Columbus® Once you know how...

Annual Report 2019

Columbus A/S

CVR.: 13228345

Digital transformation for a better tomorrow

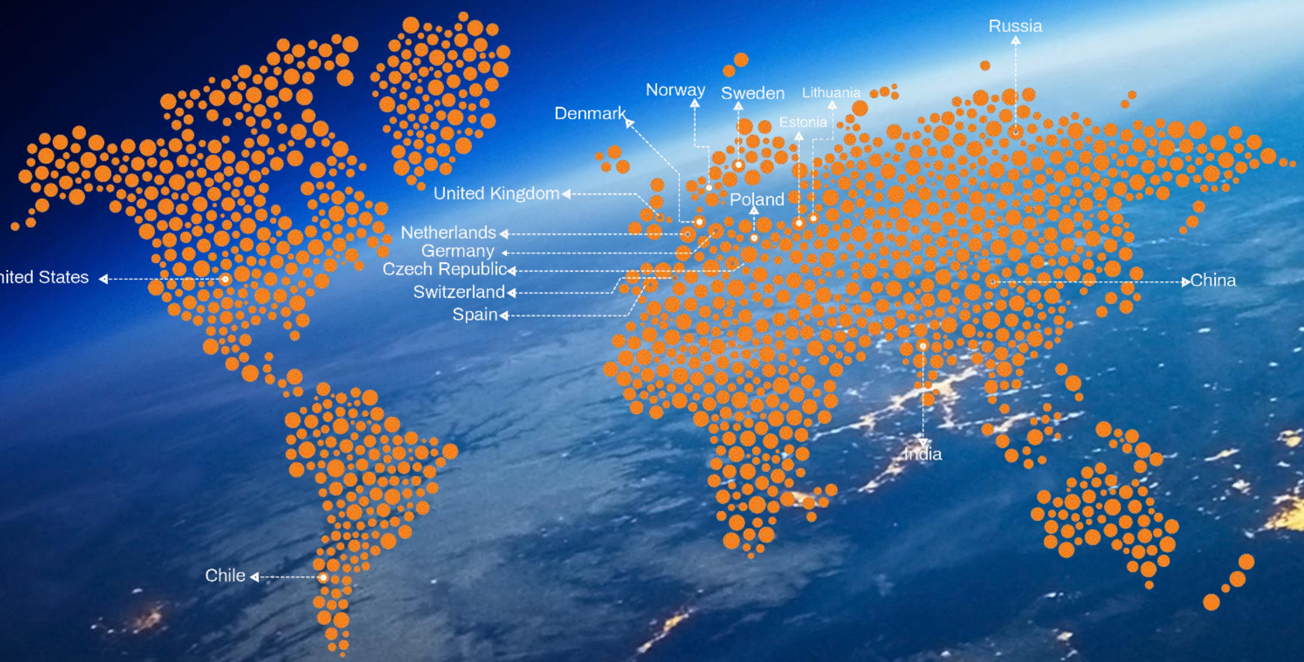
Columbus, Lautrupvang 6, DK-2750 Ballerup
Phone: +45 70 20 50 00, Fax: +45 70 25 07 01
www.columbusglobal.com, CVR.: 13 22 83 45

About Columbus

Columbus is a global IT services and consulting company with more than 2,000 employees serving 5,000+ customers worldwide. Columbus helps ambitious companies to maximize, transform and futureproof their business digitally.

Columbus' innovative solutions and services portfolio 9 Doors to Digital Leadership® delivers end-to-end digital solutions like cloud ERP, eCommerce, Data & Analytics, and Application Management that address the lifecycle and sustainability demands of the retail, distribution, food, and manufacturing industries.

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



Highlights

Revenue

DKK 1,932m

corresponding to organic growth of 4%*.

*For definition of Alternative Performance Measures, see page 110

EBITDA

DKK 238m

corresponding to a growth of 39%. Adjusted for IFRS 16 effect, EBITDA has increased by 15%.

Columbus Software sales

DKK 118m

corresponding to a growth of 15%.

Recurring revenue and cloud revenue

DKK 466m

corresponding to an increase of 9%. The proportion of recurring revenue constitutes 24% of the total revenue.

Profit after tax

DKK 21m

corresponding to a decrease of 78%.

Contents

Protecting business in a challenging world

In 2019, Columbus had a satisfactory level of revenue and EBITDA which continued in the first two months of 2020. We have progressed successfully with the integration of iStone, thus started working with new areas and launched our corporate purpose.

In February, the global COVID-19 outbreak paralyzed the world which undoubtedly will also have a negative effect on our business and short-term earnings. However, Columbus has a strong financial position to overcome a period of turbulence, and we will do our very best to continue to serve our customers while taking care of our employees in this serious period.

Columbus had a good start to the year with strong growth across our business and a positive outlook for 2020.

In the end of February, we started seeing the first effects in our markets caused by the global breakout of the COVID-19. As governments began closing down the public sector, sending students home from schools and advising companies to have their employees work from home, our customers started taking precautions by holding back investments due to a temporary production or sales decrease or even shutdown as a direct consequence of the coronavirus.

Mid-March, as we write the report, the seriousness of the impact of the coronavirus is painfully realistic to all of us. As a leading digitalization company, we have broad experience with serving our customers digitally and we are doing our outmost to engage with customers and keep projects running and help our customers continue their operation during these difficult times.

However, the coronavirus will slow down our customers' business, which will have a direct impact on Columbus. Fortunately, our Group is financially strong and well-equipped to withstand a period of turbulence.

2019 in line with expectations

2019 has been a year with progress and high speed in most areas of the business, and we managed to leverage on the growth opportunities in the market. The company grew revenue by 4% and EBITDA by 15% adjusted for IFRS 16 effect (39 % without adjustment) while investing in new business areas like Advanced Analytics, Cloud Migration and Field Services and successfully integrating iStone, the largest acquisition in the company's history.

Our US business has been in a turnaround process during 2019, where we expected a revenue pick up in 2020 and EBITDA pick up in Q1 2020. However, a difficult year combined with the effect of the coronavirus causing a market slow down, we do not expect a turnaround in 2020. For that reason, Columbus has reassessed the fair value of the Goodwill relating to Columbus US. The reassessment has resulted in a write down of goodwill of DKK 90m, which had a negative effect on profit after tax for 2019.

Tying the bow on Columbus2020

Columbus enters the fifth, and final year of the Columbus2020 strategy. As a chairman and a major shareholder, I am very pleased with the direction we have followed for the past four years which has positioned us as a leading company within digitalization in our markets. I am confident that the direction set by Columbus2020 has given us the financial, organizational and offering power to manoeuvre in a rapidly changing global economy towards generating growth and values for our customers and shareholders in the coming years.

While tying a bow on Columbus2020, we are in the process of defining our next strategic direction for the coming three years which will be published during Q4 2020.

On behalf of the Board of Directors, I would like to extend our sincere thank you to everyone in Columbus for contributing to our progress and for your dedication and loyalty. Likewise, I would like to thank our customers for their business and trust in the past years as well as our shareholders for your continued support.

Ib Kunøe
Chairman
of the Board

Digitalization and COVID-19 sets the agenda for the year

2019 was an exciting year achieving most of our operational goals.

We launched a comprehensive services and solutions portfolio, delivered growth in new business areas while maintaining our strong market position. 2020 will be a historically unpredictable year. The ongoing global outbreak of the coronavirus has created an unprecedented situation for societies, businesses and people across the world which is also affecting Columbus. We have initiated a Business Continuity Plan to protect our business while mitigating risks related to the corona situation.

2019 was a satisfactory year for Columbus. We can announce the highest revenue of DKK 1,932m and EBITDA of DKK 238m in our history, while delivering a recurring revenue of 24% of the total business. In addition, our customer loyalty and employee satisfaction reached record high results.

In general, our business units have performed well in 2019 and delivered growth in both revenue and earnings. We see increasing synergies from our acquired business areas which is expanding to new markets, such as our Swedish Commerce business expanding to Denmark and UK. In addition, we have launched the entire services and solutions portfolio 9 Doors to Digital Leadership® to market.

However, with a difficult 2019 and with the ongoing coronavirus the turnaround in US is taking longer than estimated. Our US CEO Chris Alagna has taken important steps to transform the Sales and Marketing organization and build multi-workload customer solutions to drive more sales. We are following the development closely, and I am confident that our US business will get back on track.

2020 with focus on growth while mitigating the risk of COVID-19

We entered 2020 with a strong outlook and an overall growth in the first two months. However, with the global outbreak of the coronavirus, we are faced with an unprecedented situation.

Never have we faced an event that has simultaneously impacted the entire global population so profoundly.

We take global business continuity and employee safety very seriously. Our Group Management Team have initiated a Business Continuity Plan with a range of activities to ensure close customer engagement, support employees and capacity assessment to ensure resource optimization in this unusual situation.

We want to reassure our customers that they can rely upon Columbus to help them continue to run their business and for some of our customers in an even more digital setup. As a global digitalization company, we can deliver all our services digitally using the latest technology and tools.

We understand how digitalization can be used for risk management, efficiency enhancement and growth. COVID-19 has shown that digitization sets the agenda now and in the future.

I am confident that Columbus will stand strong through this difficult period, and I see great opportunities to grow our business in 2020 and going forward when the COVID-19 situation is behind us. The approaching cloud conversion and the 9 Doors to Digital Leadership® provide comprehensive cross and up-sell opportunities.

