a result of events occurring before or at the balance sheet date, that has a legal or constructive obligation and it is probable that settlement of the obligation will result in an outflow of economic resources.

Provisions are measured at management's best estimate of the amount required to settle the obligation. Provisions with an expected maturity more than one year from the balance sheet date are measured at present value.

Notes

Note 19 – Lease liability, Right-of-use-assets

DKK ´000	Other equipment	Cars	Offices	Total
Group 2020				
Less than 1 year	572	3,380	28,053	32,005
Between 1 and 5 years	874	9,024	48,358	58,256
More than 5 years	0	0	1,674	1,674
	1,446	**12,404**	**78,085**	**91,935**

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored closely by the management.

DKK ´000	Other equipment	Cars	Offices	Total
Group 2019				
Less than 1 year	332	5,727	26,801	32,860
Between 1 and 5 years	381	10,075	45,746	56,202
More than 5 years	2	0	2,707	2,709
	715	**15,802**	**75,254**	**91,771**

DKK ´000	Other equipment	Cars	Offices	Total
Parent 2020				
Less than 1 year	30	712	4,426	5,169
Between 1 and 5 years	63	242	8,837	9,142
More than 5 years	0	0	0	0
	93	**954**	**13,263**	**14,311**

DKK ´000	Other equipment	Cars	Offices	Total
Parent 2019				
Less than 1 year	16	1,067	3,795	4,879
Between 1 and 5 years	0	727	8,610	9,337
More than 5 years	0	0	0	0
	16	**1,794**	**12,405**	**14,216**

Notes

Note 20 – Other payables

	Group		Parent Company	
DKK ´000	**2020**	2019	**2020**	2019
Payroll cost, payroll tax, retirement benefit obligations etc.	118,402	101,868	45,189	9,555
Holiday pay etc.	61,719	72,515	11,354	30,380
VAT payable	38,391	31,462	2,221	3,750
Other liabilities	81,958	66,522	26,747	4,660
	300,470	**272,367**	**85,511**	**48,345**

The carrying amount of other payables matches the fair value of the liabilities.

The holiday pay obligation represents the Group's obligation to pay salary during employees' holiday in the following financial year.

The increase in Payroll cost, payroll tax, retirement benefit obligations etc. is primarily due to provisions made for transaction bonus.

Increase in other liabilities relates to transaction costs in Parent.

Accounting policies

Current liabilities
Current liabilities include bank loans, trade payables and other liabilities to public authorities, etc. Current liabilities are initially measured at fair value, less any transaction costs. In subsequent periods, current liabilities are measured at amortized cost using the "effective interest method" so that the difference between the proceeds and the nominal value is recognized in the income statement under financial expenses over the loan period.

Other liabilities are measured at amortized cost.

Pensions
Contributions to defined contribution plans are recognized in the statement of comprehensive income in the period to which they relate and any contributions payable are recognized in the balance sheet under other payables.

Note 21 – Contingent liabilities and commitments for expenditures

Parent Company

Contingent liabilities
The Danish jointly taxed companies are jointly and severally liable for tax on joint taxation income.

The Company and Danish subsidiaries are included in Danish jointly taxation with Consolidated Holdings A/S as controlling company. Thus, the Company is, in accordance with the Danish Corporation Tax Act, liable for income tax etc. for the jointly taxed companies and also for potential liabilities, including withholding tax on interest, royalties and profits for these companies. The total tax liability for the Danish jointly taxation is presented in the annual report for Consolidated Holdings A/S.

Commitments for expenditures
The Company has guaranteed payment of banking arrangements in Nordea for subsidiaries. As of 31 December 2020, the maximum liability is DKK 12,646k (2019: DKK 17,986k).

Notes

Note 22 – Business combinations

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 creates 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.

Acquisition of companies in 2019
There have been no acquisitions during 2019.

