

Columbus[®]

Interim Report Q1 2023

16 May 2023

Highlights

7% revenue growth in Q1 2023 including a negative impact from currencies of 5 percentage points (12% constant currency growth in Q1). Efficiency was 67% which contributed significantly to improved earnings. EBITDA result was DKK 39m, which is an improvement compared to last year and compared to previous quarters. Further, Columbus announced the acquisition of ICY Security, setting the foundation for a new business area.

Q1 2023 highlights

- Revenue growth of 7% amounting to DKK 391m. 12% growth in constant currencies
- EBITDA amounts to DKK 39m, and an EBITDA margin of 10% compared to 8% in Q1 2022
- Efficiency of 67% in Q1 2023, a 5 percentage point increase compared to Q1 2022
- Acquisition of ICY Security ApS, to be fully consolidated from 1 April 2023.

Outlook updated

On 11 April 2023, the financial full-year guidance for 2023 was updated as a consequence of the acquisition of ICY Security:

- Revenue guidance adjusted to DKK 1,550m – 1,600m, corresponding to an organic growth of 8-12%.
- EBITDA guidance adjusted to DKK 119m – 139m, equal to a margin of 7.4% - 9.0%

“Our unwavering focus on improving efficiency, improved project quality and cross sales is now reflected in the significantly improved EBITDA margin of 10%. We delivered a solid result in Q1 2023, and we have a positive view of the development with a strong pipeline and order backlog”.

CEO & President Søren Krogh Knudsen

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Webcast 16 May 2023 at 13:00 CET:

Webcast and presentation material: [LINK](#)
 Registration to attend telephone conference: [LINK](#)

Columbus A/S
 Ballerup (Headquarter)
 Lautrupvang 6
 DK-2750 Ballerup

Tel: +45 70 20 50 00

New customer wins boost Q1 efficiency and earnings

Off to a good start of the year delivering organic revenue growth of 7% (12% in constant currencies) and EBITDA improvement of 33%. The positive development is a testament to our persistent focus on optimizing our delivery organization and once again efficiency increased reaching a level of 67% - up 5 percentage points compared to Q1 2022.

The transformation

Columbus has in recent years transformed into an advisory and delivery company focusing on larger enterprise customers. Simplification and changes were needed to be able to deliver sustainable growth in the future, and we are now starting to see the results of the many resources invested in a new organization and an optimized delivery model.

We have been streamlining the operations on many levels to improve efficiency¹ and cash flow. Our business foundation stands stronger delivering improved project quality, improved cash flow and organic growth quarter after quarter, and we are now ready to grow through acquisitions. It is decisive that the acquisition criteria are met in terms of adding customer value, complementing our product portfolio, financially sound and with highly skilled employees – in other words, the right domain expertise at the right time and the right price. That was the case with ICY Security.

Adding cyber security to our services

Our customers have requested advisory in the cyber security area for some time, and we were very pleased to announce the acquisition of ICY Security, a Danish cyber security company, on 11 April 2023. We have added a very important component to our current business, and combined we see many synergies in international cross-selling.

ICY Security is one of the largest consultancies in the Nordics within Identity & Access Management (IAM) with many years of experience within cyber security. 50 highly skilled employees have joined us, and ICY Security adds more than 70 medium-sized and large enterprises to our customer portfolio.

Q1 progress on all fronts

In Q1 2023, we have realized DKK 390.5m in revenue - a growth of 7% (12% in constant currencies). We are off to a good start in 2023 and on track to reach our goal of organic revenue growth of 10% by 2023.

The currency development in especially Sweden and Norway has had a negative impact on the results, but the underlying activity has more than met our expectations with many new customers and a positive impact from the announced price increases.

In Q1 2023, EBITDA ended at DKK 39.2m, corresponding to an EBITDA margin of 10%. This is a milestone we have been chasing, and we see continued opportunities to improve earnings by improving our efficiency and delivery quality. In Q1 2023 efficiency was lifted by further 5 percentage points to 67%, up from 62% in Q1 2022.

Strong order backlog

Our consistent focus on delivering value-added solutions to our customers has resulted in a growing number of new orders and a strong order backlog.

We have changed the sales pattern in the organization and have focused on large tenders across several departments and functions to meet the unique and often complex needs of both new and existing customers.

The newly acquired customers, who are within Manufacturing, Retail & Distribution and the Food & Process industries have a large contract potential, which we are looking forward to unfolding.

Adjusted 2023 expectations maintained

In connection with the acquisition of ICY Security in April 2023, the expectations for 2023 were raised to a:

- Revenue of DKK 1,550m – 1,600m, corresponding to a growth of 12-15% and an organic growth of 8-12% (constant currencies)
- EBITDA of DKK 119m – 139m, corresponding to a margin of 7.4%-9.0%.

Based on the development in Q1 2023, our strong pipeline and order backlog, we have a positive view of the future. We will continue to drive growth, improve efficiency and deliver value to our customers.

The positive development in Columbus is the result of dedication and hard work – it is the result of teamwork, and the Columbus spirit stands strong to the benefit of our customers.



Søren Krogh Knudsen
CEO & President

¹ Definition of efficiency: Consultancy hours invoiced to customers. Measured as a percentage of the total number of available consultancy hours.