Finally, I would like to express my gratitude to our employees for the relentless dedication and commitment to Columbus, which has enabled us to deliver on our promise for 2019. In addition, I would like to thank our customers, our shareholders and partners for their business, trust and partnership in 2019.

Thomas Honoré
CEO & President

Management's review

Columbus2020: People and business growth

A year of growth in new business areas, people growth, launch of global purpose and employee value program.

A year of people and business growth

Digitalization and sustainability are becoming two of the most powerful market influencers in today's corporate landscape. There is no doubt that the digital innovation will be crucial to all companies to run a sustainable and growing business and to reach the 2030 UN Sustainable Development Goals. New digital technologies are improving sustainable innovation and help companies map their sustainable footprint.

According to a CEO survey performed by Accenture and United Nations Global Compact, 99% of the of all CEO's of the world's largest companies say that sustainability issues are important to the future success of their business.

Sustainability continues to become embedded in overall company strategy, thus CEO's believe that there is a real opportunity for growth, efficiency, reputation and innovation.

In addition, acting responsibly in business has also become a determining factor for employees and in the engagement with customers, investors and the society; ensuring diversity, gender equality and safe and growing working conditions are essential in attracting and retaining talented employees.

In 2019, the overall theme for Columbus was people and business growth which in all areas were related to the convergence of digitalization and sustainability.

Defining our Purpose

In 2019, Columbus made an important step towards defining a corporate purpose that leads our direction in 2020 and forward.

In April, we initiated a global program to formulate our corporate purpose statement, where a team of 26 purpose ambassadors across Columbus worked in virtual teams to develop the purpose statement for Columbus: "Digital transformation for a better tomorrow".

With the launch of our corporate purpose, we address how we help our customers futureproof their business by helping them run a sustainable, growing and profitable business through digitalization.

Sustainability is no longer considered a cost burden in business, but increasingly a business opportunity linking values to sustainability. The convergence of digitalization and sustainability in business entails a new market opportunity for Columbus, and with the 9 Doors to Digital Leadership®, our industry knowledge and broad experience, we are well positioned to take a leadership position in this market.

Columbus has initiated a solution portfolio comprising innovative digital solutions that help our customers in optimizing energy consumption, waste management, transportation and resource productivity.

During 2020, we will be releasing new services directly related to sustainability.

Prioritizing the UN Sustainable Development Goals

In September, we gathered 200 leaders across Columbus at a Summit in Berlin. One of the key topics at the Summit was our Purpose and how we as a global company contribute to the sustainability agenda.

Columbus has a clear goal of contributing to making the world a better place for our employees, our customers and the society.

Based on the input from 200 leaders, we have chosen to focus on five of the SDG's and through our SDG targets Columbus commits to driving positive social and environmental change on a global scale.

Through our SDG targets, we help our customers run a sustainable business by providing innovative digital solutions that help run a sustainable business.

We want to contribute to the UN Global Sustainable Development Goals (SDGs) by acting responsibly as a company by focusing on gender equality, ensure high quality and safe working conditions for our people and foster an inclusive workplace where people thrive and grow with equal career opportunities.

In addition, we reduce waste and we will reduce our environmental footprint.

Our employees are very committed about the sustainability focus in Columbus and more than 90% agree that it is important for Columbus to contribute to the UN Sustainable Development Goals.

Growth in new business areas

2019 was clearly a year where Columbus started harvesting its investments in new business areas while at the same time strengthening our longstanding market position within Cloud ERP. The 9 Doors to Digital Leadership® is our global services and solutions framework which addresses the lifecycle demands of the retail, distribution, food, fashion, rental and manufacturing industries.

In 2019, Columbus launched the entire service catalog and grew our business within new areas such as business analytics, M3 and commerce, reflecting the increasing demand from our customers to use digitalization as a business driver to run a sustainable, growing and profitable business.

SUSTAINABLE DEVELOPMENT GOALS

"Columbus commits to driving positive social and environmental change on a global scale. Through our SDG targets, we help our customer to run a sustainable business by providing innovative digital solutions, we achieve gender equality and ensure high quality work conditions for our people and we and we will reduce our environmental footprint".

Helping key Industries run growing, profitable and sustainable business

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

Fashion

Fashion is one of the most resource-consuming and polluting industries, globally. It produces nearly 0.5 million tons of synthetic microfibers a year—equivalent to 50 billion plastic bottles. To tackle these and other issues related to sustainability in the fashion industry, Columbus is committed to advancing the UN Sustainable Development Goals into the Fashion Industry with the use of Information Technology. We have experience in data analytics and machine learning and connecting the supply chain from sheep to shelf.

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 are necessitating food manufacturers and retailers to build capabilities around technology to forecast customer demand, ensure high levels of quality management, traceability of materials and products from field to fork. Columbus solutions help our customers react to changes in customer demands while minimising waste, optimize product development cycles and ensure that the products adhere to the quality standards demanded by the business.

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 asset maintenance, data-driven talent and resource management, offering clear visibility into production costs, and finding additional revenue streams.

Rental, Lease & Equipment

A modern-day consumer goes through several touchpoints before making a purchase. The Digital Commerce Practice at Columbus enables retailers, distributors, and brands to ensure a seamless customer experience throughout this journey. Our solutions enable our customers with providing a unified customer experience, optimizing costs with centralized inventory management, increasing order values, maximizing revenue from existing customers, and gaining new customers.

Rental Lease and Equipment: Columbus helps Rental, Lease, and Equipment providers increase and optimize utilization rates, facilitate the shift to ‘as-a-service’ model, optimize international fleet management, and plan and manage equipment and machinery lifecycles profitably.

Services like Data Lakes are offered to determine physical utilization, as well as financial utilization, of equipment. Periodic maintenance and corrective maintenance are offered as a part of global fleet management to empower the usage of the rental and lease fleet. These services help maximize the utilization of our customers’ equipment and machinery.

Strong culture and values

Developing a strong common culture and a common set of values is important to foster a thriving working environment. In 2019, we took a major step in strengthening our common culture and values. During the spring we rolled out a global values program in order encourage and motivate our employees to live and act by the same values; Brain, Guts and Heart.

All through the year, we have worked with our values both at management end employee level, and today we have a strong common set of Columbus values which define who we are, how we make decisions and the way we treat each other.

Progress on Columbus2020

2019 was the fourth year of the Columbus2020 strategy, and we reached important milestones while growing our business. The strategy is based on four interconnected strategic elements which is our foundation for offering state of the art solutions and services to our customers, delivering superior quality, taking care of our customers for life and creating the best place to work for our employees.

In 2019, we also initiated the planning of the next strategic period starting in January 2021. The new strategy will be announced in Q4 2020.

Customer Success
Taking care of customers for life
Our goal is to take care of our customers for life. This means that our core focus is to create an ultimate customer experience, including an extensive focus on delivering high quality to our customers throughout our business. From the initial customer contact, during the sales process, throughout project delivery to 24/7 lifetime support.

Our guiding star is Columbus Pulse, which is our global customer loyalty program. Each month we measure customer loyalty across our business units. In 2019, we improved Columbus Pulse significantly with record high customer loyalty score. 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 pro-actively 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.

With the launch of the 9 Doors to Digital Leadership®, we have rebranded our customer value proposition to comprise our end-to-end digital solutions; when you have the aspiration to transform, maximize and futureproof your business digitally. In the beginning of the year, we also launched an updated brand look and feel comprising a new global website that reflects our updated brand and company profile and supports our inbound marketing strategy, and during spring 2020, all Columbus business units went live with their "local" websites.

During 2019, the inbound marketing strategy showed its value as well as a new global CRM system which in combination has increased lead generation. Today, Columbus runs a Global Marketing engine, driven out of our Global Delivery Center as well as a strong global marketing community that enables sharing, learning and facilitating communication across all marketing units in Columbus.

Digital Leadership
Accelerate business innovation
A key element in Columbus' strategy is to help our customers in their digital transformation by delivering more significant innovations, tailored to customer needs. Business and IT are closely linked and customers increasingly seeking a "life-time" business partner that can help them leverage digitalization to run a growing, sustainable and profitable business. In addition, the transition to cloud is accelerating, and according to Gartner 80% of all ERP customers will upgrade to the cloud by 2025.

These trends entail massive growth opportunities for Columbus, and in 2019 we saw a strong growth in our global solutions and services portfolio the 9 Doors to Digital Leadership® which expands Columbus' traditional core ERP services. In 2018, Columbus went to market with five of the 9 Doors to Digital Leadership® and in 2019, we launched the remaining services and solutions. We see significant traction in the market for Enterprise customers for large, cross-sell deals across the portfolio with a significant increase in the number of opportunities in areas related to Data & Analytics and Digital Commerce.


Columbus
VIGOR • INGENIUM • HUMANITAS

We have completed a comprehensive sales training setup globally in the 9 Doors to Digital Leadership® comprising solutions and cases webinars, sales workshops and guides to ensure best-in-class digital advisory for customers.

The cloud adaption is accelerating and will be among the biggest growth opportunities for Columbus in 2020. We have a clear goal of being at the forefront in this field. Our cloud business grew by 54% and in the beginning of 2020, we have launched a "cloud factory program" that will accelerate the cloud migration and ensure our ERP customers a smooth migration to the cloud.

With ever increasing emphasis on sustainability, organizations seek out new, innovative business models to future-proof, transform and modernize their infrastructure. Columbus offers solutions towards building a sustainable business within energy management, waste management, route optimization, resource productivity and sustainable operation.