Opening balances

DKK ´000	Advania Business Solutions	**Total 2020**	Total 2019
Tangible fixed assets	13	13	0
Other intangible assets	10,800	10,800	0
Other receivables	85	85	0
Total non-current assets	**10,898**	**10,898**	**0**
Trade receivables	14,826	14,826	0
Work in progress	191	191	0
Prepayments	5,315	5,315	0
Total current assets	**20,332**	**20,332**	**0**
Corporation tax and deferred tax	-2,187	-2,187	0
Deferred income	-3,736	-3,736	0
Accruals	-398	-398	0
Other debt	-5,404	-5,404	0
Total current debt	**-11,725**	**-11,725**	**0**
Net assets acquired	**19,505**	**19,505**	**0**
Goodwill	16,852	16,852	0
Total consideration	**36,357**	**36,357**	**0**
Net working capital not paid	-987	-987	0
Cash consideration on acquisition date	**35,370**	**35,370**	**0**
Contingent consideration payments*	0	39,777	56,090
Net cash flows on acquisitions	**35,370**	**75,147**	**56,090**

Notes

Note 22 – Business combinations (continued)

* Contingent consideration payments in 2020 relate to the acquisitions of iStone AB. (DKK 38,645k) and BMI (DKK 1,132k). Contingent consideration payments in 2019 relate to the acquisitions of iStone AB (DKK 55,343k) and HÄT Systems (DKK 747k).
Since the acquisition date of Advania Business Solution the other intangible assets have been revalued with DKK 3m and this has affected the goodwill accordingly.

DKK ´000	**Total 2020**	Total 2019
Fair value assessment of trade receivables		
Trade receivables, gross amount	15,103	0
Trade receivables, not expected to be collected	-277	0
Trade receivables, fair value	**14,826**	**0**

Accounting policies

Newly acquired or newly established subsidiaries are consolidated from the date of acquisition or formation. The acquisition date is the date on which the Columbus Group obtains control of the acquiree. Divested companies are included in the consolidated financial statements until the date of disposal or winding up. Disposal is the date when control is actually transferred to third parties.

Acquisition of new companies or activities in which the Group obtains control of the acquisition decision, acquired business will be accounted for under the purchase method, so that the identified assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identified intangible assets are recognized separately from goodwill if they are separable or arise from a contractual right and the fair value can be measured reliably. Non-current assets which are held for sale are measured at fair value less estimated selling costs. Restructuring liabilities are only recognized in the acquisition balance sheet if they represent a liability to the acquired company. Account is taken for the tax effect of the restatements.

The purchase consideration for a company is the fair value of the consideration paid for the acquired company. If the final determination is subject to one or more future events, these fair values are recognized at the acquisition date. Costs directly attributable to the acquisition are recognized directly in the statement of comprehensive income as incurred.

Positive differences (goodwill) between, on one hand, the purchase price of an acquired company, the value of non-controlling interests in the acquiree and the fair value of previously held equity interests, and on the other hand, the fair value of the identifiable assets, liabilities and contingent liabilities is recognized as goodwill under intangible fixed assets. Goodwill is not amortized but is tested annually for impairment. The first impairment test is performed before the end of the year of acquisition. Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis of the impairment test. The determination of cash-generating units follows the management structure and internal financial control and reporting of the Group. If the carrying amount of an asset exceeds its recoverable amount it is written down to its recoverable amount.

In case of negative differences (negative goodwill), the calculated fair values, the calculated purchase consideration for the company, the value of non-controlling interests in the acquiree and the fair value of previously held equity interests is reassessed. If the difference is still negative, the difference is recognized as income in the statement of comprehensive income.

If at the time of acquisition there is an uncertainty about the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the consideration, initial recognition is based on preliminary fair values. The preliminary calculated amounts can be adjusted, or additional assets or liabilities can be recognized until one year after the purchase date, if new information on conditions that existed at the acquisition date is obtained, which would have affected the calculation of values at the acquisition date, had the information been known.

Changes in estimates of contingent consideration are recognized in the statement of comprehensive income.

Notes

Note 23 – Related parties

Consolidated Holdings A/S has a controlling interest in the Columbus Group, including Columbus A/S.

Other related parties with significant influence in the Columbus Group are the Company's Board of Directors, Executive Board and certain executives and their related parties. Furthermore, related parties are companies in which the above persons have significant influence.

