

Interim Report Q2 2022

24 August 2022

Highlights

Improvement of efficiency to 64% and 4% revenue growth in Q2 with progress in most business areas. EBITDA impacted by investments in organization and process improvements, salary increases and post-Covid normalization costs.

Q2 highlights

- Revenue growth of 4% amounting to DKK 390m
- EBITDA decline of 30% amounting to DKK 16m
- Improvement of efficiency to 64% up from 59% in Q4 2021
- Hiring of new CFO Brian Iversen
- Hiring of key leadership positions in Market Units and Business Lines
- Launch of new leadership principles
- Pricing and cost initiatives

H1 highlights

- Revenue growth of 6% amounting to DKK 783m
- EBITDA decline of 25% amounting to DKK 46m
- Divestment of Columbus Russia with a negative effect of DKK 25m
- Focus on improving efficiency
- Stable number of employees
- Strengthening our one Columbus culture

Maintained outlook

- Revenue is expected to be in the range of DKK 1,525m to DKK 1,625m, a growth of 8% to 15%.
- EBITDA is expected to be in the range of DKK 120m to DKK 145m, a growth of 34% to 62%.

“Our efforts to improve efficiency starts materializing. In Q2 2022 efficiency was 64% and continues to be one of our key performance indicators to improve.”, says CEO & President Søren Krogh Knudsen.

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Webcast 24 August 2022 at 13:00 CET:

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

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Improved efficiency and revenue growth in a volatile business environment

Focus on strengthening the organization and leadership team while driving increased efficiency across the business have been the main highlights of Q2 2022. Columbus maintains financial expectations for 2022.

The Business environment has changed with the Russian invasion of Ukraine, increased inflation, and uncertain supply chains in the aftermath of Covid. As an international company, Columbus is exposed to these uncertainties and is acting with precaution in all our markets as when we promptly had to close our activities in Russia following the invasion of Ukraine in Q1 2022.

Satisfactory activity level

Despite the uncertainties, we have experienced good progress across the business in H1 2022. Revenue in the first half of 2022 grew organically by 6% to DKK 783m compared to DKK 740m in 2021.

The EBITDA result for the same period ended at DKK 46m, a decline of 25% due to investments in organization and process improvements, salary increases and post-Covid normalization of travel costs and social activities. Cost and pricing initiatives have been initiated to improve margins with effect in second half of 2022.

Our efforts to improve efficiency starts materializing. In Q2 2022 efficiency was 64% up from 62% in Q1 2022 and 59% in Q4 2021 and continues to be one of our key performance indicators to improve.

The average number of FTE's has been stable in the first half year of 2022, after a large onboarding process in second half of 2021. As of 30 June 2022, we had 1,529 employees. We are still hiring continuously, and we are ready to initiate a larger intake of people if needed.

Creating business value

Last year, we implemented the largest organizational change in the company's history, introducing a more customer centric organization. The new approach allows us to pull together the global strengths of our Business Lines and create full customer focus in our local Market Units. In 2022, we have seen a clear positive effect of these changes. In second half of 2022, we will streamline our operating model further and initiate additional cost measures under our new Group CFO.

Ortofon A/S is a good example of this. The company is a market leader in magnetic cartridges and micro-mechanics for the medico industry, headquartered in Denmark with subsidiaries in USA and Japan. After completing a successful standard migration assessment early 2022, we initiated the upgrade of Ortofon's ERP-system. The project also includes a larger Data & Analytics project to ensure that

Ortofon can gain insights and use their data in an optimal way. In parallel, a new digital commerce setup is expected to be implemented in Ortofon's subsidiary in the US. The go live for the entire project is 31 March 2023.

Strengthening of the leadership

In Q2 2022 we have defined and implemented new leadership principles complementing our company values with the aim to inspire and improve leadership globally.

On 4 June, we announced the hiring of our new **CFO Brian Iversen**, who has an impressive background from several listed companies and within optimizing and transforming global finance organizations. His focus will be to further streamline business processes and financial operations.

To further strengthen our leadership team, we have announced two key positions. To lead the growth of our Danish Market Unit, we have hired **Claes Reinholdt Kongsdam** who has extensive experience in strategic sales and consultancy. To lead the growth of our global Business Line Strategy & Change, we have hired **Michaël Navon** who has a deep knowledge and competencies within

management consulting, change management and digital transformation.

This strengthening of the leadership will accelerate our strategic journey to become trusted digital advisor in our key markets.

On the right track

We have come far, but we still have a great deal of work ahead of us in terms of executing on our strategy.

Some of the key focus areas will be to extend digital advisory capabilities in more areas of the business, introduce customer development programs towards larger customers, and refine our go-to-market approach within our business-critical solutions.

With improved efficiency, current order books and pipeline forecast, we remain confident to maintain financial expectations for the year.

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


Søren Krogh Knudsen
CEO & President

Key figures and ratios

DKK '000	Q2 2022	Q2 2021	YTD 2022	YTD 2021	2021
Income related figures					
Sale of services	334,394	320,492	677,435	642,108	1,210,291
Sale of products	55,309	53,247	105,117	98,263	204,108
Net revenue	389,703	373,739	782,552	740,371	1,414,399
Recurring revenue % of total revenue	20.7%	20.2%	19.2%	18.5%	21.4%
EBITDA before share-based payment	16,811	23,820	46,676	62,276	92,464
EBITDA	16,493	23,518	46,040	61,672	89,307
EBIT	2,153	11,918	17,825	38,213	40,444
Net financial items	110	-4,906	1,913	772	-3,410
Profit before tax	2,263	7,012	19,738	38,985	37,034
Profit after tax, continuing operations	900	3,094	14,319	32,681	43,547
Profit after tax, discontinued operations	411	6,240	-25,020	742,333	715,001
Profit after tax	1,311	9,334	-10,701	775,014	758,548

DKK '000	30 Jun 2022	30 Jun 2021	2021
Balance sheet*			
Non-current assets	807,416	975,021	833,808
Current assets	416,700	518,273	434,789
Total assets	1,224,116	1,493,294	1,268,597
Group shareholder equity	702,935	773,522	740,980
Total liabilities	521,181	719,772	527,617
Total equity and liabilities	1,224,116	1,493,294	1,268,597

*All 2021 balance sheet items include US SMB business which were sold off in November 2021, as well as the Russian Business which were sold off in March 2022.