Increasingly, we will launch new services that are directly linked to helping our customers in the sustainability journey.

Process Excellence
Quality in everything we do
Columbus' goal of delivering a unique customer experience implies that we constantly optimize and improve our business operation in order to achieve global sales excellence and deliver high quality services to our customers.

In 2019, we implemented a common Business Intelligence platform that enables all employees to access service and support as well as KPI related numbers in real time. The Business Intelligence platform provides detailed information about project data, support tickets, customer loyalty score (Columbus Pulse) and link the data to Columbus' new global CRM system.

The implementation of our IT Service Management System (ITSM) succeeded in 2019, and all business units are now using ServiceNow for Columbus Care.

The system facilitates 14 different Information Technology Infrastructure Library (ITIL) processes making sure we have the same processes through all countries, helping employees to be more efficient and enable a smooth Customer Experience. We also added a huge reporting platform for all the different reporting needs for Customer Operations ranging from simple ticket counting to complex Service Level Agreement (SLA) reports.

In 2019, we have implemented one central CRM platform. We have taken eight different CRM systems and consolidated them into OneCRM, based on Dynamics for Sales. This cloud-based solution has now been complemented with a HubSpot integration, and it is also taking advantage of the new PowerBI platform. By having all pipeline and account information in OneCRM, we are now able to do PowerBI reporting on the pipeline for the entire company. Within 2020, a completely revamped user interface will be introduced to simplifying the data entry processes within OneCRM and enabling the support of the 9 Doors to Digital Leadership®.

Finally, we are rolling out MS Project Online to all business units which will give local management a unique insight in bookings and the possibilities of reallocating resources to optimize quality and earnings in our business.

9 Doors to Digital Leadership®

Columbus' innovative solutions and services portfolio 9 Doors to Digital Leadership® delivers end-to-end digital solutions that address the lifecycle and sustainability demands within the industries; Manufacturing, Retail & Distribution, Food, Rental & Lease and Fashion

Digital Commerce
Delight your customers with a unified experience

Compliance & Business Continuity
Prevent business disruption events and recover faster

Application Management
Avoid business disruption through reliable uptime of digital platforms

Cloud & Infrastructure Management
Mitigate operational risk; increase service reliability

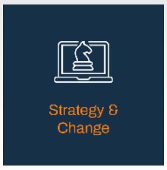
Strategy & Change
Future-proof your organization's growth through innovation

Cloud ERP
Improve internal processes and business performance at reduced costs

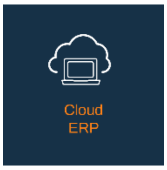
Modern Workplace
Maximize productivity through optimized processes, tools, and resources

Data & Analytics
Predict and solve complex business challenges using analytics

Business & Application Integration
Resolve process bottlenecks and productivity issues proactively



Strategy and change: We partner with our customers to future-proof their businesses. We help them set a digital transformation strategy and align it with their business strategy to help them gear up for the future. We create a Digital Transformation Strategy map and prioritize digital initiatives in workshops between Columbus and the customer. Accepted initiatives are then redesigned into improvement projects and transferred into roadmap and timeline.



Cloud ERP: We help customers digitalize their ERP, whether it be by migrating their existing ERP to the cloud or providing process, functional and technical consulting for new ERP implementations, or even upgrading their ERP. Our dedicated team of experts across multiple industry domains and business verticals ensure that our customers receive the maximum value from their ERP implementation.

Modern Workplace: Modern Workplace brings together cloud-based business platforms that combine Customer Relationship Management (CRM), Field Services (FS), Retail Experience (Rx) and Enterprise Resource Planning (ERP), along with productivity apps and artificial intelligence tools to enable connected business cloud that brings data, people, and operations to enhance customer and employee experience. These services help our customers increase top line revenue by engaging their shoppers with better customer service.

Data and Analytics: The services under this portfolio provide strategic guidance and technology systems that transform data into insight for customers wishing to solve their most complex and interesting business challenges. This Door also identifies the customer's Business Intelligence (BI) strategy, assesses the current maturity levels and defines the gaps that need to be closed to achieve the BI program goals and objectives.

Business & Application Integration: The business and application integration services aim to seamlessly orchestrate the enterprise digital landscape to meet stakeholder needs and achieve business goals. Essentially, we aim to align organizational strategy with information technology. These services help integrate disparate units for improved business efficiency.

Digital Commerce: We create compelling digital commerce experiences based on a solid technical infrastructure that power growth and build customer loyalty in an omnichannel environment. Digital Commerce helps create a best buying experience for our customers' customers by personalizing the storefront, checkout and backend systems. It helps create and evolve a top-quality eCommerce environment for our customers.

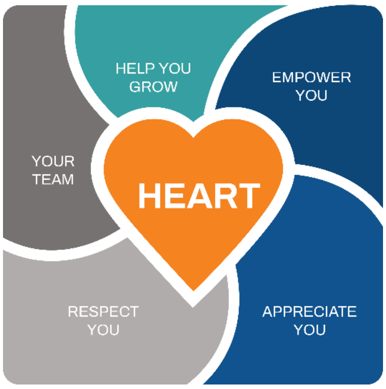
Compliance and Business Continuity: Our industry-specific expertise helps organizations create a comprehensive governance structure for compliance and business continuity. Our experts also facilitate the identification of gaps and suggestion of improvement measures, based on region-specific compliance requirements. We take a step forward in partnering with our customers in actually implementing the measures too.

Application Management Systems (AMS): AMS is a value delivery system covering reactive support services, pro-active managed services and as-needed consultancy services. It provides life cycle services for customers' complete business applications platform. A dedicated team of industry, technical and functional consultants deliver these services in an ITIL based ecosystem.

Cloud and Infrastructure Management: These services help customers align their IT functions with overall business goals. Our Infrastructure Services maintain and enhance their IT environment, so they can free up in-house staff to focus on core business and pursue innovation. Columbus becomes the single point of contact (SPOC) partner who can support business from Applications to Technical IT Infrastructure.

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

We launched a strong Employee Value Proposition "HEART" that boils down the essence of working in Columbus to a clear message.



The HEART framework guides the behaviour and decisions of leaders and employees in Columbus on an everyday basis as we believe our collective efforts will contribute to Columbus being the best place to work.


Mary Hunter, CPO, Columbus

We believe in people who commit to our employee promise and in authentic leadership to make the promise come live every day.

We have progressed significantly with our Columbus Academy Program which is our global curriculum and e-learning platform. During 2019, more than 150 completed the consulting training courses, covering consulting skills, business modelling and change management. We also introduced a global onboarding program and a comprehensive GDPR course which has been mandatory for all employees in Columbus in 2019.

Columbus Academy is continuously being improved and extended with new training programs. We recently released an ITIL Foundation course and the first set of M3 courses were added too.

Furthermore, Columbus continued to improve our Competencies and Career Framework (CCF), which synchronizes and unifies our employees' objectives setup in all business units.

New Chief People Officer
In December, we announced the appointment of our new Chief People Officer, Mary Hunter, who is moving from a position as Business Unit Executive for our UK business to lead our global people strategy.

Mary Hunter has led the growth of one of our most successful business units for 18 years, growing our UK business from 13 to more than 200 dedicated employees living a strong customer centricity and people focused culture.

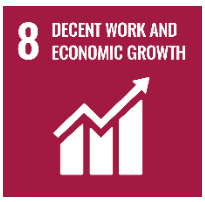
By taking one of our most successful Business Unit Executives to lead our global people strategy, we empower our business with the right understanding of business and people growth, thus having a strong focus on ensuring that we attract, develop and retain the best people in our industry.

One of the key focus areas for Mary Hunter will be to roll out our Employer Value Proposition "HEART" with focus on empowering our people by building market leading career and retention programs, including focus on leadership and mentoring programs, mental health and wellbeing initiatives, enhanced cross border communities and a diverse and inclusive culture as well as recruitment programs to attract the best new people.

Mary Hunter will ensure that we reach our goals within the following SDG goals which will be defined in 2020:

Goal #5: Gender equality: We commit to gender equality and continue to increase the proportion of women in Columbus.

Goal #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.



Talent programs in Columbus

In a business like Columbus, we want to foster an inclusive and diverse workplace where people thrive and grow with equal career opportunities.

Having a diverse workplace and nurture culture means that we attract the young talents to our business and help them innovate and grow. Columbus has a long history of employing fresh graduates or people with 1-2 years of work experience and we train them to become fully skilled consultants. In 2019, we employed more than 60 young professionals across our business units.

One of Columbus' Graduate Programs runs in our Global Delivery Center in India. In 2019, we on-boarded 10 bright trainees which included nine women.

We follow a comprehensive approach to attract candidates from premier institutes across the region. This includes pre-placement talks at the campus and academy-industry collaboration through internship program. They are now integrated into different business unit teams based on their skillset and performance during the year.

The results are also a testimony to the strong women talent pipeline that we have in India in the technology sector.

In the coming years, we aim to tap into this talent pool to help grow our business organically. Additionally, we will also achieve diversity in age, gender and people profiles in general.

Graduate hiring program at GDC, India

Columbus’ strategy is built around three value drivers:

1

Growth in the services business

Today, the services business is our largest revenue contributor, and we expect the service revenue to continue to be the major revenue stream in the future. We aim to deliver higher productivity and quality in our services business to optimize delivery, minimize risk and control cost.