Related parties with controlling interest

Consolidated Holdings A/S (Fredheimvej 9, 2950 Vedbæk)
Consolidated Holdings A/S owns 46.25% of the shares in Columbus A/S. Consolidated Holdings A/S has a controlling interest in Columbus A/S, as Consolidated Holdings A/S, through its shareholding and its shareholder voting agreements, controls the majority (47.49%) of the votes at the annual general meeting. Transactions with the company are made on an arm's length basis. Ib Kunøe is the majority shareholder in Consolidated Holdings A/S.

Dividend to Consolidated Holdings A/S is paid on equal principals as with other shareholders. Furthermore, Consolidated Holdings A/S is in a joint taxation with the Danish entities in the Columbus Group, with Consolidated Holdings A/S as management company. In 2020 Columbus paid tax to Consolidated Holdings A/S for DKK 3.544k (2019: DKK 2.719K)

Related parties with significant influence

ATEA (Lautrupvang 6, 2750 Ballerup)
Consolidated Holdings A/S has significant influence in ATEA, and certain dual roles in the management are filled by the same persons in ATEA and the Columbus Group. Transactions with the company are made on an arm's length basis.

	Parent	
DKK ´000	**2020**	2019
Net sales		
Atea	3,118	4,476
Total	**3,118**	**4,476**
Net purchase		
Atea	-10,152	-9,267
Total	**-10,152**	**-9,267**

Sold to Atea is primarily consultancy and sale of licenses from 3rd parties.
Purchase from Atea is primarily office rent as well as purchase of IT equipment.

	Parent	
DKK ´000	**2020**	2019
Trade receivables		
Atea	744	170
Total	**744**	**170**
Trade payables		
Atea	-2,004	-1,885
Total	**-2,004**	**-1,885**

Executive Board and Board of Directors
Remuneration of the Executive Board, the Board of Directors and executives appears from note 5.

Notes

Note 23 – Related parties (continued)

Subsidiaries
Related parties in Columbus also comprise the subsidiaries in which the Company has controlling interest, cf. the Group overview.

Trading with subsidiaries was as follows:

	Parent Company	
DKK ´000	**2020**	2019
Purchase from subsidiaries	-27,299	-36,467
Sold to subsidiaries	107,443	95,673

Purchases from subsidiaries are primarily consultancy and development hours from Columbus' Global Delivery Center, and internally developed software for customer sales.
Sold to subsidiaries is primarily service and tools fees, consultancy and development hours, as well as cost split for the shared service center in Columbus' Danish and Norwegian companies.

Transactions with subsidiaries are eliminated in the consolidated financial statements in accordance with applied accounting policies.

Outstanding accounts with subsidiaries
Columbus' outstanding accounts with subsidiaries are shown directly in the balance sheet. Outstanding accounts are interest-bearing. The interest payment of outstanding accounts is shown in note 8. Payment terms for regular outstanding accounts are invoiced month + 30 days.

Note 24 – Fee to the Group's auditor elected by the annual general meeting

	Group		Parent Company	
DKK ´000	**2020**	2019	**2020**	2019
Auditor elected by the annual general meeting				
Statutory audit	1,847	1,344	483	483
Other assurance services	40	0	40	0
Tax and VAT advisory services	27	0	27	0
Other non-audit services	0	826	0	677
	1,914	**2,170**	**550**	**1,160**
Other auditors				
Statutory audit	1,351	439	0	0
Other assurance services	641	0	0	0
Tax and VAT advisory services	287	17	0	0
Other non-audit services	86	524	0	0
	2,365	**980**	**0**	**0**
Total audit fee	**4,279**	**3,150**	**550**	**1,160**

Other services provided by the auditors elected by the annual general meeting comprise of fee for review of the Group's transfer pricing documentation and review of the remuneration report.

Notes

Note 25 – Financial risks and financial instruments

The below maturity analysis is based on undiscounted cash flow, and the method of accounting is equivalent to Columbus' cash flow exposure going forward. The maturity analysis shows a balanced current ratio.