Key figures and ratios

DKK '000	Q1 2023	Q1 2022	2022
Income related figures			
Sale of services	376,880	343,040	1,317,042
Sale of products	13,620	20,774	72,392
Net revenue	390,500	363,814	1,389,434
Recurring revenue % of total revenue	12.4%	12.6%	13.8%
EBITDA	39,169	29,546	91,830
EBIT	24,984	15,671	35,135
Net financial items	-7,947	1,803	-3,047
Profit before tax	17,037	17,474	32,088
Profit after tax, continuing operations	15,260	13,417	29,903
Profit after tax, discontinued operations	3,462	-25,431	-41,216
Profit after tax	18,722	-12,014	-11,313
DKK '000			
	Q1 2023	Q1 2022	2022
Balance sheet			
Non-current assets	778,041	832,251	796,222
Current assets	395,977	406,305	387,725
Total assets	1,174,018	1,238,556	1,183,947
Group shareholder equity	720,792	737,996	706,405
Total liabilities	453,226	500,560	477,542
Total equity and liabilities	1,174,018	1,238,556	1,183,947

DKK '000	Q1 2023	Q1 2022	2022
Investments in tangible assets	475	763	8,239
Cash flow			
Cash flow from operating activities	35,720	19,556	27,431
Cash flow from investing activities	1,786	-10,835	-37,987
Cash flow from financing activities	-27,414	-26,706	-13,932
Total net change in cash and cash equivalents	10,092	-17,985	-24,488
Cash flow from continuing operations	10,092	-15,257	-25,227
Cash flow from discontinued operations	0	-2,728	739
Total net change in cash and cash equivalents	10,092	-17,985	-24,488
Key ratios			
EBITDA-margin	10.0%	8.1%	6.6%
EBIT-margin	6.4%	4.3%	2.5%
Equity ratio	61.4%	59.6%	59.7%
Return on equity	2.6%	-1.1%	-1.6%
Return on invested capital (ROIC)	3.8%	2.7%	7.0%
Number of shares	129,276	129,276	129,276
Average number of shares	129,276	129,276	129,276
Book value of equity per share (BVPS) (DKK)	5.58	5.71	5.46
Earnings per share (EPS) from continuing operations (DKK)	0.12	0.10	0.23
Cash flow per share (DKK)	0.28	0.15	0.21
Share price, end of period (DKK)	6.44	9.40	6.29
Average full time employee for the period	1,530	1,507	1,536

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

Solid start to 2023

Revenue development

In Q1 2023 Columbus realized a revenue of DKK 391m, corresponding to an increase of 7% compared to Q1 2022. The increase is driven by sale of services, which increased by 10% compared to the same period last year. Product sales declined by 34% in Q1 2023, which is in line with expectations.

We have seen a positive services development in Q1 2023 within most Business Lines, which gives us a good start to the year.

We continue to see strong growth in our strategic Business Lines Digital Commerce (+28%), Data & Analytics (+26%) and Customer Experience & Engagement (+35%), which are key Business Lines in extending our capabilities within digital advisory.

Also our largest Business Line, Dynamics, delivered a strong Q1 with growth of 8%. M3, our second largest Business Line, has had a more challenging start of 2023, with a slight decrease in service revenue of 2%.

Strategy & Change is still in a “building up phase” and is working on getting a critical mass setup within the Scandinavian markets.

Development in Market Units

All our Market Units delivered significant growth in service revenue in Q1 2023, although currencies negatively impacted the Group more than usual.

The Swedish market, which is our largest market, delivered 5% increase in service revenue in Q1 2023. The progress was

primarily driven by Dynamics and Digital Commerce. The M3 Business Line decreased slightly in Sweden compared to Q1 2022 due to postponement of new contracts. Sweden was affected negatively by DKK 10m due to the Swedish krone weakening compared to DKK. Measured in constant currencies revenue grew by 12%.

Denmark has accelerated their growth in Q1 2023 with 23% growth, primarily driven by Dynamics and Digital Commerce. M3 has decreased.

Service revenue split on Business Lines

DKK '000	Q1 2023	Q1 2022	Δ%
Dynamics	196,380	182,004	7.9%
M3	80,595	82,155	-1.9%
Digital Commerce	58,681	45,930	27.8%
Data & Analytics	19,366	15,319	26.4%
Customer Experience & Engagement	15,602	11,527	35.3%
Strategy & Change	1,819	2,439	-25.4%
Other Local Business	4,437	3,666	21.0%
Total sale of services	376,880	343,040	9.9%
Total sale of products	13,620	20,774	-34.4%
Total net revenue	390,500	363,814	7.3%

Service revenue split on Market Units

DKK '000	Q1 2023	Q1 2022	Δ%
Sweden	145,865	139,097	4.9%
Denmark	80,451	65,565	22.7%
Norway	71,807	70,000	2.6%
UK	45,706	39,989	14.3%
US	22,020	19,961	10.3%
Other	10,059	7,275	38.3%
GDC	972	1,153	-15.7%
Total sale of services	376,880	343,040	9.9%
Total sale of products	13,620	20,774	-34.4%
Total net revenue	390,500	363,814	7.3%

Norway continues to deliver strong progress, although currency impacted negatively by DKK 6m, bringing growth down to 3%. Measured in constant currencies revenue grew by 11%. Dynamics has decreased in Norway, but M3, Digital Commerce, Data Analytics and Strategy & Change all delivered growth.

The UK Market Unit delivered 14% growth in Q1 2023, with Digital Commerce growing significantly. Dynamics, being the largest business line in the UK, grew slightly in Q1 2023 due to general lower activity. Currency impacted the Market Unit negatively by DKK 3m. Measured in constant currencies revenue grew by 21%.

The US Market Unit closed Q1 2023 with 10% growth, although positively impacted by currency by DKK 1m. Measured in constant currencies revenue grew by 5%.

Recurring revenue

In Q1 2023 recurring revenue amounted to DKK 49m, corresponding to a 4% increase compared to Q1 2022. Cloud continued to grow as expected.

Recurring Care contracts followed the same trend as the overall service revenue in Q1 2023, resulting in recurring revenue constituting a stable part of total revenue of around 12-13%.

Efficiency

Efficiency is a key performance indicator for Columbus and remains a strong focus area for management.