2

Scaling of own software sales

Columbus Software generates high earnings while creating high value for customers. We aim to grow our software sales within Columbus Software subscriptions and cloud revenue.

3

Recurring service revenue and cloud revenue

We expect to grow the recurring service revenue in order to improve predictability and support our profitability. The recurring revenue consists of Columbus Software and third party software subscriptions, cloud revenue and Columbus Care revenue. All revenue categories are based on a long co-operation with customers where Columbus becomes the strategic business partner.

Columbus2020 – embracing the digital economy

Columbus’ five-year strategy, Columbus2020, was born with the ambition of being the preferred service provider of digital business solutions globally.

Columbus continues to invest in new innovative business solutions, while at the same time optimizing and streamlining our services business. Ensuring satisfied and successful customers is an essential focus area for Columbus, as well as engaged and motivated employees.

The strategy is based on four strategic interconnected elements that lead our customers in the digital transformation of their business. In the following, we take a closer look at Columbus’ ambitions within our strategic focus areas.

Columbus 2020

CUSTOMER SUCCESS

Customer Success – Taking care of our customers for life

Columbus aims to be widely recognized as a business partner that enhances our customers' success by improving the value realization of their business applications investments.

Therefore, we will intensify our focus on creating a unique customer experience, including an extensive focus on better quality and project delivery throughout our business.

Taking care of our customers is a fundamental goal for Columbus. An important foundation for reaching that goal is our lifetime support offering, Columbus Care, which ensures our customers high quality support around the clock. We will extend the Columbus Care offering with new services towards a total service concept that takes care of our customers in more areas – for life.

DIGITAL LEADERSHIP

Digital Leadership – Accelerate business innovation

Columbus helps our customers accelerate business innovation by maximizing the value realization of business applications and by leading them in the digital business transformation. Digital Leadership comprises two different, yet closely connected types of innovation:

Columbus will continue to strengthen our leadership position within Cloud ERP and business applications. This means that we will invest in new business applications, new methodologies and new business processes to make the experience of buying and implementing business applications from Columbus faster, better, less risky and with high returns.

Columbus will extend our business and build a new leadership position in digital business transformation with our service and solution framework 9 Doors to Digital Leadership. Our customers are seeking a business partner that is able to lead them in the digital transformation of their business. Columbus wants to be that partner. We will build a leadership position using cloud, social, analytics and IoT (Internet of Things) technologies and business models, to enable our customers to take advantage of the digital opportunities.

PROCESS EXCELLENCE

Process Excellence – Quality in everything we do

In Columbus, we constantly strive to optimize and streamline the business operations in order to achieve global sales excellence and deliver high quality services to our customer. Our goal is to create the best customer experience for our customers, when engaging with Columbus.

The focal point is quality in everything we do – from the initial contact with customers, over sales and design of the business solution to the implementation process and lifetime support engagement. We want to be best in class in ensuring the value realization of the project and manage the inherent risks in the implementation. In order to reach that goal, we will optimize our sales, services and support delivery capabilities – always striving to improve the quality.

OUR PEOPLE

Our People – Attract, develop and retain the best people

Columbus is a people business. Our greatest asset is our people and therefore it is crucial for our success that we attract and retain the best people in the industry. We want Columbus to be a company attracting highly skilled people to join, because it is the best place for competence development. We will achieve this goal by providing challenging career opportunities, attractive working conditions and professional and personal growth.

Furthermore, we want to create a customer success culture, where meeting the customers' expectation for high quality sets the direction in everything we do. This means that we always strive to deliver projects on time, within budget and at the highest quality.

2019 outlined

Columbus achieved 2019 revenue and EBITDA in line with guidance. However, the turnaround of the US business is developing slower than expected, leading to goodwill impairment of DKK 90m, escalated by the COVID-19 situation.

In 2019, Columbus delivered organic growth of 4%[1] amounting to revenue of DKK 1,932m. EBITDA grew by 15%, adjusted for the IFRS 16 effect (39% without adjustment), and Earnings Before Tax amounted to DKK 49m after deducting goodwill of DKK 90m.

Outlook for 2020 and long-term guidance will be released when having a better insight into the impact and temporary market slowdown.

Specific targets for 2019

Guidance announced in the Annual Report 2018:

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

COVID-19 causes short-term negative impact

Until end of February, our business has shown a good start to the year with overall revenue growth, despite a continued decline in our US business unit.

Since the outbreak of the coronavirus, we are starting to see that our customers are holding back investments due to a temporary production or sales decrease or even shutdown as a direct consequence of the coronavirus.

Columbus expects to see a substantial, short-term negative impact on customer demand which is already starting to materialize in some of our markets.

Columbus has taken steps to ensure the health and safety of our employees, customers and partners while continuing to serve our customers best possible.

As a leading digitalization company, we have broad experience with serving our customers digitally. We can deliver digitally from early engagement discussions to project initiation, implementation and application management. We are currently in close connection with our customers to help them continue their operation during this period.

US market

Our US business had a difficult year in 2019. In Q3 a turnaround process was initiated with a new CEO on board. The market focus in the turnaround plan is to accelerate the transition of customers' business application to cloud business application. With the turnaround plan we assumed that both Revenue and EBITDA should pick up during 2020. We realized in the beginning of March 2020 that the assumed turnaround will be a longer journey than initially assumed, escalated by the COVID-19 situation.

As a result of the delay in turnaround the carrying value of recognized goodwill related to US is impaired by DKK 90m.

The write down will have a negative effect in the profit after tax, which amounts to DKK 21m.

Risk management

In order to address the short-term uncertainty, we have initiated a Business Continuity Plan to mitigate risk and keep our business in good health during this challenging period.

Dividend

In addition, given the current uncertainty, we have decided to suspend the dividend policy to ensure the strongest possible liquidity position of the company.

[1] For definition of Alternative Performance Measures, see page 110

[2] +/- 10%

Management Initiatives

- Execute the Columbus2020 strategy
- Integration of former iStone
- Grow organically with the 9 Doors to Digital Leadership®
- Recovery of the US business

Successful integration of former iStone

Columbus has successfully completed the second year of the three-year integration period and expects to finalize the integration according to plan.

We continue to see strong synergies and value of the acquisition in relation to markets, customers, solution portfolio, organization and delivery capacity. The former iStone units delivered strong results, especially growing the Commerce, Infor M3 and Application Management businesses.

Growth in 9 Doors to Digital Leadership®

The sale in new business areas continued to deliver growth in 2019, where especially Analytics & Business Insights, M3 services, Customer Experience and Columbus Care (Application Management) delivered progress.

We developed more services and solutions, thus launching the entire 9 Doors to Digital Leadership® portfolio.

In addition, we have ramped up our global delivery capacity to accelerate the development of the new portfolio, strengthen our customer lead generation and increase our global delivery capacity within 9 Doors to Digital Leadership®.

Financial statements for 2019

The revenue increased by 3% to DKK 1,932m. Organic growth is 4%. EBITDA increased by 39% to DKK 238m. IFRS effect is DKK 41m. Adjusted for IFRS 16 effect, EBITDA increased by 15%.

The revenue from Columbus Services business increased by 3% to DKK 1,469m. Customer chargeable hours declined from 54% to 52%.

The decline is primarily caused by a fast onboarding of more than 90 new people in Columbus Sweden, and as it takes time to make people fully productive chargeable hours declined. On top of this we have invested heavily in the Young Professional program hiring graduates, and this also impacted the chargeable hour negatively.

The revenue from Columbus Software increased by 15% to DKK 118m which is very satisfying.

In Q4 2019 our software business entered into a software agreement with a non-disclosed customer to sell a license of two specific software products resulting in a recognized revenue of DKK 21.7m in Q4. Columbus continues to retain, support and maintain the customers using the solutions into the foreseeable future as well as retains the rights to sell our customers further licenses. Our product development teams will build enhanced capabilities for our customers on top of this software to further enhance our software portfolio. External license revenue increased by 2% to DKK 75m. External cloud revenue grew by 47% to DKK 36m. Subscriptions declined by 3%.

Recurring revenue[3] increased from DKK 426m to DKK 466m, an increase of 9%. The increase is due to a good progress in sale of Columbus Care and cloud. The recurring revenue constituted 24% of the total revenue compared to 23% in 2018.

Profit after tax decreased by 78% to DKK 21m (2018: 97m) and is not considered satisfactory.