DKK ´000	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Group 2020				
Financial assets				
Trade receivables	222,571	0	0	222,571
Contract assets	14,733	0	0	14,733
Corporate tax receivables	871	0	0	871
Other receivables	8,058	0	7,263	15,321
Prepayments	28,498	0	0	28,498
Cash and bank balances	164,213	0	0	164,213
Total financial assets	**438,944**	**0**	**7,263**	**446,207**
Financial liabilities				
Debt to credit institutions	1,415	176,000	0	177,415
Contingent consideration	81,594	0	0	81,594
Contract liabilities	19,607	0	0	19,607
Trade payables	69,210	0	0	69,210
Corporate tax payables	10,202	0	0	10,202
Other payables	300,959	0	0	300,959
Accruals and deferred income	29,799	0	0	29,799
Lease liability right-of-use assets	34,943	61,287	1,746	97,976
Other provisions	6,722	9,053	12,284	28,059
Total financial liabilities	**554,451**	**246,340**	**14,030**	**814,821**
Ratio	**0.79**			**0.55**

The total financial liabilities are expected to be financed by the positive cash flows from primary activities, as well as unused lines of credit. Further, part of the short term financial liabilities are not expected to fall due for payment.

The below table disclose the expected interest payments for credit institutions and for lease liability and provisions the discounted interest on the debt to represent net present value.

DKK ´000	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Debt to credit institutions	-1,415	0	0	-1,415
Other payables	-489	0	0	-489
Lease liability right-of-use assets	-2,938	-3,031	-72	-6,041

Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. For all the primary financial instruments, the carrying amounts are equivalent to the fair value.

Notes

Note 25 – Financial risks and financial instruments (continued)

DKK ´000	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Group 2019				
Financial assets				
Trade receivables	307,231	0	0	307,231
Contract assets	28,605	0	0	28,605
Corporate tax receivables	1,360	0	0	1,360
Other receivables	16,564	0	7,465	24,029
Prepayments	26,113	0	0	26,113
Cash and bank balances	147,264	0	0	147,264
Total financial assets	**527,137**	**0**	**7,465**	**534,602**
Financial liabilities				
Debt to credit institutions	1,428	177,428	0	178,856
Contingent consideration	15,774	157,850	0	173,624
Contract liabilities	17,727	0	0	17,727
Trade payables	85,618	0	0	85,618
Corporate tax payables	5,127	0	0	5,127
Other payables	272,367	0	0	272,367
Accruals and deferred income	82,872	0	0	82,872
Lease liability right-of-use assets	35,348	59,084	2,869	97,301
Other provisions	27,645	29,108	0	56,753
Total financial liabilities	**543,906**	**423,470**	**2,869**	**970,245**
Ratio	**0.97**			**0.55**

The below table disclose the expected interest payments for credit institutions and for provisions the dis-counted interest on the debt to represent net present value.

DKK ´000	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Debt to credit institutions	-1,428	-1,428	0	-2,856
Lease liability right-of-use assets	-2,488	-2,882	-160	-5,530
Other provisions	-1,645	-473	0	-2,118

Notes

Note 25 – Financial risks and financial instruments (continued)

DKK ´000	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Parent 2020				
Financial assets				
Trade receivables	36,350	0	0	36,350
Receivables from subsidiaries	62,460	0	0	62,460
Contract assets	1,638	0	0	1,638
Other receivables	3,568	0	2,997	6,565
Prepayments	8,468	0	0	8,468
Cash and bank balances	60,048	0	0	60,048
Total financial assets	**172,532**	**0**	**2,997**	**175,529**
Financial liabilities				
Debt to credit institutions	1,415	176,000	0	177,415
Contingent consideration	81,594	0	0	81,594
Debt to subsidiaries	123,721	0	0	123,721
Contract liabilities	9,164	0	0	9,164
Trade payables	20,022	0	0	20,022
Corporate tax payables	11	0	0	11
Other payables	86,000	0	0	86,000
Accruals and deferred income	5,313	0	0	5,313
Lease liability right-of-use assets	5,553	9,435	0	14,988
Other provisions	0	9,053	12,284	21,337
Total financial liabilities	**332,793**	**194,488**	**12,284**	**539,565**
Ratio	**0.52**			**0.33**

The total financial liabilities are expected to be financed by the positive cash flows from primary activities, as well as unused lines of credit. Further, part of the short term financial liabilities are not expected to fall due for payment.