The efficiency in Q1 2023 was 67%, compared to 62% in Q1 2022. The increase is the result of a number of initiatives launched during second half of 2022 and is in line with expectations. Initiatives to maintain and continue the healthy efficiency improvement is ongoing.

EBITDA development

In Q1 2023 reported EBITDA amounted to DKK 39m, which is an increase of DKK 10m compared to Q1 2022. The EBITDA margin corresponds to 10.0%, which is considered satisfactory and is an improvement compared to Q1 2022 with an EBITDA margin of 8.1%.

During 2022, we implemented significant organizational and operational initiatives, recruited many new employees to fuel for growth and made significant investments in growing and extending new global Business Lines. These investments are showing their potential in Q1 2023, affecting EBITDA positively.

On the cost side, the main increase is salary cost (3%), which is affected by the increased number of employees (average FTE's), which increased by 1.5% from Q1 2022 (1,507) to Q1 2023 (1,530), as well as salary adjustments made in Q2 2022.

Other external cost increased by 10% in Q1 2023 compared to Q1 2022, which is in line with the budget expectations.

Profit before tax

Compared to Q1 2022, profit before tax remained stable. The result is affected by the increased EBITDA but negatively affected by weakened currencies. The Group is primarily affected by the weakened Swedish and Norwegian krone which are decreased by 4.2% and 9.3% compared to the Danish krone measured year over year.

Discontinued operations

In Q1 2023 no new events related to discontinued operations occurred. The income of DKK 3m relates to gains on former divestments.

Cash

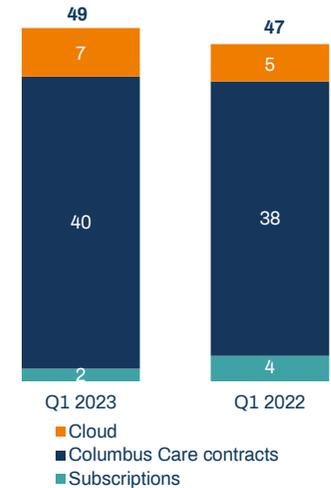
Cash flow from operating activities in Q1 2023 was positive with DKK 36m. The cashflow is significantly improved compared to Q1 2022, due to the better performing business as well as a stabilized net working capital.

The Group liquidity has generally been improved and limited the use of short-term credit.

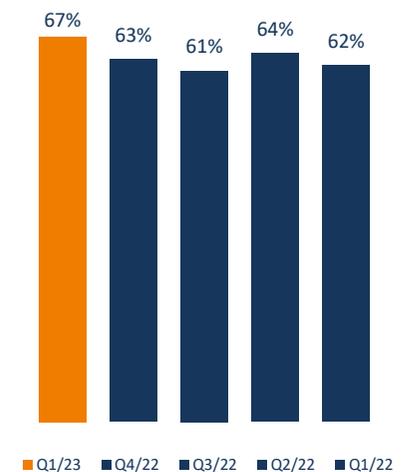
Equity

Columbus' equity increased by net DKK 14m since 31 December 2022, primarily due to the positive result. Change in currency has impacted the equity negatively by DKK 4m.

Development in recurring revenue



Development in efficiency



Outlook for 2023

The financial guidance was updated on 11 April 2023.

Financial guidance updated

During the past two years Columbus has continued to deliver solid organic growth despite increased uncertainty in our business environment.

Investments in new business areas and higher value consulting skills have proven to deliver growth. Equally, streamlining of our operations and processes continues to deliver positive impact.

Columbus has started 2023 with a solid Q1 result, and the business is in accordance with the guidance announced for 2023. In April, we announced the acquisition of ICY Security, as a direct consequence the guidance was adjusted.

Revenue guidance

Our top-line is developing satisfactorily and showing a positive start to the year. Further, Columbus acquired ICY Security as of 11 April and consequently adjusted the full-year revenue guidance, from a range of DKK 1,500m – 1,550m to:

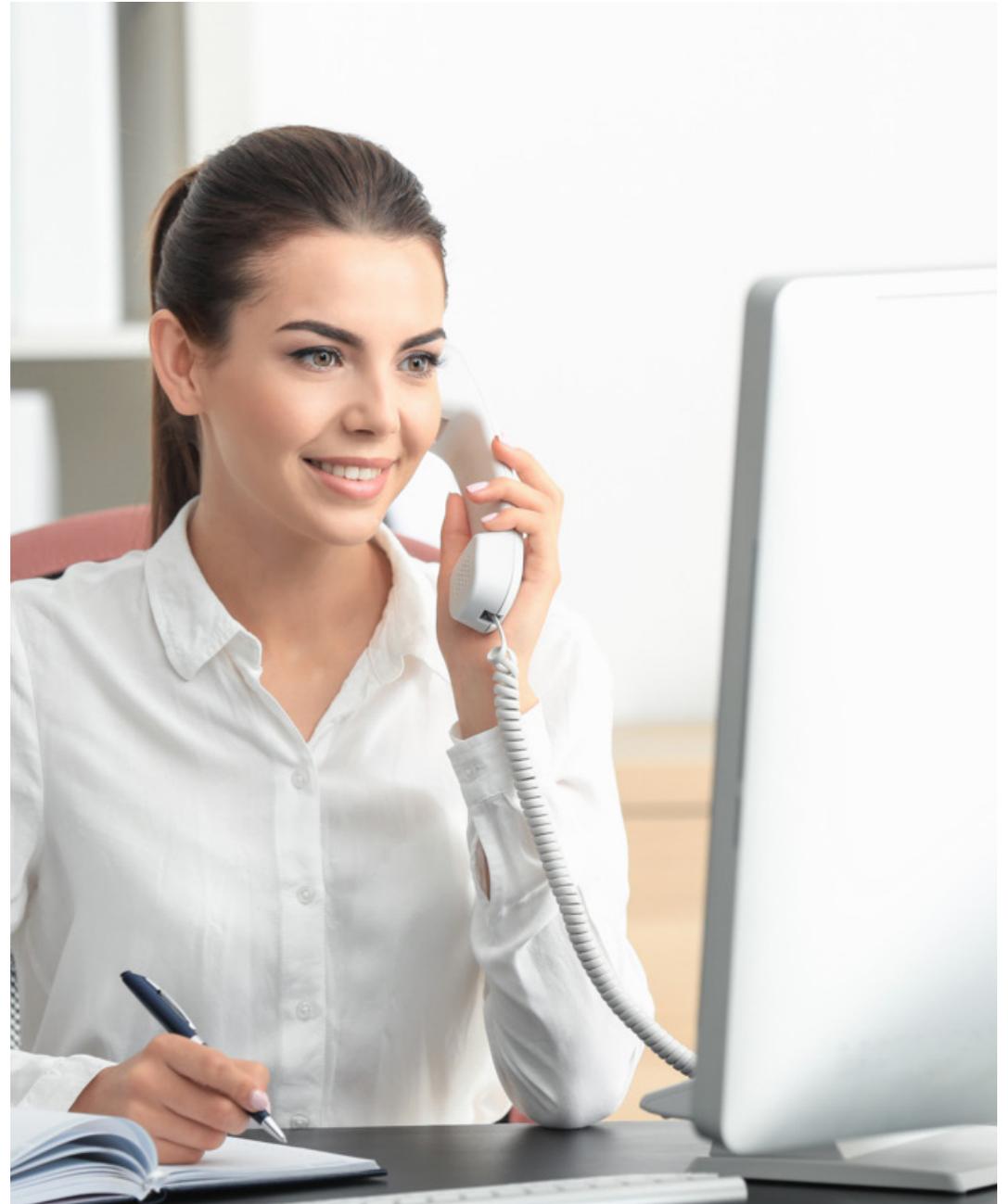
- Revenue adjusted to DKK 1,550m – 1,600m, corresponding to a growth of 12-15% and an organic growth of 8-12%, both in constant currencies.

EBITDA guidance

To reflect the increased expectations to earnings after the acquisition of ICY Security, Columbus adjusted the EBITDA guidance for 2023 on 11 April 2023 from a range of DKK 115m – 135m to:

- EBITDA adjusted to DKK 119m – 139m, corresponding to an EBITDA margin of 7.4% - 9.0%

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



Statement by management

We have today considered and approved the interim financial report for the period 1 January 2023 – 31 March 2023 for Columbus A/S.

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

We consider the accounting policies applied to be appropriate to the effect that the interim financial report gives a true and fair view of the Group's assets, liabilities and financial position at 31 March 2023, and of the results of the Group's operations and cash flows during the first three months of 2023.

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

Ballerup, 16 May 2023

Executive Board



Søren Krogh Knudsen
CEO & President



Brian Iversen
Group CFO

Board of Directors



Ib Kunø
Chairman



Sven Madsen
Deputy Chairman



Peter Skov Hansen



Karina Kirk Ringsted



Per Ove Kogut

Financial statements



Statement of comprehensive income

DKK '000	Note	Q1 2023	Q1 2022	2022
Net revenue	2	390,500	363,814	1,389,434
External project costs		-38,316	-32,825	-135,350
Gross profit		352,184	330,989	1,254,084
Staff expenses and remuneration	3	-278,101	-269,379	-1,036,275
Other external costs		-35,265	-32,064	-144,090
Other operating income		351	0	18,111
EBITDA		39,169	29,546	91,830
Depreciation, amortization and impairment	4	-14,185	-13,875	-56,695
Operating profit (EBIT)		24,984	15,671	35,135
Financial income		321	3,756	2,909
Financial expenses		-8,268	-1,953	-5,956
Profit before tax from continuing operations		17,037	17,474	32,088
Corporate tax		-1,777	-4,057	-2,185
Profit after tax from continuing operations		15,260	13,417	29,903
Profit (loss) after tax from discontinued operations	8	3,462	-25,431	-41,216
Profit (loss) after tax for the period		18,722	-12,014	-11,313

DKK '000	Note	Q1 2023	Q1 2022	2022
Items that may be reclassified subsequently to profit and loss:				
Foreign exchange adjustments of subsidiaries		-4,396	8,712	-8,201
Other comprehensive income		-4,396	8,712	-8,201
Total comprehensive income for the period		14,326	-3,302	-19,514
Profit (loss) after tax allocated to:				
Shareholders in Columbus A/S		18,722	-12,014	-11,313
		18,722	-12,014	-11,313
Total comprehensive income allocated to:				
Shareholders in Columbus A/S		14,326	-3,302	-19,514
		14,326	-3,302	-19,514
Earnings per share of DKK 1.25 (EPS)		0.14	-0.09	-0.09
Earnings per share of DKK 1.25, diluted (EPS-D)		0.14	-0.09	-0.09

Balance sheet

DKK '000	Note	31 Mar 2023	31 Mar 2022	31 Dec 2022
ASSETS				
Goodwill		598,922	632,201	603,299
Customer base		15,031	24,964	17,430
Internal applications		49,151	48,222	51,029
Development projects finalized		1,377	2,722	1,650
Property, plant and equipment		11,155	10,129	12,349
Right-of-use assets		57,835	61,009	65,316
Deferred tax assets		26,727	32,238	28,640
Other receivables		17,843	20,766	16,509
Total non-current assets		778,041	832,251	796,222
Trade receivables	5	259,878	265,750	254,800
Contract assets	6	8,300	17,532	5,822
Corporate tax receivables		2,503	2,852	2,254
Other receivables		10,084	1,336	12,930
Receivables from divestment of activities	8	58,218	56,952	59,264
Prepayments		20,593	18,583	19,868
Receivables		359,576	363,005	354,938
Cash		36,401	43,300	32,787
Total current assets		395,977	406,305	387,725
TOTAL ASSETS		1,174,018	1,238,556	1,183,947