[3] For definition of Alternative Performance Measures, see page 110

Key figures and ratios

DKK ´000	2019	2018	2017	2016	2015
Income related figures					
Columbus licenses	38,449	29,373	26,673	42,212	52,251
Columbus subscriptions	55,527	57,949	50,258	46,876	44,530
Columbus cloud	24,002	15,547	6,248	1,975	0
Columbus Software	**117,978**	**102,869**	**83,179**	**91,063**	**96,781**
External licenses	75,153	74,029	94,629	86,495	107,525
External subscriptions	200,588	206,658	190,119	190,327	184,524
External cloud	35,511	24,095	9,215	4,837	0
Service	1,468,533	1,432,109	822,551	796,401	715,545
Other	33,921	35,492	19,069	23,584	19,068
Net revenue	**1,931,684**	**1,875,252**	**1,218,762**	**1,192,707**	**1,123,443**
Recurring revenue % of total revenue	24.1%	22.7%	27.8%	25.3%	24.3%
EBITDA before share-based payment	243,540	181,183	148,510	144,070	105,225
EBITDA	238,070	171,409	146,208	138,546	103,863
EBIT	59,188	107,516	106,729	105,271	74,843
Net financial items	-10,452	7,925	-5,099	2,032	8,557
Profit before tax	48,736	115,441	101,630	107,303	83,400
Profit after tax	20,990	96,674	96,129	81,479	65,339
Balance sheet					
Non-current assets	1,124,568	1,140,954	584,274	551,726	434,951
Current assets	529,949	492,604	267,489	285,780	262,830
Total assets	**1,654,517**	**1,633,558**	**851,763**	**837,506**	**697,781**
Group shareholder equity	665,354	636,339	549,112	469,813	386,179
Minority interests	3,126	3,381	3,031	1,774	2,573
Total liabilities	986,037	993,838	299,620	365,919	309,029
Total equity and liabilities	**1,654,517**	**1,633,558**	**851,763**	**837,506**	**697,781**
Investments in tangible assets	**5,957**	**5,907**	**5,106**	**8,799**	**6,276**
Cash flow					
Cash flow from operating activities	189,146	124,294	103,708	124,708	109,147
Cash flow from investing activities	-106,370	-255,557	-95,609	-130,546	-109,124
Cash flow from financing activities	-45,853	154,663	-15,365	19,981	-15,450
Total cash flow	**36,923**	**23,400**	**-7,266**	**14,143**	**-15,427**
Key ratios					
EBITDA-margin	12.3%	9.1%	12.0%	11.6%	9.2%
Operating profit margin (EBIT-margin)	3.1%	5.7%	8.8%	8.8%	6.7%
Equity ratio	40.2%	39.0%	64.5%	56.1%	55.3%
Return on equity	3.2%	16.0%	17.3%	17.2%	16.8%
Return on invested capital including goodwill (ROIC)	20.2%	15.5%	29.2%	31.0%	31.1%
Number of shares, in thousands	124,622	121,787	119,866	116,198	113,699
Average number of shares, in thousands	124,013	121,370	119,101	115,628	112,930
Book value of equity per share (BVPS)	5.34	5.23	4.58	4.04	3.40
Earnings per share (EPS)	0.17	0.78	0.80	0.70	0.57
Cash flow per share	1.53	1.01	0.85	1.04	0.95
Share price, end of period	9.65	12.68	14.80	10.70	6.70
Average full time employee for the period	1,999	1,845	1,194	1,105	1,080

*In 2018, we have revised our calculation of ROIC to align with a change in presentation of depreciation, amortization and impairment. Comparative figures for prior years have been adjusted.

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

Revenue growth driven by recurring revenue

Columbus delivered organic growth of 4% amounting to DKK 1,932m. EBITDA grew by 15% adjusted for IFRS 16 effect (39% without adjustment). The increase was driven by a strong growth in recurring revenue where especially the sale of cloud and Columbus Care showed strong growth.

Growth driven by recurring revenue

Total revenue increased by 4% to DKK 1,932m (adjusted for the divested SAP ERP Business and Columbus Latvia). Reported growth is 3%. The revenue growth is driven by growth in recurring revenue where especially cloud and Columbus Care showed strong growth. The sale of cloud services grew by 50% due to the increasing conversion to cloud-based solutions. In addition, the sale of Columbus Care services grew by 24%. In total, recurring revenue grew by 9% constituting 24% of total revenue in 2019.

Most business units delivered growth in 2019, where especially AMS, Commerce, Infor M3 and Dynamics Sweden showed strong progress with double-digit growth.

EBITDA increased from DKK 171m to DKK 238m, including IFRS 16 effect of DKK 41m (39%). Adjusted for IFRS 16 effect, EBITDA has increased by 15%. EBITDA is positively impacted by non-recurring income related to reassessment of contingent consideration in relation to previous acquisitions; iStone and HiGH Software.

Progress in 9 Doors to Digital Leadership®

The sale in new business areas continued to deliver growth, where especially Analytics & Business Insights and Customer Experience showed strong progress growing by 43% and 52%, respectively, Columbus Care (Application Management) grew by 24%. Overall, we delivered strong progress in the new business areas within 9 Doors to Digital Leadership®.

We launched the entire 9 Doors to Digital Leadership® portfolio which is expanding our business within and beyond our traditional ERP business with end-to-end services and solutions that help our customers in the entire digital transformation of their business.

We experience an increasing demand from our customers, and we are seeing good traction in the market with Enterprise customers for large deals covering multiple of the 9 Doors to Digital Leadership® across different regions.

In addition, we have ramped up our global delivery capacity in Columbus' Global Delivery Center to accelerate the development of the new portfolio, strengthen our customer lead generation and increase our global delivery capacity within 9 Doors to Digital Leadership®.

Columbus Global Delivery Center continues to grow

Columbus Global Delivery Center (Columbus GDC) in India witnessed the highest growth in history with 35% growth on customer revenue. In total, Columbus GDC delivered +105,000 hours of customer work, amounting to 24% growth in volume.

Today, Columbus GDC employs 310 people with capabilities across our core offerings, and new growth areas of 9 Doors to Digital Leadership®. Our services beyond ERP grew rapidly in 2019, with a total revenue share of 27% of total revenue in Columbus GDC.

We increased the utilization of Columbus GDC with new areas within M3 and Dynamics Sweden, including the establishment of an M3 service hub in Pune.

iStone integration according to plan

The three-year integration plan of former iStone is in its second year, and we expect to finalize the integration according to plan due to strong execution and cooperation across the organization.

We see strong progress across our acquired business areas and in particular the business units AMS, Infor M3, Commerce and Dynamics Sweden are delivering strong revenue growth.

We synchronized the HR cycle, including the roll-out of a common Business Objectives framework and compensation models. In addition, we implemented common processes across value streams and common project tools and a new state of the art ITSM solution.

The M3 business unit and Dynamics Sweden established delivery capacity in Columbus Global Delivery Center as mentioned above. In addition, Columbus Commerce initiated the expansion to Denmark and the UK, and we start seeing the first e-commerce deals coming in.

All in all, the integration is progressing as planned and we see strong value of the acquisition both on a customer, market, solution portfolio, cultural and organizational level.

Update on customer project in Norway

During the year we faced challenges with a customer project in Norway, which required additional provisions in order to finalize the project. At the end of the year the overall project condition improved, and we are confident that we will conclude the project according to the revised time plan and under the current assumptions, cf. note 2, "Fixed price project related to the acquisition of iStone AB".

Recovery of Columbus US

We are in the process of a turnaround led by our new CEO in the US, Chris Alagna. The turnaround will address sales and marketing execution, delivery organization and digital leadership offerings. In 2019 both revenue and EBITDA declined, and with the effect of the coronavirus causing a market slow down, we do not expect a turnaround in revenue and EBITDA in 2020.

The US business in 2019 was defined by laying the foundation to drive growth. Our new CEO for Columbus US started late in Q2 and spent Q3 building the strategy that we began implementing in the start of Q4. The primary objective was to transform the Sales and Marketing teams to focus on new cloud customer acquisition, build multi-workload customer solutions and segment accounts to match with dedicated account teams to penetrate deeper to drive more sales. In October, the first step in the strategy was to restructure the Enterprise Sales team to drive new business.

Progress in Columbus' value drivers

The progress of Columbus2020 is measured by three value drivers, which reflect the strategic direction in relation to significant criteria for future growth and value creation.

In the following, we will present the progress within each value driver.

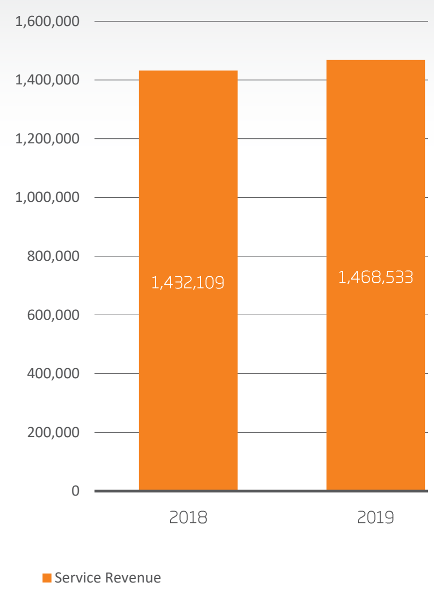
1. Progress in the services business

Columbus' services business is the largest revenue contributor in the Group. Columbus aims to expand the services business and continuously improve productivity and quality.

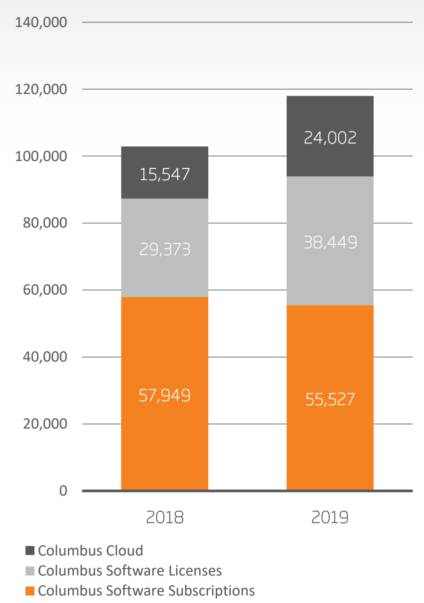
The services revenue increased by 4% to DKK 1.5bn organically (without the divested SAP ERP business and Columbus Latvia). Reported growth is 3%. The increase was primarily driven by increased sale of Columbus Care services and a general progress in the services business where especially the business areas M3 and Commerce showed strong progress growing by 16% respectively.