The below table disclose the expected interest payments for credit institutions and for lease liability and provisions the discounted interest on the debt to represent net present value.

DKK ´000	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Debt to credit institutions	-1,415	0	0	-1,415
Other payables	-489	0	0	-489
Lease liability right-of-use assets	-384	-293	0	-677

Notes

Note 25 – Financial risks and financial instruments (continued)

DKK ´000	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Parent 2019				
Financial assets				
Trade receivables	49,440	0	0	49,440
Receivables from subsidiaries	58,018	0	0	58,018
Contract assets	593	0	0	593
Other receivables	534	0	2,368	2,902
Prepayments	4,705	0	0	4,705
Cash and bank balances	34,636	0	0	34,636
Total financial assets	**147,926**	**0**	**2,368**	**150,294**
Financial liabilities				
Debt to credit institutions	1,428	177,428	0	178,856
Contingent consideration	10,838	153,368	0	164,206
Debt to subsidiaries	186,334	0	0	186,334
Contract liabilities	2,189	0	0	2,189
Trade payables	23,221	0	0	23,221
Corporate tax payables	2,946	0	0	2,946
Other payables	48,345	0	0	48,345
Accruals and deferred income	9,929	0	0	9,929
Lease liability right-of-use assets	5,321	9,751	0	15,072
Other provisions	1,645	7,866	0	9,511
Total financial liabilities	**292,196**	**348,413**	**0**	**640,609**
Ratio	**0.51**			**0.23**

The below table disclose the expected interest payments for credit institutions and for provisions the discounted interest on the debt to represent net present value.

DKK ´000	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Debt to credit institutions	-1,428	-1,428	0	-2,856
Lease liability right-of-use assets	-442	-414	0	-856
Other provisions	-1,645	-473	0	-2,118

Notes

Note 25 – Financial risks and financial instruments (continued)

Financing facilities

	Group	
DKK ´000	**2020**	2019
Cash and bank balances	164,213	147,264
Unused credits	116,757	124,607
	280,970	**271,871**

The Group's cash reserves consist of cash and unused credits.

Foreign exchange rate risk, interest rate risk and use of financial instruments
As a consequence of the operation, investments and financing, the Group is exposed to changes in foreign exchange rates and interest rates. The Parent Company controls the financial risks in the Group centrally and coordinates the cash management, including cash generation and excess liquidity. The Group follows a finance policy approved by the Board of Directors, and operates with a low risk profile, in order to ensure that foreign exchange rate risks and interest risks only occur in commercial situations. In 2018 Columbus entered into a forward contract related to future payment to shareholders of iStone AB. This mitigates currency risks on payment to be made in 2021.

Fluctuations in foreign exchange rates have an effect on the Group's equity, results and revenue. As approx. 75% of the revenue comes from NOK, SEK, GBP, USD, RUB and INR the Group has performed a sensitive analysis on the relevant foreign exchange rates. The foreign exchange rate risk for EUR is considered to be minimal.

Equity exchange rates sensitivity

	Group	
DKK ´000	**2020**	2019
Effect of 10% decrease in USD	-9,435	-10,455
Effect of 10% decrease in GBP	-6,279	-5,452
Effect of 10% decrease in SEK	-40,509	-45,254
Effect of 10% decrease in NOK	-3,445	-4,837
Effect of 10% decrease in RUB	-745	-942
Effect of 10% decrease in INR	-1,376	-1,670

Profit after tax exchange rates sensitivity

	Group	
DKK ´000	**2020**	2019
Effect of 10% decrease in USD*	130	9,840
Effect of 10% decrease in GBP	-1,427	-1,080
Effect of 10% decrease in SEK	1,203	3,073
Effect of 10% decrease in NOK	-890	1,771
Effect of 10% decrease in RUB	-254	83
Effect of 10% decrease in INR	-960	-673

*The profit after tax exchange rates sensitivity in USD is extraordinarily high in 2019 due to a write down of goodwill which has caused a loss for the year in the US business. In 2020 the sensitivity is at a normal level again.