DKK '000	Note	31 Mar 2023	31 Mar 2022	31 Dec 2022
EQUITY AND LIABILITIES				
Share capital		161,595	161,595	161,595
Reserves on foreign currency translation		-72,039	-50,730	-67,643
Retained profit		631,236	627,131	612,453
Equity		720,792	737,996	706,405
Deferred tax		3,143	2,277	2,852
Other provisions		829	1,056	866
Debt to credit institutions		76,000	75,970	76,000
Lease liability right-of-use assets		34,323	34,697	40,796
Non-current liabilities		114,295	114,000	120,514
Debt to credit institutions		32,296	3,846	52,335
Contingent consideration		0	6,539	0
Contract liabilities	6	6,676	16,048	9,960
Trade payables		30,419	49,517	64,926
Corporate tax payables		732	4,415	1,426
Other payables		211,315	232,772	164,557
Other provisions		0	6,722	0
Accruals and deferred income		31,680	37,523	36,898
Lease liability right-of-use assets		25,813	29,178	26,926
Current liabilities		338,931	386,560	357,028
Total liabilities		453,226	500,560	477,542
TOTAL EQUITY AND LIABILITIES		1,174,018	1,238,556	1,183,947

Statement of changes in equity

DKK '000	Shareholders in Columbus A/S			
	Share capital	Reserves on foreign currency translation	Retained profits	Equity
Q1 2023				
Balance at 1 Jan 2023	161,595	-67,643	612,453	706,405
Profit after tax	0	0	18,722	18,722
Currency adjustments of investments in subsidiaries	0	-4,396	0	-4,396
Total comprehensive income	0	-4,396	18,722	14,326
Share-based payment	0	0	61	61
Payment of dividend	0	0	0	0
Balance at 31 Mar 2023	161,595	-72,039	631,236	720,792

DKK '000	Shareholders in Columbus A/S			
	Share capital	Reserves on foreign currency translation	Retained profits	Equity
Q1 2022				
Balance at 1 Jan 2022	161,595	-59,442	638,827	740,980
Profit after tax	0	0	-12,014	-12,014
Currency adjustments of investments in subsidiaries	0	8,712	0	8,712
Total comprehensive income	0	8,712	-12,014	-3,302
Share-based payment	0	0	318	318
Balance at 31 Mar 2022	161,595	-50,730	627,131	737,996

DKK '000	Shareholders in Columbus A/S			
	Share capital	Reserves on foreign currency translation	Retained profits	Equity
2022				
Balance at 1 Jan 2022	161,595	-59,442	638,827	740,980
Profit after tax	0	0	-11,313	-11,313
Currency adjustments of investments in subsidiaries	0	-8,201	0	-8,201
Total comprehensive income	0	-8,201	-11,313	-19,514
Share-based payment	0	0	1,099	1,099
Payment of dividend	0	0	-16,160	-16,160
Balance at 31 Dec 2022	161,595	-67,643	612,453	706,405

Cash flow

DKK '000	Note	Q1 2023	Q1 2022	2022
Operating profit (EBIT)		24,984	15,671	35,135
Depreciation, amortization and impairment	4	14,185	13,875	56,695
Cost of incentive scheme		61	318	1,099
Changes in net working capital		-2,147	-5,502	-61,086
Cash flow from primary activities		37,083	24,362	31,843
Interest received, etc.		334	128	1,361
Interest paid, etc.		-1,181	-2,068	-6,669
Corporate tax paid		-516	-3,823	-169
Cash flow from operating activities discontinued operations	8	0	957	1,065
Cash flow from operating activities		35,720	19,556	27,431
Acquisition of tangible assets		-475	-763	-8,239
Acquisition of intangible assets		-1,339	-4,229	-15,823
Disposal of tangible assets		0	28	258
Acquisition of activities	7	138	356	-5,415
Disposal of activities	9	3,462	-6,227	-8,768
Cash flow from investing activities		1,786	-10,835	-37,987

DKK '000	Note	Q1 2023	Q1 2022	2022
Overdraft facilities		-20,039	-15,198	33,324
Repayment of lease liabilities		-7,375	-7,823	-30,770
Dividends paid		0	0	-16,160
Cash flow from financing activities discontinued operations	8	0	-3,685	-326
Cash flow from financing activities		-27,414	-26,706	-13,932
Cash flow from continuing operations		10,092	-15,257	-25,227
Cash flow from discontinued operations		0	-2,728	739
Total net change in cash and cash equivalents		10,092	-17,985	-24,488
Cash funds at the beginning of the period		32,787	62,943	62,943
Exchange rate adjustments		-6,478	-1,658	-5,668
Cash funds at the end of the period		36,401	43,300	32,787

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Notes

Note 1 – Material accounting principles

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

The accounting policies applied in the interim financial report are unchanged compared to 2022, except for any new, amended or revised accounting standards and interpretations endorsed by the EU, effective for the accounting period beginning on 1 January 2023.

For more information on the accounting policies, we refer to our Annual Report for 2022.

Note 2 – Segment data

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

Strategic Business Lines	Market Units	Global Delivery Centers (GDC)
Dynamics	Sweden	Poland
M3	Denmark	Czech Republic
Digital Commerce	Norway	India
Data & Analytics	UK	
Customer Experience & Engagement	US	
Strategy and Change	Other	
Other Local Business		

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

Along with the Focus23 strategy, the group has transformed its operations into a global operating model, with the Strategic Business Lines becoming the primary driver for decision-making. Previously, Columbus used geography to divide each segment. Markets are now a secondary driver and only used for assessing market strategies and maintaining customer relations.