Chargeable hours constituted 52% in 2019 (2018: 54%). The decline is primarily caused by people growth in Sweden of more than 90 new people, as it takes time to make people fully productive. On top of this we have invested heavily in the Young Professional program hiring graduates, and this also impacted the chargeable hour negatively.

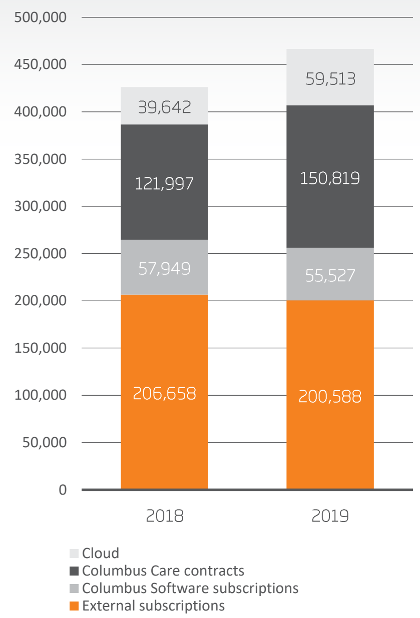
Development in service revenue



Development in sale of Columbus Software



Development in recurring revenue



2. Columbus Software back to growth
Columbus Software grew by 15% in 2019, where Columbus cloud services grew by 54%. The main driver is the cloud conversion where existing, but especially new customers increasingly move their core applications to the evergreen cloud environments.

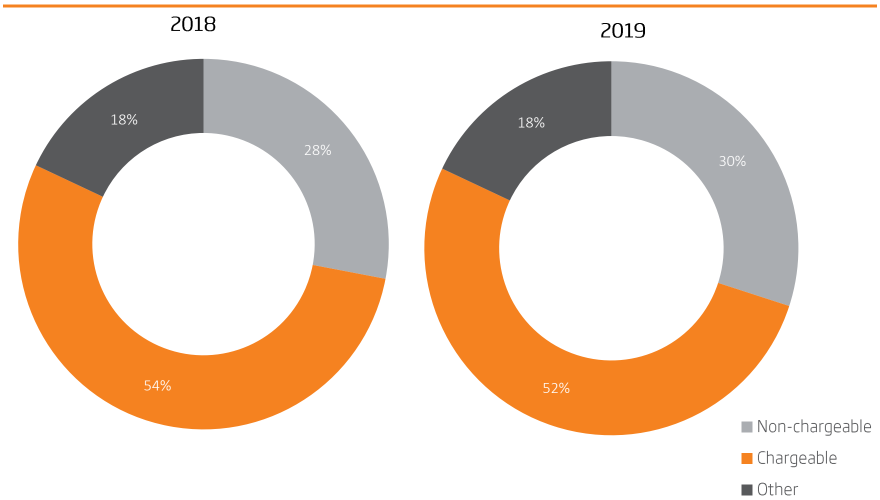
Perpetual license sales grew by 31%, mainly driven by a large software deal, which was closed in Q4 2019.

Subscriptions declined by 4% due to the cloud transition impact mentioned above. Within our software portfolio, the main driver is our horizontal software portfolio such as Business Integration solutions, RapidValue and Security and Compliance Studio.

3. Strong growth in recurring revenue
Columbus aims to grow recurring revenue to create better predictability. Columbus Software subscriptions, external subscriptions, cloud revenue, hosting and Columbus Care contracts comprise recurring revenue.

In 2019, recurring revenue increased by 9% and constituted 24% of the total revenue. The progress is driven by increased sale of cloud services which grew by 50% as well as Columbus Care services which grew by 24%. As business applications become even more complex and business critical in businesses, we see that Columbus Care becomes a strong competitive differentiator in large deals with the need to manage the business application ecosystem to ensure 24/7 availability.

Development in the consultancy business



	Revenue (DKKm)		EBITDA (DKKm)		Average FTE	
	2019	2018	2019	2018	2019	2018
ISV	175.0	160.2	80.5	62.1	165	151
Western Europe	1,383.8	1,298.0	147.4	112.7	1,275	1,144
Eastern Europe	147.8	135.2	14.4	12.3	327	301
North America	304.7	348.8	4.8	18.7	186	214
Parent company and elimination	-79.6	-66.9	-9.0	-34.4	46	35
Total	**1,931.7**	**1,875.3**	**238.1**	**171.4**	**1,999**	**1,845**

Events after the balance sheet date

Acquisition of Advania Business Solutions
As of 6 January 2020, Columbus acquired Advania Business Solutions, a leading Microsoft Dynamics Cloud consultancy in Norway.

With the acquisition of Advania Business Solutions, Columbus created a Microsoft Dynamics cloud Powerhouse in Norway, thus establishing Columbus' position as the leading Microsoft Dynamics cloud company in Norway.

Advania Business Solutions was part of the Advania Group and Advania Norway, and Columbus took over the employees in the Dynamics AX business comprising 45 highly skilled Microsoft Dynamics AX professionals located in Oslo and Sandefjord.

In addition, Columbus has taken over the customer base comprising more than 100 Microsoft Dynamics customers, characterized by a high degree of loyalty with long and close customer relationships.

The acquisition is not expected to have significant impact on Columbus' result for the financial year 2020.

Coronavirus outbreak (COVID-19)
The outbreak and the global spread of the coronavirus in the beginning of 2020 has not had significant impact on results for January and February.

However, since the outbreak of corona, we are starting to see that our customers are holding back investments, and Columbus expects to see a substantial, short-term negative impact on customer demand which is already starting to materialize in some of our markets.

Due to the current uncertainty caused by the coronavirus, we expect a negative impact on our business and financial performance in the coming months.

Given the rapid day-to-day development in our markets, we are currently unable to accurately assess the magnitude of this short-term impact, including the duration of the expected temporary market contraction.

Besides the coronavirus, there has been no further events since 31 December 2019, which could significantly affect the evaluation of the Group's financial position and revenue. Earnings in January and February 2020 are in line with the company's expectations.

	2019 DKKm	2018 DKKm	Development 2018-2019
Columbus Software licenses	38	29	31%
Columbus Software subscriptions	56	58	-4%
Columbus Cloud	24	16	54%
External software licenses	75	74	2%
External software subscriptions	201	207	-3%
External Cloud	36	24	47%
Services	1,469	1,432	3%
Other	34	35	-4%
Total net revenue	**1,932**	**1,875**	**3%**

Expectations for 2020

2020 will be a historically unpredictable year. The ongoing global outbreak of the coronavirus has created an unprecedented situation for societies, businesses and people across the world which is also affecting Columbus. We have initiated a Business Continuity Plan to protect our business going while mitigating risks related to the corona situation.

In the first two months of 2020, we have seen a general growth in our business. Our financial performance has been in line with our expectations despite negative impact from Columbus' US business unit.

Now realities have changed radically. Due to the current market uncertainty caused by the coronavirus, we expect a negative impact on our business and financial performance in the coming months.

Given the rapid day-to-day developments in our main markets, we are currently unable to accurately assess the magnitude of this short-term impact, including the duration of the expected temporary market contraction.

We have therefore decided not to release the outlook for 2020 and our long-term guidance until we have a better insight into the impact on our business.

As the situation normalizes, we expect to start picking up in a growing market.

We do expect that the conversion from on-premise solutions to cloud will be growing significantly over the next five years.

Columbus is already well positioned and at the forefront in the market within cloud (e.g. Dynamics 365, M3 Cloud Suite) with a well-developed global delivery setup specialized in upgrading customer to a cloud solution

In 2020, cloud will be a prioritized growth opportunity for Columbus, thus helping our customers in the migration to cloud with the up- and cross sell the 9 Doors to Digital Leadership® it entails.

In addition, our focus will be to leverage the opportunities to up- and cross sell the 9 Doors to Digital Leadership® services to the installed customer base.

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.

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.

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.

Commercial risks

Columbus' potential to realize the Company's strategic and operational objectives is exposed to a number of commercial risks, such as access to Microsoft's products, ability to develop new solutions and products, the ability to adapt to market changes, project and contract risks, customer dependency and employee dependency.

The objective of risk management is to support the achievement of the strategic and operational objectives.

Financial risks

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.

It is the Group's policy to identify and cover these risks in order to reduce the potential negative impact on growth and results. 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.

The "Finance policy and financial risk management guidelines" cover the Group's currency, investment, financing and credit risks in relation to financial counterparts. The overall objective of the financial risk management is to reduce the sensitivity of earnings to fluctuations in economic trends.

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 34 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.

On page 32 some of the risk issues considered most significant to the Group are described in no specific order.

Extraordinary risk – Coronavirus

Due to the current market uncertainty caused by the coronavirus, we expect a negative impact on our business and financial performance in the coming months.

In order to address the short-term uncertainty, we have initiated a Business Continuity Plan to mitigate risk, keep our business in good health and at the same time having full attention on the wellbeing of employees and customers during this challenging period.