Revenue exchange rates sensitivity

	Group	
DKK ´000	**2020**	2019
Effect of 10% decrease in USD	-26,879	-30,402
Effect of 10% decrease in GBP	-17,263	-18,985
Effect of 10% decrease in SEK	-66,650	-64,063
Effect of 10% decrease in NOK	-17,579	-15,551
Effect of 10% decrease in RUB	-6,919	-7,427
Effect of 10% decrease in INR	-40	-170

Notes

Note 25 – Financial risks and financial instruments (continued)

Interest rates
Fluctuations in interest rates have an effect on the Group's financial instruments. By the end of 2020 an increase in interest rates of half a percentage point would increase the Group's financial liabilities by DKK 880k (2019: DKK 880k). The financial liabilities included in the sensitivity analysis include long-term and short-term debt to credit institutions.

Credit risks
The Group's credit risks primarily derive from trade receivables. Trade receivables are distributed between many customers and geographical areas. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The maximum credit risk on the balance sheet date equals the carrying amount.

Optimization of capital structure
The Group management continuously estimates whether the capital structure is in accordance with the interests of the Company and shareholders. The overall goal is to ensure a capital structure which supports long-term financial growth, and at the same time maximizes the return to the Group's stakeholders through optimization of the debt and equity balance. The Group's capital structure consists of debt, comprising financial liabilities such as bank loans, lease liabilities, corporation tax payable, cash and equity, including share capital, reserves for foreign exchange adjustments and profit/loss carried forward.

Breach of loan agreements
The Group has neither in the financial year 2020 nor in 2019 failed to perform or defaulted on any loan agreements.

Parent Company
The Parent Company is not exposed in the same level as the Group to changes in foreign exchange rates due to very limited operations in other currencies than DKK.

Interest rate risk is considered to be equal to the Group’s level of risk since the Parent Company controls the financial risks in the Group centrally and coordinates the cash management.

The Parent's credit risks are primarily deriving from trade receivables. Trade receivables are assessed for impairment based on the ECL model, cf. note 15. The maximum credit risk on the balance date equals the carrying amount.

Note 26 – Changes in working capital

	Group		Parent Company	
DKK ´000	**2020**	2019	**2020**	2019
Change in receivables and contract assets	84,753	-7,405	-2,075	-2,670
Change in trade payable and liabilities	-17,241	-19,275	-1,775	-1,133
Change in other liabilities	-37,027	61,802	-38,138	167,446
Cash flow from changes in working capital	**30,485**	**35,122**	**-41,988**	**163,643**

Notes

Note 27 – Cash flow from financing activities

The table below specify changes in liabilities arising from financing activities, including both cash and non-cash changes.

Liabilities arising from financing activities are those for which cash flows were, or future cash flow will be, classified in the cash flow statement as cash flow from financing activities.

DKK ´000	Right-of-use-assets liabilities	Long term borrowings	Total
Group 2020			
Balance at 1 January	**91,771**	**176,000**	**267,771**
Cash flow from continuing operations	-38,128	0	-38,128
Cash changes	**-38,128**	**0**	**-38,128**
New leases	19,569	0	19,569
Changes to existing leases	25,261	0	25,261
Foreign exchange movements	-3,552	0	-3,552
Acquisition	1,051	0	1,051
Reclassified to assets held for sale*	-4,037	0	-4,037
Non-cash changes	**38,292**	**0**	**38,292**
Balance at 31 December	**91,935**	**176,000**	**267,935**

* Includes beginning balances for the entities reclassified to assets held for sale.