DKK '000	Q2 2022	Q2 2021	YTD 2022	YTD 2021	2021
Investments in tangible assets	3,524	1,603	4,287	3,637	7,434
Cash flow					
Cash flow from operating activities	-2,602	77,286	21,019	77,765	-13,863
Cash flow from investing activities	-12,300	-76,065	-23,136	730,677	754,434
Cash flow from financing activities	18,782	-727,176	-8,419	-753,663	-847,512
Total net change in cash and cash equivalents	3,880	-725,955	-10,535	54,778	-106,941
Cash flow from continuing operations	7,345	-732,027	-4,342	64,501	-81,517
Cash flow from discontinued operations	-3,465	6,072	-6,193	-9,723	-25,424
Total net change in cash and cash equivalents	3,880	-725,955	-10,535	54,778	-106,941
Key ratios					
EBITDA-margin	4.2%	6.3%	5.9%	8.3%	6.3%
EBIT-margin	0.6%	3.2%	2.3%	5.2%	2.9%
Equity ratio	57.4%	51.8%	57.4%	51.8%	58.4%
Return on equity	0.2%	1.3%	-1.4%	102.4%	104.5%
Return on invested capital (ROIC)	1.0%	1.7%	3.0%	5.5%	10.1%
Number of shares	129,276	129,276	129,276	129,276	129,276
Average number of shares	129,276	127,083	129,276	127,083	128,192
Book value of equity per share (BVPS) (DKK)	5.44	5.98	5.44	5.98	5.73
Earnings per share (EPS) from continuing operations (DKK)	0.01	0.02	0.01	0.02	0.33
Cash flow per share (DKK)	-0.02	0.61	0.16	0.61	-0.11
Share price, end of period (DKK)	7.89	10.64	7.89	10.64	9.54
Average full time employee for the period	1,526	1,405	1,517	1,421	1,455

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

Revenue growth of 4% in Q2 2022

Revenue development

In Q2 2022 Columbus realised a revenue of DKK 390m, corresponding to an increase of 4% compared to Q2 2021. The increase is driven by both service and product sale with services being the major contributor with a share of the total revenue of 86%. Q2 2022 is affected by Easter holiday when comparing year over year.

The first half year of 2022 closed with a revenue of DKK 783m, corresponding to an increase of 6%. Product sales, which covers third-party software, increased by 7% in the period, while services grew by 6%.

We have seen a positive services development in Q2 2022 within all Business Lines, except for Cloud ERP which continues to be a focus area to improve.

We are especially satisfied with our strong growth in Digital Commerce (+13%), Data & Analytics (+29%) and Customer Experience & Engagement (+75%), which are key Business Lines in extending our capabilities within digital advisory.

The product sales kept increasing despite more customers moving towards cloud solutions.

Development in Market Units

The majority of our main Market Units delivered good growth in Q2 2022, in the range of 6% to 9%.

The decrease in Denmark of 6% in Q2 2022 was mainly due to the loss of two significant Columbus Care Contracts. However, the development covers great new customer wins, welcoming **Georg Jensen** and **TIVOLI** as new Columbus Care customers and **Bunker Holding** with a new data platform.

The US Market Unit has struggled with slowdowns on existing projects, which resulted in a decrease in service revenue of 11% compared to Q2 2021.

Norway continues to be our strongest market, growing 6% in Q2 2022, thus delivering 10% growth in H1. In Q2 2022 the Norwegian Market Unit initiated a large UX/Digital Commerce project with **Elkjøp**. At **Bremnes Seashore** we have started implementing a Microsoft Dynamics 365 and Customer Experience project, and at **Norges Handelshøyskole** we have engaged in a new CRM project.

The Swedish market which is our largest market delivered 9% increase in service revenue in Q2 2022. In H1 2022 revenue growth was 7%. Our Swedish Market Unit has a particularly strong footprint within the Infor M3 market and in Q2 we engaged in a range of new M3 projects.

Service revenue split on Business Lines

DKK '000	Q2 2022	Q2 2021	Δ%	YTD 2022	YTD 2021	Δ%
Cloud ERP	171,155	174,885	-2.1%	350,666	363,793	-3.6%
Columbus Care	70,685	68,518	3.2%	142,493	131,211	8.6%
Digital Commerce	47,257	42,020	12.5%	93,187	81,451	14.4%
Data & Analytics	15,283	11,876	28.7%	30,602	16,982	80.2%
Customer Experience & Engagement	12,538	7,167	74.9%	24,065	16,560	45.3%
Other Local Business	17,476	16,026	9.0%	36,422	32,111	13.4%
Total sale of services	334,394	320,492	4.3%	677,435	642,108	5.5%
Total sale of products	55,309	53,247	3.9%	105,117	98,263	7.0%
Total net revenue	389,703	373,739	4.3%	782,552	740,371	5.7%

Service revenue split on Market Units

DKK '000	Q2 2022	Q2 2021	Δ%	YTD 2022	YTD 2021	Δ%
Sweden	141,746	130,374	8.7%	280,845	261,416	7.4%
Denmark	60,926	64,635	-5.7%	126,490	128,191	-1.3%
Norway	67,262	63,535	5.9%	137,262	125,387	9.5%
UK	38,079	35,053	8.6%	78,068	73,149	6.7%
US	18,302	20,569	-11.0%	38,263	39,107	-2.2%
Other	7,282	6,113	19.1%	14,557	13,524	7.6%
GDC	797	213	274.2%	1,950	1,334	46.2%
Total sale of services	334,394	320,492	4.3%	677,435	642,108	5.5%
Total sale of products	55,309	53,247	3.9%	105,117	98,263	7.0%
Total net revenue	389,703	373,739	4.3%	782,552	740,371	5.7%

Examples are **SKF** and **Epiroc** where we signed new M3 ERP agreements and **Toyota Material Handling** with a new Columbus Care M3 contract. Within Microsoft Dynamics 365 we also engaged in a range of new projects with **Peab Lambertsson** as a good example.