Risk issues and actions

Risk issue	Risk mitigation
Partnership with external software- and cloud providers	Columbus' business foundation is to a wide extent based on implementation and servicing (Columbus Care) of customer solutions based on 3rd party software and cloud products. Partnerships with our software- and cloud providers is therefore of crucial importance to the implementation of Columbus' business strategy.
Software development and product innovation	The Company's future success, including the opportunities to ensure growth, depends on the ability to continue improving existing solutions, as well as developing new solutions and products adapted to the latest technology and the customers' needs. Columbus has many years of experience developing industry-related solutions and has chosen to separate development activities into a separate company, To-Increase. This will focus resources and make a broader sale of these products possible.
Project and contract risks	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 Commissioning phases. Columbus has carefully defined the individual phases, activities, and tools contained therein, with a view to active risk management and effective implementation. By focusing on the sales phase, we are striving towards a majority of 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 fixed price contracts are entered into with the correct pricing.
Insurance	The Company's insurance policy sets the overall guidelines for the scope and management of the Company's risks in terms of insurance. Columbus has taken policies for the compulsory and relevant insurance, which arise ordinarily purchased by comparable companies. Included is insurance for operating material and inventory. Management assessments indicate that the necessary and relevant precautions have been taken to thoroughly cover insurance issues. Columbus' insurance policy is revised annually in consultation with the Board of Directors.
Customer dependency	Columbus is dependent on constant customer intake and on maintaining customer relations. The market is generally characterized by strong prize competition. Columbus is mitigating the risk by executing the Columbus2020 strategy with continuous improvement of customer success, digital leadership and constant development of skilled employees to ensure high quality in delivery of projects and services.
Employee dependency	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. 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.

Risk issue	Risk mitigation
Foreign exchange rate risk	A considerable part of Columbus' revenue is invoiced in currencies other than DKK and EUR. Other currencies are mainly GBP, RUB, NOK, USD, INR and SEK. In relation to currency risk, Columbus strives to match expenses against income and liabilities against assets. With the acquisition of iStone 2 January 2018 the currency risk towards SEK increased significantly. This is due to the fact that revenue and EBITDA from SEK has increased significantly. The remaining contingent payment to the previous shareholders of former iStone can have a significant impact on currency adjustments, however, this particular SEK exposure is hedged by a simple forward contract. With the expansion of the Indian Global delivery center our currency risk on INR has increased significant. An increase in INR of 10% will impact EBITDA negatively by approximately DKK 8m. Financial instruments in foreign currencies are all essentially composed of receivables and debt, as well as bank deposits. Intercompany financing is normally denominated in the reporting currency of the subsidiary. Consequently, currency risk exists on intercompany balances. The group has not entered into any forward exchange transactions other than the one mentioned above.
Credit risk	The credit risk is the risk of a counterpart neglecting to fulfill its contractual obligations and in so doing imposing a loss on Columbus. The credit risk is monitored locally and centrally. The Group's credit risk originates mainly from receivables from the sale of products and services as well as deposits in financial institutions. Receivables from the sale of products and services are split between many customers and geographic areas. Thus, the credit risk is widely spread. A systematic credit rating is incorporated in the Group's internal guidelines.
Cash flow risk	Columbus ensures the necessary cash flow through cash management and tight local monitoring of cash flow in subsidiaries.
Ability to adapt to market changes	With the rapid changes in the IT market in general; IoT, digitalization, cloud, etc. there is a risk of losing relevance with our customers. With the Columbus2020 strategy, including Digital Leadership, Customer Success, Process Excellence and Our People, Columbus strives to turn this risk into new business opportunities.
IT, GDPR and cyber crime	Key IT risks are unauthorized attacks and operational dependency and potential non-compliance to personal data regulation including General Data Protection Regulations (GDPR). To mitigate these risks Columbus is continuously improving processes and controls in the organization. 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. Two of our business units (UK and To-Increase) have been ISO 27001 certified curing 2019.
Integration of iStone	The ongoing integration of former iStone AB constitutes a key risk. To mitigate this risk, Columbus has established the Stronger Together integration program containing clear targets and deadlines and monthly follow-upon progress.

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 35 recommendations, does not comply with 10 recommendations and partly complies with two of the recommendations. Deviations are all explained in the statutory report on Corporate Governance for 2019 according to the "comply or explain principle".

Management and Board Committees

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

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.

Board of Directors

The Board of Directors is responsible for the overall management of the Company on behalf of the shareholders and supervises the Company and ensures adequate management of the Company in compliance with legislation and Articles of Association. Together with the Executive Board, the Board of Directors determines goals and strategies, and approves budgets and action plans.

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.

The number of board members is considered adequate by the Board of Directors, and likewise the composition of the Board is considered appropriate in terms of professional experience and relevant special competencies to perform the tasks of the Board of Directors. 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 nine 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 2019, 11 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 2019, the Board of Directors focused on the following areas:

- 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 42.

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 of Columbus, including strategy, budgets and targets for the Company.

The Executive Board consists of two members: CEO & President, Thomas Gregers Honoré and Corporate CFO Hans Henrik Thrane.

The Board of Directors has adopted Rules of Procedure for the Executive Board, which describe the overall tasks and responsibilities of the Executive Board, reporting to the Board of Directors and authorities of the Executive Board.

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 2019, five meetings were held. Both Audit Committee members attended all meetings.

In 2019, 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 2019, 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

The Company has adopted a remuneration policy, including guidelines for incentive programs for members of 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. Thus, the total remuneration must be competitive in terms of level and composition.

In order to encourage common interests for the company's shareholders, Board of Directors and the Executive Board and to meet short-term as well as long-term goals, Columbus considers it appropriate to set up incentive programs for the Executive Board and the Board of Directors in Columbus in addition to the fixed remuneration. Columbus also considers incentive programs a considerable competitive parameter to attract and retain the best executives.

Bonus schemes, performance contracts or similar schemes for the Executive Board are used in order to achieve short-term goals. Share-based instruments to the Board of Directors and Executive Boards as well as other incentive programs to the Executive Board are used to ensure achievement of long-term goals and to create common interests for Columbus' shareholders and management.

The guidelines, which are available on the Company's corporate website, were adopted by the general meeting in April 2018.

Board of Directors

Members of the Board of Directors receive a fixed annual basic remuneration, which is approved at the Annual General Meeting for the previous year when approving the Annual Report. The Chairman of the Board receives triple basic remuneration. The Chairman of the Audit Committee receives an 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, 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' management and shareholders. The Board of Directors were granted a warrant program in July 2016 and in December 2017.

The basic remuneration fees are assessed annually, and it is ensured that the remuneration of the members of the Board of Directors is in accordance with the general practice in the market and reflects the efforts required.

Executive Board

The Executive Board members receive 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 members' daily performance.

In addition to the fixed remuneration, 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. The Company does not pay severance pay exceeding two years of remuneration. Once a year the remuneration is assessed based on performance. The

Board of Directors decides the remuneration of the Executive Board.

For details about the total remuneration paid to the Board of Directors and Executive Board, please see note 5.

Diversity

Pursuant to Section 99b of the Danish Financial Statements Act, the Board of Directors have set targets for the gender distribution in Columbus. The targets are reviewed annually.

Columbus A/S has chosen to set target figures, establish policies and report on target figures and policies only for the companies in the Group that individually meet the criteria for being subject to the rules, cf. The Danish Business Authority's "Guidelines on target figures, policies and reporting on the gender composition of management". Only the parent company, Columbus A/S meets the criteria, and hence only Columbus A/S is covered by the statutory report, cf. Section 99b of the Danish Financial Statements Act of March 2016.

In 2017, The Board of Directors determined the following targets for the gender distribution in Columbus:

- To increase the proportion of women in the Columbus Board of Directors to 20%, equivalent to one woman, by the end of 2018.
- To increase the proportion of women at management level in Columbus A/S to a minimum of 20% by the end of 2020.

The targets are reassessed by the Board of Directors once a year.

In 2018 the target to increase the proportion of women in Columbus Board of Directors was obtained (25%).

According to the Danish Business Authority's guidelines on target figures, policies and reporting on the gender composition of management from March 2016, a distribution of 25/75% in a company with four Board members is considered to be an equal gender distribution.

The Board of Directors has decided not to increase the target for the proportion of women in the Board of Directors.

In 2018 the gender distribution at management level in Columbus A/S constituted 16.67% women and 83.33% men. At the end of 2019, the percentage of women at management level had increased to 20.59%.

This means that Columbus reached the target for 2020 by the end of 2019.

Columbus has decided to increase the future target to obtain a minimum of 25% female managers in Columbus A/S by the end of 2023.