DKK ´000	Right-of-use-assets liabilities	Short term lease liabilities	Short term borrowings	Long term lease liabilities	Long term borrowings	Total
Group 2019						
Balance at 1 January	**106,650**	**2,452**	**5,042**	**8,270**	**176,000**	**298,414**
Cash flow from continuing operations	-27,526	-2,452	-5,042	-8,270	0	-43,290
Cash flows from discontinued operations	-5,834	0	0	0	0	-5,834
Cash changes	**-33,360**	**-2,452**	**-5,042**	**-8,270**	**0**	**-49,124**
New leases	18,403	0	0	0	0	18,403
Foreign exchange movements	78	0	0	0	0	78
Non-cash changes	**18,481**	**0**	**0**	**0**	**0**	**18,481**
Balance at 31 December	**91,771**	**0**	**0**	**0**	**176,000**	**267,771**

*Includes opening balance effect of DKK 106.7m related to implementation of IFRS 16. Cash flow includes continuing and discontinued operations.

Notes

Note 27 – Cash flow from financing activities (continued)

DKK ´000	Right-of-use-assets liabilities	Long term borrowings	Total
Parent 2020			
Balance at 1 January	**14,216**	**176,000**	**190,216**
Cash flows	-6,005	0	-6,005
Cash changes	**-6,005**	**0**	**-6,005**
New leases	6,100	0	6,100
Non-cash changes	**6,100**	**0**	**6,100**
Balance at 31 December	**14,311**	**176,000**	**190,311**

DKK ´000	Right-of-use-assets liabilities	Short term borrowings	Long term borrowings	Total
Parent 2019				
Balance at 1 January	**16,786**	**15,346**	**176,000**	**208,132**
Cash flows	-5,632	-15,346	0	-20,978
Cash changes	**-5,632**	**-15,346**	**0**	**-20,978**
New leases	3,062	0	0	3,062
Non-cash changes	**3,062**	**0**	**0**	**3,062**
Balance at 31 December	**14,216**	**0**	**176,000**	**190,216**

*Includes opening balance effect of DKK 17m related to implementation of IFRS 16.

Notes

Note 28 – Discontinued operations

	Group		Parent Company	
DKK ´000	2020	2019	2020	2019
Net revenue	132,086	170,649	10,477	14,419
External project costs	8,206	-2,862	-6,414	-8,246
Gross profit	**140,292**	**167,787**	**4,063**	**6,173**
Staff expenses and remuneration	-63,644	-71,162	-3,675	-3,609
Other external costs	-11,311	-16,547	0	0
Other operating income	12	748	0	0
Other operating costs	0	-20	0	0
EBITDA	**65,349**	**80,806**	**388**	**2,564**
Depreciation, amortization and impairment	-27,728	-34,251	-1,409	-1,409
Operating profit (EBIT)	**37,621**	**46,555**	**-1,021**	**1,155**
Financial income	43	586	0	0
Financial expenses	-1,256	-303	0	0
Profit before tax from discontinuing operations	**36,408**	**46,838**	**-1,021**	**1,155**
Corporate tax	-13,555	-6,972	0	0
Profit after tax from discontinuing operations	**22,853**	**39,866**	**-1,021**	**1,155**
Transaction costs and other costs from divestment of discontinued operations	-29,502	0	-37,605	0
Profit from discontinued operations	**-6,649**	**39,866**	**-38,626**	**1,155**
Earnings per share from discontinued operations of DKK 1.25 (EPS)	-0.05	0.32		
Earnings per share from discontinued operations of DKK 1.25, diluted (EPS-D)	-0.05	0.32		

Discontinued operations in 2020

During 2020 Columbus initiated the process of a sale of our software company To-Increase, which represent 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. Assets and liabilities are reported as assets classified as held for sale, cf. note 29.

In addition, during 2020 we have closed our Spanish subsidiary and sold our Chinese and consequently reported this as discontinued operations. Both subsidiaries were part of our consultancy segment.

Finally, our Danish private cloud business was sold in January 2021 and this business is consequently also classified as discontinued operations and assets and liabilities classified as held for sale, cf. note 29. The private cloud business was represented in our consultancy segment.

Loss on divestment of discontinued includes transaction cost related to divestment of our ISV To-Increase, which was sold during January 2021, and thus affects both Parent and Group figures.