The UK Market Unit delivered 9% growth in Q2 2022 as well, due to a number of new customer projects such as **Watson Marlow** where we signed a global Columbus Care contract and kicked off a Dynamics 365 implementation. **Welllocks** and **Belazu**, part of William Jackson Food Group, engaging in a rollout of Microsoft Dynamics 365 and **Co-op** with a Digital Commerce solution for their funeral care business.

Increase in recurring revenue

In Q2 2022 recurring revenue amounted to DKK 80m, corresponding to a DKK 5m increase compared to Q2 2021. Cloud continues to grow and is expected to take over for the majority of the current subscriptions in the future.

Care contracts remain on a relatively stable level in both the quarter and YTD. In Q2 2022, recurring revenue constituted 21% of total revenue compared to 20% in Q2 2021.

Improved efficiency

Efficiency is a key performance indicator for Columbus and remains a strong focus for the management to continue improving.

Despite a heated job market, we have maintained a stable number of employees and improved efficiency significantly.

For Q2 2022 efficiency came in at 64% which is considered good progress compared to 62% Q1 2022 and 59% in Q4 2021.

During H1, we had a special focus on improving efficiency in our Global Delivery Center in India, including implementing performance management and a better integration into our new operation model. The efforts are materializing, and the effect will continue during H2 2022.

EBITDA development

In Q2 2022 reported EBITDA amounts to DKK 16m, which is a decrease of 30% leading to an EBITDA margin of 4.2%. For the first six months of 2022 EBITDA amounted to DKK 46m, corresponding to a decrease of 25%.

Columbus' hourly sales prices have been at the same level as H1 2021. Combined with an increased cost level, this has decreased the EBITDA margin. We are currently working with pricing initiatives to improve the margin back to a satisfactory level.

On the cost side, the main increase is salary cost, which is affected by the increased numbers of employees (average FTE's) which increased by 9% from Q2 2021 (1.405) to Q2 2022 (1.526).

Additionally, we have seen an increase in external costs back to a pre-Covid level across all Market Units. This is primarily seen in travel cost and expenses for social employee activities, which both have been minimal during the lockdowns, which all of our markets have experienced during the last two years.

Despite the revenue growth in our UK Market Unit EBITDA declined from DKK 2,765m to DKK -4,280m. The decline is primarily caused by a changed revenue mix with lower margins and a high intake of new people to enable growth potential, who are not yet fully productive.

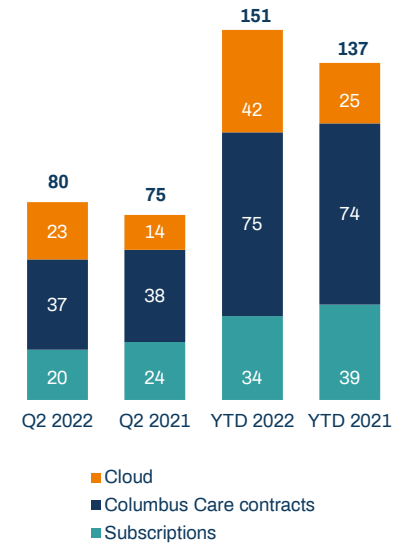
In Q2, we executed a minor capacity adjustment of the organization which will start materializing in Q4 with full effect in 2023.

Other operating income is positively affected with DKK 17m by a positive outcome of a dispute with two former minority shareholders in iStone who had violated the terms in the share purchase agreement. As a result of the dispute Columbus is no longer obliged to pay the remaining remuneration/contingent consideration and has also received financial compensation.

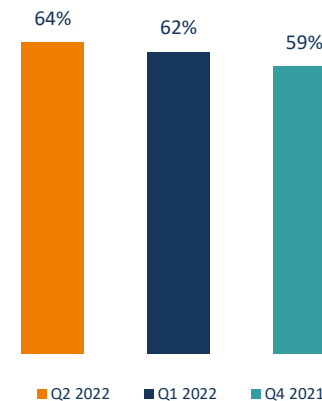
Profit before tax

Compared to Q2 2021, profit before tax declined by DKK 5m to DKK 2m. The decline is mainly driven by the decline in EBITDA. For H1 2022 profit before tax amounted to DKK 20m, corresponding to a decrease of 49%.

Development in recurring revenue



Development in efficiency



Discontinued operations

In Q2 2022 no new events related to discontinued operations have occurred. The only change in discontinued operations is aftermath of the former executed divestments.

The YTD figures relate to the divestment of our former Russian business, which was divested as a consequence of the Russian invasion of Ukraine. The Russian business was sold to the local management in the Russian Market Unit. The impact of the divestment to comprehensive income amounted to DKK -25m.

Cash

Cash flow from operating activities in Q2 2022 was negative with DKK 3m due to a low operating profit combined with a negative change in net working capital. The net working capital is mainly affected by a reduction in other payables as well as decreased prepayments from customers.

Further, in Q2 2022 the Group utilized an additional line of credit of DKK 50m to secure liquidity during the summer period, which historically has a more negative cash flow than the rest of the year. The additional line of credit will expire at the end of August.

Equity

Columbus' equity decreased by net DKK 37m since 31 December 2021, primarily due to the divestment of Russia, significant currency adjustment of the goodwill posted in foreign currencies as well as payment of DKK 16m in dividend in Q2 2022.



Outlook for 2022

Financial guidance

Columbus experiences a continued increase in demand for our services and digital solutions. Q2 2022 showed further progress towards the target for 2022.