The Business Lines relate to the type of services and products that are delivered, and comprise of Dynamics, M3, Digital Commerce, Data & Analytics, Customer Experience & Engagement and Strategy & Change. The remaining revenue which does not fall into any of the above mentioned Business Lines, is classified as Other Local Business.

Market Units comprise of significant geographical markets that the Group operates in. Management uses the Market Units to assess market conditions and performance on revenue only.

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

Cost related to functions necessary to support the business is classified as Enabling Functions, and comprise of all cost not directly related to a specific Business Line, including costs related to facility, marketing, finance, people, legal and management. Enabling Functions mostly operate as global teams, servicing across Business Line and geography.

Notes

Note 2 – Segment data (continued)

DKK '000	Services	Products	Total revenue	Direct costs	Contribution	CM %
Q1 2023						
Dynamics	196,380	8,071	204,451	-143,807	60,644	29.7%
M3	80,595	1,989	82,584	-66,156	16,428	19.9%
Digital Commerce	58,681	775	59,456	-43,942	15,514	26.1%
Data & Analytics	19,366	190	19,556	-14,919	4,637	23.7%
Customer Experience & Engagement	15,602	139	15,741	-13,670	2,071	13.2%
Strategy & Change	1,819	0	1,819	-4,624	-2,805	-154.2%
Other Local Business	4,437	2,456	6,893	-3,883	3,010	43.7%
Total	376,880	13,620	390,500	-291,001	99,499	25.5%

Enabling Functions

-60,330

EBITDA**39,169**

DKK '000	Services	Products	Total revenue	Direct costs	Contribution	CM %
Q1 2022						
Dynamics	182,004	11,086	193,090	-143,143	49,947	25.9%
M3	82,155	6,995	89,150	-64,173	24,977	28.0%
Digital Commerce	45,930	707	46,637	-38,295	8,342	17.9%
Data & Analytics	15,319	67	15,386	-14,297	1,089	7.1%
Customer Experience & Engagement	11,527	142	11,669	-9,676	1,993	17.1%
Strategy & Change	2,439	0	2,439	-2,892	-453	-18.6%
Other Local Business	3,666	1,777	5,443	-5,138	305	5.6%
Total	343,040	20,774	363,814	-277,614	86,200	23.7%

Enabling Functions

-56,654

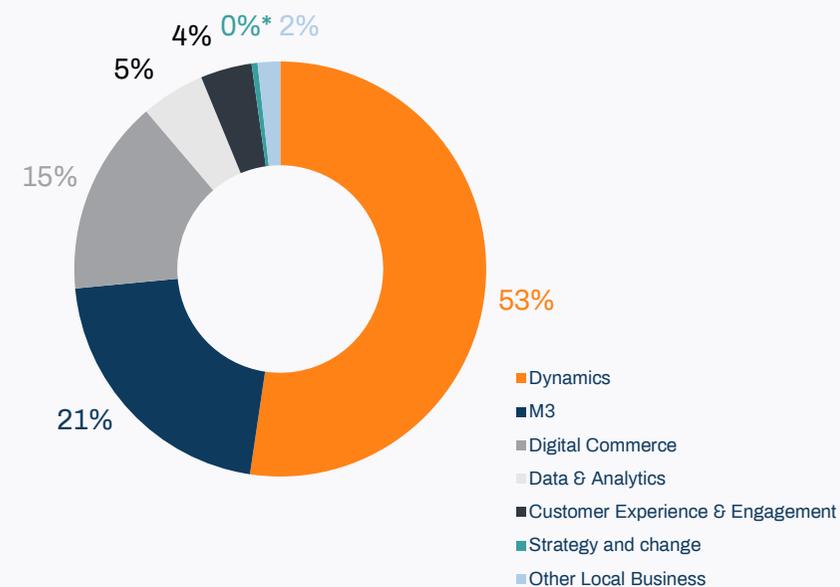
EBITDA**29,546**

Development in Business Lines

All comments which are relating to the growth of the Strategic Business Lines have been described in the revenue development segment.

Reconciliation between EBITDA and Profit before tax is shown in the comprehensive income statement.

Business Lines Revenue Split YTD 2023



*Strategy & Change comprise <1% and hence is presented as 0% above.

Notes

Note 2 – Segment data (continued)

DKK '000	Services	Products	Total revenue	Direct costs	Contribution	CM %
2022						
Dynamics	693,988	49,149	743,137	-546,600	196,537	26.4%
M3	303,231	10,455	313,686	-251,546	62,140	19.8%
Digital Commerce	192,262	1,751	194,013	-158,349	35,664	18.4%
Data & Analytics	59,653	690	60,343	-53,391	6,952	11.5%
Customer Experience & Engagement	45,179	876	46,055	-44,367	1,688	3.7%
Strategy & Change	6,513	0	6,513	-11,905	-5,392	-82.8%
Other Local Business	16,216	9,471	25,687	-17,032	8,655	33.7%
Total	1,317,042	72,392	1,389,434	-1,083,190	306,244	22.0%
Enabling Functions					-214,414	
EBITDA before warrants					91,830	

Accounting policies

Due to the changes within our reporting to the Executive board, two new performance measures has been introduced.

Direct costs

Direct costs comprise all costs directly related to a given Business Line. This includes subcontractor costs, staff costs for consultants, sales personnel as well as management for the given business line, other external costs and other operating income & expenses.

Contribution and contribution margin (CM)

The contribution is comprise revenue for the given business line deducted all direct costs for the given Business Line. Contribution margin is calculated as contribution divided by total revenue.