Cash flow

	Group		Parent Company	
DKK ´000	2020	2019	2020	2019
Cash flow from operating activities	72,264	94,815	1,410	5,420
Cash flow from investing activities	-36,818	-38,917	0	0
Cash flow from financing activities	-5,844	-5,834	0	0
Cash flow from discontinued operations	**29,602**	**50,064**	**1,410**	**5,420**

Accounting policies

Discontinued operations comprise all revenue and expenses and gain and losses for operations either being held for sale or which have already been disposed of. Discontinued operations are reported separately from the continued operations in the financial statements. Comparative figures are restated to segregate the continuing and discontinuing assets, liabilities, income, expenses, and cash flows.

Notes

Note 29 – Assets classified as held for sale

At 31 December 2020, assets and related liabilities held for sale comprised To-Increase and our Danish private cloud business.

	Group		Parent Company	
DKK ´000	**2020**	2019	**2020**	2019
Goodwill	81,683	0	0	0
Customer base	4,670	0	3,050	0
Development projects finalized	52,350	0	0	0
Development projects in progress	38,899	0	0	0
Property, plant and equipment	1,567	0	0	0
Right-of-use assets	16,086	0	0	0
Investments in subsidiaries	0	0	45,064	0
Trade receivables	15,739	0	0	0
Contract assets	950	0	0	0
Corporate tax receivables	1,050	0	0	0
Other receivables	676	0	0	0
Prepayments	811	0	0	0
Total assets classified as held for sale	**214,481**	**0**	**48,114**	**0**

	Group		Parent Company	
DKK ´000	**2020**	2019	**2020**	2019
Deferred tax	17,181	0	0	0
Other provisions	4,464	0	0	0
Lease liability right-of-use assets	15,409	0	0	0
Contract liabilities	3,004	0	0	0
Trade payables	3,278	0	2,831	0
Other payables	13,380	0	637	0
Accruals and deferred income	37,175	0	2,647	0
Total liabilities relating to assets classified as held for sale	**93,891**	**0**	**6,115**	**0**
Net assets	**120,590**	**0**	**41,999**	**0**

Accounting policies

Assets classified as held for sale comprise assets and liabilities, the value of which are highly probable to be recovered through a sale within 12 months rather than through continued use. Assets and liabilities classified as held for sale are measured at the carrying amount at the time of classification as 'held for sale' or at market value less selling costs, whichever is lower. The carrying amount is measured in accordance with the Group's accounting policies. No depreciation or amortisation is recognized on intangible assets and property, plant and equipment from the time of classification as 'held for sale'.

Notes

Note 30 – Board of Directors and Executive Board

See section "The Board of Directors and Executive Board" in the Management's Review, page 38.

Note 31 – Shareholder information

See section "Shareholder information" in the Management's Review, page 41.

Note 32 – Events after the reporting period

On 26 January 2021, Columbus completed the divestment of To-Increase. The total net proceeds of EUR 115m/DKK 856m were paid in cash at completion. The sale of To-Increase has impacted the Group equity by approximately EUR 90m/DKK 671m and the Parent equity by approximately EUR 107m/DKK 794m. The Board of Directors proposes an extraordinary dividend of DKK 6 per share which will be adopted at the Annual General Meeting 27 April 2021. The divestment is mentioned in the Management's Review, page 22.

There have been no other events since 31 December 2020 which could significantly affect the evaluation of the Group's financial position and revenues at 31 December 2020. Earnings in January and February 2021 are in line with the Company's expectations.

Note 33 – Approval of publication of the Annual Report

On the Board meeting on 16 March 2021 the Board of Directors approved publication of the Annual Report 2020. The Annual Report 2020 will be submitted for approval by the shareholders of Columbus A/S on the Annual General Meeting on 27 April 2021.

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

Alternative Performance Measures

Organic Growth and Revenue

Organic Growth and Revenue represents the business excluding the impact of acquisitions and divestments.

The purpose of defining Organic Growth is to show a "like-for-like" comparison with the previous year.

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.

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 in the management review cf. page 10.