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

Based on the financial performance in Q2 2022, current order book and pipeline, our full year guidance for 2022 will remain unchanged as follows.

DKKm	Revenue	EBITDA
2022 Outlook	1,525 - 1,625	120 - 145
Implied growth to 2021	8% - 15%	34% - 62%
Implied EBITDA margin		7.4% - 9.5%



Statement by management

We have today considered and approved the interim financial report for the period 1 January 2022 – 30 June 2022 for Columbus A/S.

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

We consider the accounting policies applied to be appropriate to the effect that the interim financial report gives a true and fair view of the Group's assets, liabilities and financial position at 30 June 2022, and of the results of the Group's operations and cash flows during the first half of 2022.

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, 24 August 2022

Executive Board



Søren Krogh Knudsen
CEO & President

Hans Henrik Thrane
Corporate CFO

Board of Directors



Ib Kunøe
Chairman



Sven Madsen
Deputy Chairman



Peter Skov Hansen



Karina Kirk Ringsted



Per Ove Kogut

Financial statements



Statement of comprehensive income

DKK '000	Note	Q2 2022	Q2 2021	YTD 2022	YTD 2021	2021
Net revenue	2	389,703	373,739	782,552	740,371	1,414,399
External project costs		-82,729	-66,440	-144,589	-120,997	-249,843
Gross profit		306,974	307,299	637,963	619,374	1,164,556
Staff expenses and remuneration	3	-272,092	-254,874	-541,153	-501,816	-946,699
Other external costs		-35,012	-28,681	-67,076	-55,598	-124,343
Other operating income		16,941	79	16,942	321	1,642
Other operating costs		0	-3	0	-5	-2,692
EBITDA before share-based payment		16,811	23,820	46,676	62,276	92,464
Share-based payment		-318	-302	-636	-604	-3,157
EBITDA		16,493	23,518	46,040	61,672	89,307
Depreciation, amortization and impairment	4	-14,340	-11,600	-28,215	-23,459	-48,863
Operating profit (EBIT)		2,153	11,918	17,825	38,213	40,444
Financial income		1,156	237	5,142	7,602	1,995
Financial expenses		-1,046	-5,143	-3,229	-6,830	-5,405
Profit before tax from continuing operations		2,263	7,012	19,738	38,985	37,034
Corporate tax		-1,363	-3,918	-5,419	-6,304	6,513
Profit after tax from continuing operations		900	3,094	14,319	32,681	43,547
Profit (loss) after tax from discontinued operations	7	411	6,240	-25,020	742,333	715,001
Profit (loss) after tax for the period		1,311	9,334	-10,701	775,014	758,548

DKK '000	Note	Q2 2022	Q2 2021	YTD 2022	YTD 2021	2021
Items that may be reclassified subsequently to profit and loss:						
Foreign exchange adjustments of subsidiaries		-20,532	3,990	-11,820	5,453	-13,174
Other comprehensive income		-20,532	3,990	-11,820	5,453	-13,174
Total comprehensive income for the period		-19,221	13,324	-22,521	780,467	745,374
Profit (loss) after tax allocated to:						
Shareholders in Columbus A/S		1,311	9,334	-10,701	775,621	759,155
Minority interests		0	0	0	-607	-607
		1,311	9,334	-10,701	775,014	758,548
Total comprehensive income allocated to:						
Shareholders in Columbus A/S		-19,221	13,324	-22,521	781,075	745,982
Minority interests		0	0	0	-608	-608
		-19,221	13,324	-22,521	780,467	745,374
Earnings per share of DKK 1.25 (EPS)		0.01	0.07	-0.08	6.10	5.91
Earnings per share of DKK 1.25, diluted (EPS-D)		0.01	0.07	-0.08	6.07	5.89

Balance sheet

DKK '000	Note	30 Jun 2022	30 Jun 2021	31 Dec 2021
ASSETS				
Goodwill		616,680	766,367	644,451
Customer base		21,883	35,164	27,174
Internal applications		50,693	24,964	46,512
Development projects finalized		2,349	3,741	3,070
Property, plant and equipment		12,062	9,445	10,866
Right-of-use assets		60,924	74,629	61,422
Deferred tax assets		27,656	41,572	22,916
Other receivables		15,169	19,139	17,397
Total non-current assets		807,416	975,021	833,808
Trade receivables	5	242,447	239,622	269,583
Contract assets	6	8,919	7,566	11,433
Corporate tax receivables		13,058	3,561	12,041
Other receivables		18,893	3,295	3,791
Receivables from divestment of activities	8	60,877	0	55,631
Prepayments		24,888	37,897	19,367
Receivables		369,082	291,941	371,846
Cash		47,618	226,332	62,943
Total current assets		416,700	518,273	434,789
TOTAL ASSETS		1,224,116	1,493,294	1,268,597

DKK '000	Note	30 Jun 2022	30 Jun 2021	31 Dec 2021
EQUITY AND LIABILITIES				
Share capital		161,595	161,596	161,595
Reserves on foreign currency translation		-71,262	-40,815	-59,442
Retained profit		612,602	652,741	638,827
Equity		702,935	773,522	740,980
Deferred tax		5,671	20,975	5,542
Other provisions		1,056	1,026	1,056
Debt to credit institutions		76,000	176,000	75,970
Lease liability right-of-use assets		35,787	46,789	36,454
Non-current liabilities		118,514	244,790	119,022
Debt to credit institutions		50,000	0	19,044
Contingent consideration		0	6,539	6,539
Contract liabilities	6	7,973	12,260	17,248
Trade payables		59,434	54,264	79,168
Corporate tax payables		3,088	5,665	1,171
Other payables		217,120	326,039	217,406
Other provisions		6,722	7,000	6,722
Accruals and deferred income		30,410	31,781	32,938
Lease liability right-of-use assets		27,920	31,434	28,359
Current liabilities		402,667	474,982	408,595
Total liabilities		521,181	719,772	527,617
TOTAL EQUITY AND LIABILITIES		1,224,116	1,493,294	1,268,597