Average FTE	Q1 2023	Q1 2022	2022
Business Line			
Dynamics	627	641	635
M3	270	260	270
Digital Commerce	219	193	209
Data & Analytics	80	71	76
Customer Experience & Engagement	69	64	62
Strategy & Change	14	10	11
Other Local Business	29	24	39
Business Line average number of FTE	1,308	1,263	1,302
Enabling Functions	222	244	234
Average number of FTE	1,530	1,507	1,536

Notes

Note 2 – Segment data (continued)

DKK '000	Sweden	Denmark	Norway	UK	US	Other	GDC	Eliminations	Total
Q1 2023									
Sale of services	145,865	80,451	71,807	45,706	22,020	10,059	972	0	376,880
Sale of products	5,788	3,036	1,730	2,421	645	0	0	0	13,620
Total revenue from own markets	151,653	83,487	73,537	48,127	22,665	10,059	972	0	390,500
Total revenue from group companies	8,946	12,347	1,537	2,383	758	1,097	25,182	-52,250	0
Total revenue	160,599	95,834	75,074	50,510	23,423	11,156	26,154	-52,250	390,500
Average number of FTE	444	296	183	194	50	37	326	0	1,530
Q1 2022									
Sale of services	139,097	65,565	70,000	39,989	19,961	7,275	1,153	0	343,040
Sale of products	8,008	3,950	2,265	5,680	871	0	0	0	20,774
Total revenue from own markets	147,105	69,515	72,265	45,669	20,832	7,275	1,153	0	363,814
Total revenue from group companies	12,896	20,332	3,502	4,204	546	939	26,548	-68,967	0
Total revenue	160,001	89,847	75,767	49,873	21,378	8,214	27,701	-68,967	363,814
Average number of FTE	409	291	163	186	64	32	362	0	1,507
2022									
Sale of services	525,024	252,862	262,271	159,916	80,284	32,337	4,348	0	1,317,042
Sale of products	25,168	20,412	9,019	12,880	4,913	0	0	0	72,392
Total revenue from own markets	550,192	273,274	271,290	172,796	85,197	32,337	4,348	0	1,389,434
Total revenue from group companies	52,462	72,879	11,599	15,996	2,073	3,032	103,587	-261,628	0
Total revenue	602,654	346,153	282,889	188,792	87,270	35,369	107,935	-261,628	1,389,434
Average number of FTE	426	294	173	188	60	34	361	0	1,536

Notes

Note 3 – Staff expenses and remuneration

DKK '000	Q1 2023	Q1 2022	2022
Staff expenses			
Salary and wages	227,437	218,388	865,700
Other social security costs	32,971	33,384	137,720
Other staff expenses	17,632	17,289	31,756
Share-based payment	61	318	1,099
Total staff expenses	278,101	269,379	1,036,275
Average number of FTEs	1,530	1,507	1,536

Note 4 – Depreciation, amortization and impairment

DKK '000	Q1 2023	Q1 2022	2022
Depreciation	8,820	8,808	35,814
Amortization	5,365	5,067	20,881
Total depreciation, amortization and impairment	14,185	13,875	56,695

Notes

Note 5 – Trade receivables

DKK '000	31 Mar 2023	31 Mar 2022	31 Dec 2022
Receivables (gross) at 1 Jan	261,422	281,133	281,133
Change in receivables during the period	1,096	-10,333	-19,711
Receivables (gross) end of period	262,518	270,800	261,422
Provisions for bad debt at 1 Jan	6,622	11,550	11,550
Change in provisions for bad debt during the period	-4,015	-6,469	-7,074
Loss realized during the period	33	-31	2,146
Provisions for bad debt end of period	2,640	5,050	6,622
Carrying amount end of period	259,878	265,750	254,800

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

DKK '000	31 Mar 2023	31 Mar 2022	31 Dec 2022
Age of receivables (gross):			
Not due	206,709	209,778	174,400
0-30 days	44,416	43,637	72,614
30-60 days	3,675	6,398	9,009
61-90 days	1,618	3,570	3,358
91-180 days	5,311	6,096	1,724
181-270 days	704	415	114
270-360 days	71	263	3
Above 360 days	14	643	200
Total	262,518	270,800	261,422

DKK '000	31 Mar 2023	31 Mar 2022	31 Dec 2022
Age of impairment:			
Not due	65	301	5,091
0-30 days	222	218	363
30-60 days	92	160	226
61-90 days	121	268	252
91-180 days	1,351	2,782	431
181-270 days	704	415	57
271-360 days	71	263	2
Over 360 days	14	643	200
Total	2,640	5,050	6,622

DKK '000	31 Mar 2023	31 Mar 2022	31 Dec 2022
Provision matrix:			
Not due	0%	0%	3%
0-30 days	0%	1%	0%
30-60 days	3%	3%	3%
61-90 days	7%	7%	8%
91-180 days	25%	46%	25%
181-270 days	100%	100%	50%
271-360 days	100%	100%	67%
Over 360 days	100%	100%	100%

The change in provisions for bad debt as per 30 March 2023 is high partly due to improved collection process and settlement of previous disputes with customers. We have no active disputes with customers as per 31 March 2023.

Notes

Note 6 – Contract assets and contract liabilities

DKK '000	31 Mar 2023	31 Mar 2022	31 Dec 2022
Balance at 1 Jan	-4,138	-5,815	-5,815
Changes contract assets during the period	4,003	4,510	136
Changes on account billing and prepayments during the period	1,759	2,789	1,541
Balance at end of period	1,624	1,484	-4,138
Work in progress	17,669	18,039	13,666
On account billing and prepayments	-16,045	-16,555	-17,804
Balance at end of period	1,624	1,484	-4,138
The net value is included in the balance as follows:			
Contract assets	8,300	17,532	5,822
Contract liabilities	-6,676	-16,048	-9,960
Balance at end of period	1,624	1,484	-4,138

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

Notes

Note 7 – Business combination

Acquisition of companies in 2023

The Group has per 11 April 2023 acquired ICY Security ApS. The acquisition was a share purchase.