Statement of changes in equity

DKK '000	Shareholders in Columbus A/S			
	Share capital	Reserves on foreign currency translation	Retained profits	Equity
YTD 2022				
Balance at 1 Jan 2022	161,595	-59,442	638,827	740,980
Profit after tax	0	0	-10,701	-10,701
Currency adjustments of investments in subsidiaries	0	-11,820	0	-11,820
Total comprehensive income	0	-11,820	-10,701	-22,521
Share-based payment	0	0	636	636
Payment of dividend	0	0	-16,160	-16,160
Balance at 30 Jun 2022	161,595	-71,262	612,602	702,935

DKK '000	Shareholders in Columbus A/S				
	Share capital	Reserves on foreign currency translation	Retained profits	Minority interests	Equity
YTD 2021					
Balance at 1 Jan 2021	155,778	-46,269	602,912	3,184	715,605
Profit after tax	0	0	775,621	-607	775,014
Currency adjustments of investments in subsidiaries	0	5,454	0	-1	5,453
Total comprehensive income	0	5,454	775,621	-608	780,467
Capital increase	5,818	0	50,752	0	56,570
Share-based payment	0	0	-886	0	-886
Disposal of minority interest	0	0	0	-2,576	-2,576
Payment of dividend	0	0	-775,658	0	-775,658
Balance at 30 Jun 2021	161,596	-40,815	652,741	0	773,522

DKK '000	Shareholders in Columbus A/S				
	Share capital	Reserves on foreign currency translation	Retained profits	Minority interests	Equity
2021					
Balance at 1 Jan 2021	155,778	-46,269	602,912	3,184	715,605
Profit after tax	0	0	759,155	-607	758,548
Currency adjustments of investments in subsidiaries	0	-13,173	0	-1	-13,174
Total comprehensive income	0	-13,173	759,155	-608	745,374
Capital increase	5,817	0	50,752	0	56,569
Share-based payment	0	0	1,666	0	1,666
Disposal of minority interest	0	0	0	-2,576	-2,576
Payment of dividend	0	0	-775,658	0	-775,658
Balance at 31 Dec 2021	161,595	-59,442	638,827	0	740,980

Cash flow

DKK '000	Note	Q2 2022	Q2 2021	YTD 2022	YTD 2021	2021
Operating profit (EBIT)		2,153	11,918	17,825	38,213	40,444
Depreciation, amortization and impairment	4	14,340	11,600	28,215	23,459	48,863
Cost of incentive scheme		318	302	636	604	1,666
Changes in net working capital		-11,587	49,301	-17,261	13,845	-87,221
Cash flow from primary activities		5,224	73,121	29,415	76,121	3,752
Interest received, etc.		1,271	0	5,142	7,749	3,204
Interest paid, etc.		-713	-4,293	-2,287	-8,873	-7,271
Corporate tax paid		-4,919	2,386	-8,742	-13,197	-8,957
Cash flow from operating activities discontinued operations	7	-3,465	6,072	-2,508	15,965	-4,591
Cash flow from operating activities		-2,602	77,286	21,019	77,765	-13,863
Net investment in development projects		0	0	0	-2	-2
Acquisition of tangible assets		-3,524	-1,603	-4,287	-3,637	-7,434
Acquisition of intangible assets		-5,209	-2,059	-9,438	-8,169	-33,234
Disposal of tangible assets		8	15	35	3	87
Acquisition of activities		-3,948	-72,286	-3,592	-72,609	-74,152
Disposal of activities	8	373	-132	-5,854	822,570	876,648
Cash flow from investing activities discontinued operations	7	0	0	0	-7,479	-7,479
Cash flow from investing activities		-12,300	-76,065	-23,136	730,677	754,434

DKK '000	Note	Q2 2022	Q2 2021	YTD 2022	YTD 2021	2021
Proceeds from capital increase/warrants exercised		0	56,570	0	56,570	56,570
Repayment of loan		0	0	0	0	-100,030
Overdraft facilities		43,282	0	28,083	0	19,044
Repayment of lease liabilities		-8,340	-8,088	-16,657	-16,367	-34,084
Dividends paid		-16,160	-775,658	-16,160	-775,658	-775,658
Cash flow from financing activities discontinued operations	7	0	0	-3,685	-18,209	-13,354
Cash flow from financing activities		18,782	-727,176	-8,419	-753,663	-847,512
Cash flow from continuing operations		7,345	-732,027	-4,342	64,501	-81,517
Cash flow from discontinued operations		-3,465	6,072	-6,193	-9,723	-25,424
Total net change in cash and cash equivalents		3,880	-725,955	-10,535	54,778	-106,941
Cash funds at the beginning of the period		43,300	951,699	62,943	164,211	164,211
Exchange rate adjustments		438	588	-4,790	7,343	5,673
Cash funds at the end of the period		47,618	226,332	47,618	226,332	62,943

Notes

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Notes

Note 1 – Significant accounting principles

The consolidated interim financial report is prepared in accordance with IAS 34, Presentation of Interim Financial Reporting, as approved by the EU, 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 2021, except for any new, amended or revised accounting standards and interpretations endorsed by the EU, effective for the accounting period beginning on 1 January 2022.

For more information on the accounting policies, we refer to our Annual Report for 2021.

Notes

Note 2 – Segment data

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

Strategic Business Lines	Market Units	Global Delivery Centers (GDC)
Cloud ERP	Sweden	Poland
Columbus Care	Denmark	Czech Republic
Digital Commerce	Norway	India
Data & Analytics	UK	
Customer Experience & Engagement	US	
Other Local Business	Other	

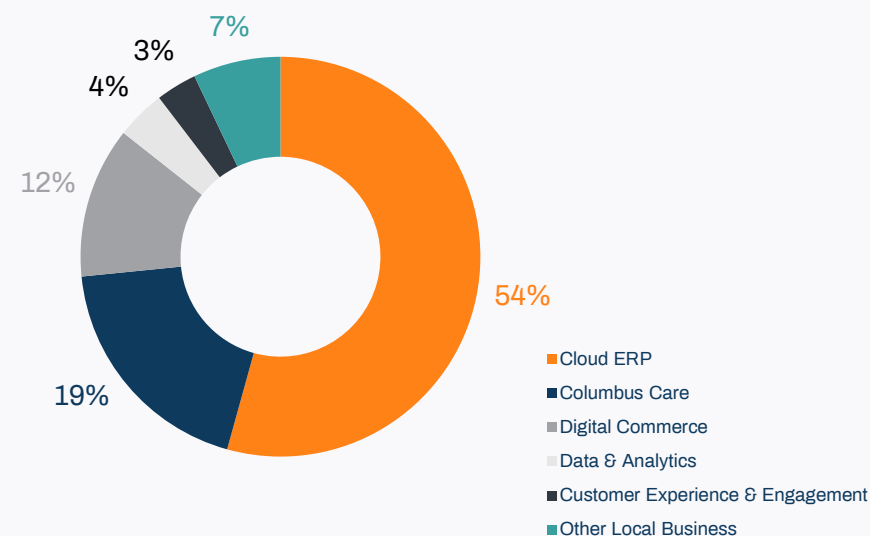
Management monitors the business primarily based on the Business Lines and the geographical segments. Information about the Group's Business Lines is stated below.

DKK '000	Q2 2022	Q2 2021	YTD 2022	YTD 2021	2021
Sale of services					
Cloud ERP	171,155	174,885	350,666	363,793	655,813
Columbus Care	70,685	68,518	142,493	131,211	260,812
Digital Commerce	47,257	42,020	93,187	81,451	157,184
Data & Analytics	15,283	11,876	30,602	16,982	37,676
Customer Experience & Engagement	12,538	7,167	24,065	16,560	30,008
Other Local Business	17,476	16,026	36,422	32,111	68,798
Total sale of services	334,394	320,492	677,435	642,108	1,210,291
Sale of products					
Cloud ERP	39,727	37,393	74,259	70,475	149,913
Columbus Care	3,360	4,954	7,090	7,454	11,082
Digital Commerce	1,471	3,543	2,395	7,179	11,883
Data & Analytics	0	374	820	655	1,911
Customer Experience & Engagement	1,286	525	1,773	994	2,109
Other Local Business	9,465	6,458	18,780	11,506	27,210
Total sale of products	55,309	53,247	105,117	98,263	204,108
Total net revenue	389,703	373,739	782,552	740,371	1,414,399

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

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

Business Lines Revenue Split YTD 2022



DKK '000	Sweden	Denmark	Norway	UK	US	Other	GDC	Eliminations	Total
Q2 2022									
Sale of services	141,746	60,926	67,262	38,079	18,302	7,282	797	0	334,394
Sale of products	11,938	18,478	7,599	9,389	7,905	0	0	0	55,309
Total revenue from own markets	153,684	79,404	74,861	47,468	26,207	7,282	797	0	389,703
Total revenue from group companies	13,551	18,732	3,060	4,148	266	745	26,812	-67,314	0
Total revenue	167,235	98,136	77,921	51,616	26,473	8,027	27,609	-67,314	389,703
Gross profit	109,556	56,722	51,350	39,667	16,101	8,903	24,675	0	306,974
EBITDA	8,225	6,574	3,466	-4,280	-354	950	2,330	-418	16,493
Operating profit (EBIT)									2,153
Profit before tax									2,263
Profit after tax									900
Average number of FTEs	413	291	168	189	64	33	367	0	1,526
Q2 2021									
Sale of services	130,374	64,635	63,535	35,053	20,569	6,113	213	0	320,492
Sale of products	9,366	20,222	8,103	7,765	7,301	490	0	0	53,247
Total revenue from own markets	139,738	84,857	71,638	42,818	27,870	6,603	213	0	373,739
Total revenue from group companies	15,862	23,161	1,038	5,565	181	3,066	25,620	-74,493	0
Total revenue	155,600	108,018	72,676	48,383	28,051	9,669	25,833	-74,493	373,739
Gross profit	88,151	80,212	45,914	41,864	17,975	8,056	23,648	1,479	307,299
EBITDA	5,152	1,111	9,291	2,765	-1,899	1,727	5,327	44	23,518
Operating profit (EBIT)									11,918
Profit before tax									7,012
Profit after tax									3,094
Average number of FTE	351	284	135	178	68	31	360	0	1,405

*EBITDA for Denmark includes other operational income of DKK 17m as described on page 6.

DKK '000	Sweden	Denmark	Norway	UK	US	Other	GDC	Eliminations	Total
YTD 2022									
Sale of services	280,845	126,490	137,262	78,068	38,263	14,557	1,950	0	677,435
Sale of products	25,770	34,040	14,141	20,373	10,793	0	0	0	105,117
Total revenue from own markets	306,615	160,530	151,403	98,441	49,056	14,557	1,950	0	782,552
Total revenue from group companies	26,447	39,064	6,562	8,352	812	1,684	53,359	-136,280	0
Total revenue	333,062	199,594	157,965	106,793	49,868	16,241	55,309	-136,280	782,552
Gross profit	219,908	127,089	106,860	83,629	33,664	17,117	49,696	0	637,963
EBITDA	15,740	10,594	12,268	-2,368	-1,194	1,839	9,307	-146	46,040
Operating profit (EBIT)									17,825
Profit before tax									19,738
Profit after tax									14,319
Average number of FTEs	411	291	165	188	64	33	365	0	1,517
YTD 2021									
Sale of services	261,416	128,191	125,387	73,149	39,107	13,524	1,334	0	642,108
Sale of products	17,629	37,325	14,162	17,747	10,580	820	0	0	98,263
Total revenue from own markets	279,045	165,516	139,549	90,896	49,687	14,344	1,334	0	740,371
Total revenue from group companies	32,269	43,418	2,137	10,643	429	6,220	53,994	-149,110	0
Total revenue	311,314	208,934	141,686	101,539	50,116	20,564	55,328	-149,110	740,371
Gross profit	185,140	153,836	90,210	87,244	33,804	17,372	51,768	0	619,374
EBITDA	17,382	9,009	16,517	10,488	-6,304	4,874	9,615	91	61,672
Operating profit (EBIT)									38,213
Profit before tax									38,985
Profit after tax									32,681
Average number of FTE	374	286	132	174	67	30	358	0	1,421