Name	Primary activity	Date of control gained	Acquired ownership	Acquired voting rights	Total consideration DKK '000
ICY Security ApS	Implementation of Identity and Access management solutions.	1 April	100%	100%	120,643
Total					120,643

With the acquisition of ICY Security, Columbus expands its business to meet customers' increasing demand for secure access to business-critical data.

After recognition of identifiable assets, liabilities and contingent liabilities at fair value, goodwill in relation to the acquisition was assessed to DKK 116.3m.

Estimated tax deductibility of goodwill for ICY Security ApS is DKK 116.3m.

The opening balance presented is a preliminary balance since post-closing work is still ongoing.

Acquisition of companies in 2022

There have been no acquisitions during 2022.

Opening balance

DKK '000	ICY Security ApS	Total 2023	Total 2022
Tangible fixed assets	1,957	1,957	0
Other intangible assets	400	400	0
Total non-current assets	2,357	2,357	0
Trade receivables	9,412	9,412	0
Work in progress	1,128	1,128	0
Prepayments	528	528	0
Other receivables	425	425	0
Cash	3,517	3,517	0
Total current assets	15,009	15,009	0
Trade payables	-1,609	-1,609	0
Debt to credit institutions	-68	-68	0
Corporation tax and deferred tax	-371	-371	0
Deferred income	-1,073	-1,073	0
Accruals	-6,975	-6,975	0
Other debt	-2,976	-2,976	0
Total current debt	-13,072	-13,072	0
Net assets acquired	4,294	4,294	0
Goodwill	116,349	116,349	0
Total consideration	120,643	120,643	0
Net working capital not paid	4,498	4,498	0
Acquired cash funds	-3,449	-3,449	0
Contingent consideration	-81,691	-81,691	0
Cash consideration on acquisition date	40,000	40,000	0

Notes

Note 8 – Discontinued operations

DKK '000	Q1 2023	Q1 2022	2022
Net revenue	0	9,192	9,192
External project costs	0	-464	-464
Gross profit	0	8,728	8,728
Staff expenses and remuneration	0	-7,768	-7,768
Other external costs	0	-700	-700
EBITDA	0	260	260
Depreciation, amortization and impairment	0	-321	-321
Operating profit (EBIT)	0	-61	-61
Financial income	0	25	8,826
Financial expenses	0	-17,152	-3,772
Profit (loss) before tax from discontinued operations	0	-17,188	4,993
Corporate tax	0	-243	-243
Profit (loss) after tax from discontinued operations	0	-17,431	4,750
Total gain (loss) on divestment of discontinued operations	3,462	-8,000	-45,966
Profit (loss) from discontinued operations	3,462	-25,431	-41,216
Earnings per share from discontinued operations of DKK 1.25 (EPS)	0.03	-0.20	-0.32
Earnings per share from discontinued operations of DKK 1.25, diluted (EPS-D)	0.03	-0.20	-0.32

DKK '000	Q1 2023	Q1 2022	2022
Cash flow from operating activities	0	957	1,065
Cash flow from investing activities	0	0	0
Cash flow from financing activities	0	-3,685	-326
Cash flow from discontinued operations	0	-2,728	739
DKK '000	Q1 2023	Q1 2022	2022
Gain (loss) on disposal of subsidiaries	0	-9,534	-9,534
Recirculation of historical currency adjustments	0	0	-34,938
Transaction costs related to disposal	3,462	1,534	-1,494
Total gain (loss) on divestment of discontinued operations	3,462	-8,000	-45,966

Discontinued operations in 2023

There have not been any discontinued operations in 2023. The transaction costs is related to previous disposals.

Notes

Note 9 – Disposal of activities

The transaction costs is related to previous disposals.

DKK '000	31 Mar 2023	31 Mar 2022	31 Dec 2022
Goodwill	0	8,822	8,822
Property, plant and equipment	0	204	204
Right-of-use assets	0	2,102	2,102
Trade receivables	0	1,762	1,762
Contract assets	0	3,731	3,731
Other receivables	0	176	176
Prepayments	0	1,790	1,790
Cash	0	9,274	9,274
Total assets	0	27,861	27,861

DKK '000	31 Mar 2023	31 Mar 2022	31 Dec 2022
Deferred tax	0	358	358
Lease liability right-of-use assets	0	2,254	2,254
Contract liabilities	0	2,355	2,355
Trade payables	0	1,758	1,758
Corporate tax payables	0	5	5
Other payables	0	9,597	9,597
Total liabilities	0	16,327	16,327
Net assets disposed of	0	11,534	11,534
Cash and cash equivalents	0	2,000	2,000
Total consideration	0	2,000	2,000
Gain on disposal of activities	0	-9,534	-9,534
Net Cash inflow arising on disposal:			
Consideration received in cash and cash equivalents	0	2,000	2,000
Less: cash and cash equivalents disposed of	0	-9,274	-9,274
Transaction costs related to disposal	3,462	1,047	-1,494
Net cash inflow arising on disposal	3,462	-6,227	-8,768

Notes

Key figures, ratios and Alternative Performance Measures

Key figures and ratios

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

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

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

Alternative Performance Measures

Recurring Revenue

Recurring Revenue includes Software maintenance, Cloud revenue and Columbus Care agreements.

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

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

Efficiency

Efficiency is calculated as all invoiced customer hours divided by available customer hours. Available customer hours are calculated as normal work schedule hours for all productive employees, less hours for holiday and parental leave.

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know how...

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