Notes

Note 2 – Segment data (continued)

DKK '000	Sweden	Denmark	Norway	UK	US	Other	GDC	Eliminations	Total
2021									
Sale of services	483,888	247,979	230,828	137,767	80,915	26,666	2,248	0	1,210,291
Sale of products	43,169	75,567	28,327	37,460	18,158	1,427	0	0	204,108
Total revenue from own markets	527,057	323,546	259,155	175,227	99,073	28,093	2,248	0	1,414,399
Total revenue from group companies	70,021	77,743	7,402	21,565	818	9,589	105,662	-292,800	0
Total revenue	597,078	401,289	266,557	196,792	99,891	37,682	107,910	-292,800	1,414,399
Gross profit	372,372	263,007	164,458	158,958	69,212	32,774	102,913	862	1,164,556
EBITDA	32,996	18,709	19,150	10,829	-7,523	6,314	11,748	-2,916	89,307
Operating profit (EBIT)									40,444
Profit before tax									37,034
Profit after tax									43,547
Average number of FTEs	378	290	139	177	67	31	373	0	1,455

Non-current assets

DKK '000	30 Jun 2022	30 Jun 2021	31 Dec 2021
Sweden	372,403	401,215	384,985
Denmark	222,885	195,323	209,660
Norway	65,829	73,243	75,670
UK	48,924	50,974	50,935
US	26,918	143,598	25,648
Russia	0	35,385	15,895
Other	17,533	17,760	17,333
GDC	52,924	57,523	53,682
Total	807,416	975,021	833,808

Non-current assets distributed in legal entities

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

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

Notes

Note 3 – Staff expenses and remuneration

DKK '000	Q2 2022	Q2 2021	YTD 2022	YTD 2021	2021
Staff expenses					
Salary and wages	221,628	204,296	440,016	402,467	791,063
Other social security costs	34,261	34,407	67,642	70,619	130,518
Other staff expenses	16,203	16,171	33,495	28,730	25,118
Staff costs before share-based payment	272,092	254,874	541,153	501,816	946,699
Share-based payment	318	302	636	604	3,157
Staff expenses	272,410	255,176	541,789	502,420	949,856
Average number of FTEs	1,526	1,405	1,517	1,421	1,455

Note 4 – Depreciation, amortization and impairment

DKK '000	Q2 2022	Q2 2021	YTD 2022	YTD 2021	2021
Depreciation	9,168	7,774	17,975	15,736	33,973
Amortization	5,172	3,826	10,240	7,723	14,890
Total depreciation, amortization and impairment	14,340	11,600	28,215	23,459	48,863

Notes

Note 5 – Trade receivables

DKK '000	30 Jun 2022	30 Jun 2021	31 Dec 2021
Receivables (gross) at 1 Jan	281,133	241,749	241,749
Change in receivables during the period	-35,766	13,116	39,384
Receivables (gross) end of period	245,367	254,865	281,133
Provisions for bad debt at 1 Jan	11,550	19,178	19,178
Change in provisions for bad debt during the period	-10,571	-3,916	-7,609
Loss realized during the period	1,941	-19	-19
Provisions for bad debt end of period	2,920	15,243	11,550
Carrying amount end of period	242,447	239,622	269,583

Provisions for bad debt are made based on the lifetime expected credit losses in line with the Group's accounting policies. The change in provisions for bad debt as per 30 June 2022 is high partly due to improved collection process and due to write off of 2 customer receivables which were fully provisioned for.

DKK '000	30 Jun 2022	30 Jun 2021	31 Dec 2021
Age of receivables (gross):			
Not due	219,736	145,797	190,113
0-30 days	12,997	54,484	57,896
30-60 days	7,718	32,072	9,859
61-90 days	1,815	6,496	8,033
91-180 days	1,727	5,309	4,627
181-270 days	1,148	2,067	2,131
270-360 days	118	1,493	142
Above 360 days	108	7,147	8,332
Total	245,367	254,865	281,133

DKK '000	30 Jun 2022	30 Jun 2021	31 Dec 2021
Age of impairment:			
Not due	37	17	747
0-30 days	65	272	50
30-60 days	193	802	130
61-90 days	136	487	250
91-180 days	1,114	2,958	1,019
181-270 days	1,148	2,067	880
271-360 days	118	1,493	142
Over 360 days	108	7,147	8,332
Total	2,920	15,243	11,550

DKK '000	30 Jun 2022	30 Jun 2021	31 Dec 2021
Provision matrix:			
Not due	0.0%	0.0%	0.4%
0-30 days	0.5%	0.5%	0.1%
30-60 days	2.5%	2.5%	1.3%
61-90 days	7.5%	7.5%	3.1%
91-180 days	64.5%	55.7%	22.0%
181-270 days	100.0%	100.0%	41.3%
271-360 days	100.0%	100.0%	99.4%
Over 360 days	100.0%	100.0%	100.0%

Notes

Note 6 – Contract assets and contract liabilities

DKK '000	30 Jun 2022	30 Jun 2021	31 Dec 2021
Balance at 1 Jan	-5,815	-4,874	-4,874
Changes contract assets during the period	1,621	-16,754	-32,400
Changes on account billing and prepayments during the period	5,140	16,934	31,459
Balance at end of period	946	-4,694	-5,815
Work in progress	15,150	29,175	13,529
On account billing and prepayments	-14,204	-33,869	-19,344
Balance at end of period	946	-4,694	-5,815
The net value is included in the balance as follows:			
Contract assets	8,919	7,566	11,433
Contract liabilities	-7,973	-12,260	-17,248
Balance at end of period	946	-4,694	-5,815

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 – Discontinued operations

DKK '000	Q2 2022	Q2 2021	YTD 2022	YTD 2021	2021
Net revenue	0	52,609	9,456	135,895	224,745
External project costs	0	-20,171	-728	-44,501	-73,241
Gross profit	0	32,438	8,728	91,394	151,504
Staff expenses and remuneration	0	-21,778	-7,768	-61,154	-99,996
Other external costs	0	-2,850	-700	-8,372	-13,037
Other operating income	0	0	0	15	15
EBITDA	0	7,810	260	21,883	38,486
Depreciation, amortization and impairment	0	-1,211	-321	-3,044	-5,333
Operating profit (EBIT)	0	6,599	-61	18,839	33,153
Financial income	0	219	25	1,222	2,420
Financial expenses	0	-387	-17,152	-1,348	-2,443
Profit (loss) before tax from discontinued operations	0	6,431	-17,188	18,713	33,130
Corporate tax	0	-59	-243	-263	-671
Profit (loss) after tax from discontinued operations	0	6,372	-17,431	18,450	32,459
Total gain (loss) on divestment of discontinued operations	411	-132	-7,589	723,883	682,542
Profit (loss) from discontinued operations	411	6,240	-25,020	742,333	715,001
Earnings per share from discontinued operations of DKK 1.25 (EPS)	0.00	0.05	-0.19	5.84	5.58
Earnings per share from discontinued operations of DKK 1.25, diluted (EPS-D)	0.00	0.05	-0.19	5.81	5.56

DKK '000	Q2 2022	Q2 2021	YTD 2022	YTD 2021	2021
Cash flow from operating activities	-3,465	6,072	-2,508	15,965	-4,591
Cash flow from investing activities	0	0	0	-7,479	-7,479
Cash flow from financing activities	0	0	-3,685	-18,209	-13,354
Cash flow from discontinued operations	-3,465	6,072	-6,193	-9,723	-25,424
DKK '000	Q2 2022	Q2 2021	YTD 2022	YTD 2021	2021
Gain (loss) on disposal of subsidiaries	0	0	-9,535	721,712	697,095
Transaction costs related to disposal	411	-132	1,946	2,171	-14,553
Total gain (loss) on divestment of discontinued operations	411	-132	-7,589	723,883	682,542

Discontinued operations in 2022

In March, Columbus A/S entered into an agreement to hand over Columbus Russia to the management of the company. The purchase agreement covers 100% of the ownership of the Russian business, and the business is therefore reported as discontinued operations in the profit and loss for 2022 and 2021.

Notes

Note 8 – Disposal of activities

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

On 26 March 2021, the Group disposed of its 100% equity interest in its subsidiary, Columbus Lithuania and 51% equity interest in its subsidiary, Columbus Estonia. The deferred consideration was partly settled in cash by the purchaser in April 2021 (DKK 12m), and the remaining consideration will be paid in monthly instalments until 2026.

On 1st November 2021, our SMB business in our US entity was sold as part of the Focus23 strategy. The business activity is consequently classified as discontinued operations in 2021. The transaction was settled partly in cash at the transaction date (USD 8m), and partly as deferred consideration which was due in Q2 2022 (USD 8.5m). The buyer has still not paid the outstanding amount to which a legal collecting process has been initiated to collect our receivable.

The gain on disposal is included in the profit for the year from discontinued operations, note 7. At the date of disposal, the carrying amounts of disposed subsidiaries net assets were as follows.

DKK '000	30 Jun 2022	30 Jun 2021	31 Dec 2021
Goodwill	8,822	97,258	197,980
Customer base	0	5,166	7,295
Other intangible assets	0	19	19
Development projects finalized	0	52,334	52,334
Development projects in progress	0	42,404	42,404
Property, plant and equipment	204	2,281	2,419
Right-of-use assets	2,102	20,712	20,712
Trade receivables	1,762	36,753	36,404
Contract assets	3,731	7,575	7,575
Corporate tax receivables	0	1,052	1,052
Deferred tax assets	0	370	30,961
Other receivables	176	1,474	1,506
Prepayments	1,790	2,800	6,957
Cash	9,274	22,169	22,169
Total assets	27,861	292,367	429,787

DKK '000	30 Jun 2022	30 Jun 2021	31 Dec 2021
Deferred tax	358	19,095	19,095
Debt to credit institutions	0	357	357
Lease liability right-of-use assets	2,254	20,277	20,277
Contract liabilities	2,355	3,854	3,854
Trade payables	1,758	14,829	18,425
Corporate tax payables	5	54	54
Other payables	9,597	30,221	31,180
Accruals and deferred income	0	30,578	30,578
Total liabilities	16,327	119,265	123,818
Minority interests	0	0	2,847
Net assets disposed of	11,535	173,102	303,122
Cash and cash equivalents	2,000	865,279	928,334
Deferred consideration	0	29,535	71,883
Total consideration	2,000	894,814	1,000,217
Gain on disposal of activities	-9,535	721,712	697,095
Net Cash inflow arising on disposal:			
Consideration received in cash and cash equivalents	2,000	865,279	928,334
Less: cash and cash equivalents disposed of	-9,274	-22,169	-22,169
Transaction costs related to disposal	1,420	-20,540	-29,517
Net cash inflow arising on disposal	-5,854	822,570	876,648

Notes

Key figures, ratios and Alternative Performance Measures

Key figures and ratios

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

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

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

Alternative Performance Measures

Recurring Revenue

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

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

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

EBITDA before Share Based Payment

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

The purpose of excluding Share Based Payment is that this is a non-cash consideration and therefore different characteristics than cash-based considerations. Another purpose is that the IFRS rules for expensing 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.

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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