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

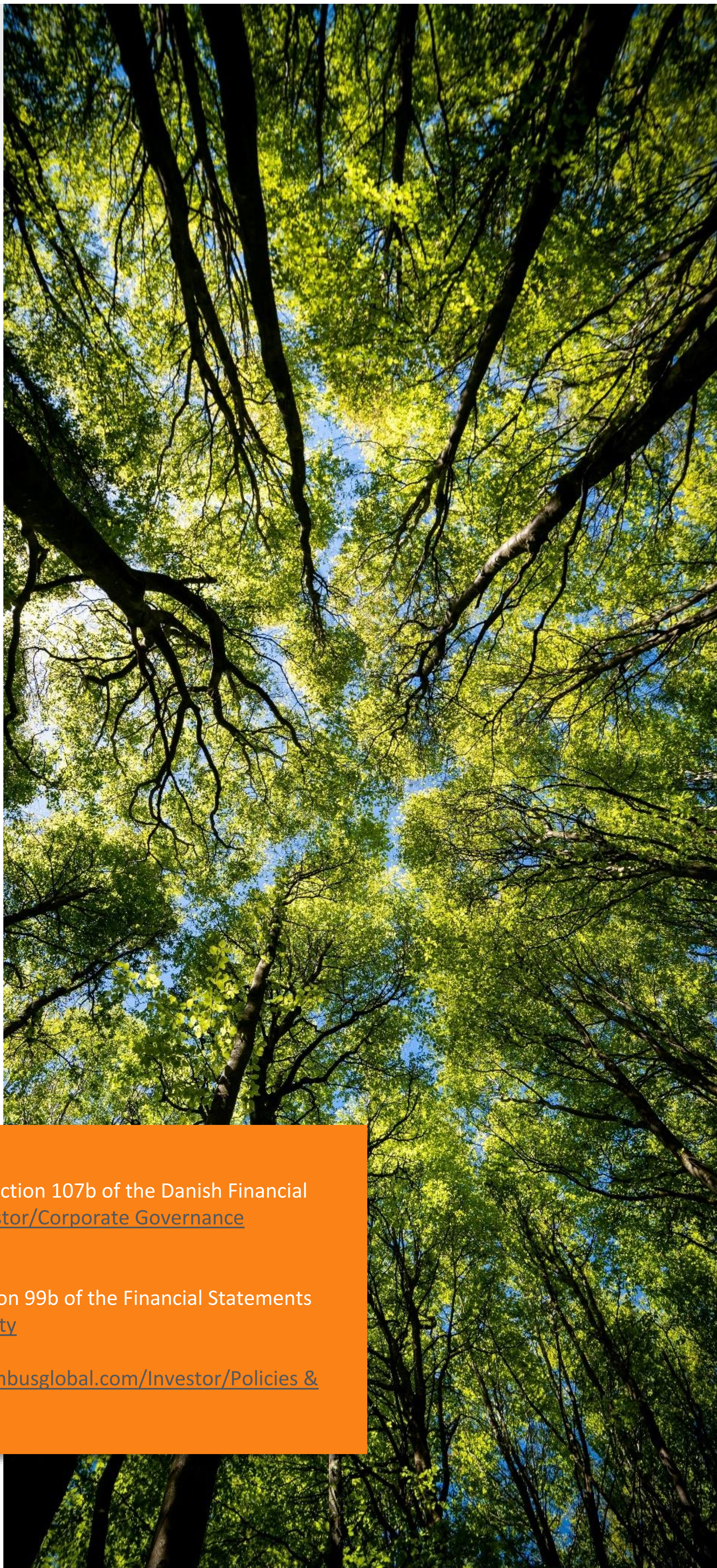
All companies in the Columbus Group report financial and operational data to the head office on a monthly basis. The reporting includes comments to the financial and business development. Based on this reporting the Group's financial statements are consolidated and reported to the Group management. As 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 2019, no cases had been reported through the whistle-blower scheme.



Further information
The statutory report on Corporate Governance for 2019, cf. section 107b of the Danish Financial Statement Act is available at: www.columbusglobal.com/Investor/Corporate Governance Statements

The statutory report on gender distribution for 2019, cf., section 99b of the Financial Statements Act is available at: www.columbusglobal.com/Investor/Diversity

Guidelines for incentive programs are available at: www.columbusglobal.com/Investor/Policies & Articles of Association

Commitment to the UN SDG's

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:

SDG #5: We commit to gender equality and continue to increase the proportion of women in Columbus.

SDG #8: 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.

SDG #9: We help our customers modernize their infrastructure by building new, innovative digital solutions that help our customers run a sustainable business.

SDG #12: 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.

SDG #13: We reduce our environmental footprint globally by reducing flight travel, recycle and optimize our consumption and energy mix.

KPI and target setting 2020

Columbus is already working with focus areas within the five SDGs.

For the past seven years, gender equality has been a strategic focus for Columbus and is measured annually in our "Statutory report on Gender Distribution". The KPI and target setting can be found under "Corporate Governance – Diversity".

Today, Columbus report on women managers in Columbus A/S and the Group. In 2020, Columbus will set KPIs and report on total gender distribution globally.

Employee wellbeing and working conditions has been key part of our CSR focus for the past six years and is reported through the of UN Global Compact framework.

We continuously focus on reducing our environmental footprint.

Finally, helping our customers optimize their infrastructure, supply chain and production is the core of our business. During 2020, Columbus will develop and set the KPI's for the five committed SDG's and we will initiative global and local programs to progress and reach the SDG targets.

The CSR report is available at our website: www.columbusglobal.com/Investor/CSR

SUSTAINABLE DEVELOPMENT GOALS

"Columbus commits to driving positive social and environmental change on a global scale. Through our SDG targets, we help our customer to run a sustainable business by providing innovative digital solutions, we achieve gender equality and ensure high quality work conditions for our people and we and we will reduce our environmental footprint".

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

Notifications to Nasdaq Copenhagen

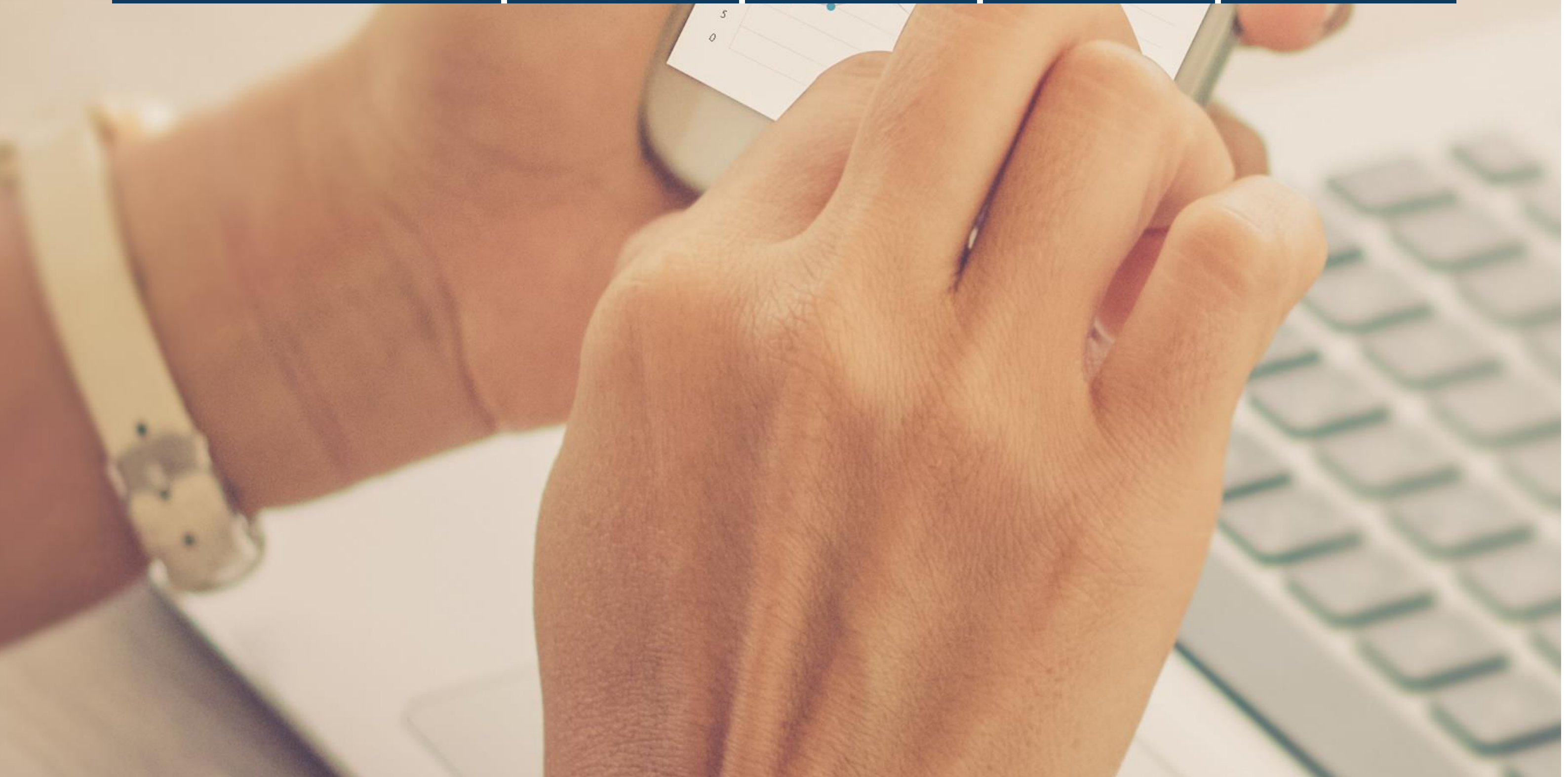
2019		
1	13 March	Columbus Annual Report 2018
2	13 March	Columbus delivered growth in revenue of 54% in 2018
3	25 March	Notice to convene Annual General Meeting
4	28 March	Columbus issues new shares as a consequence of the exercise of warrants
5	28 March	Subscription for shares by exercising of warrants
6	28 March	Capital increase registered - new articles of associations
7	1 April	Transactions by members of senior management and Board of Directors in shares issued by Columbus A/S
8	2 April	Transactions by members of senior management and Board of Directors in shares issued by Columbus A/S
9	5 April	Transactions by members of senior management and Board of Directors in shares issued by Columbus A/S
10	9 April	Transactions by members of senior management and Board of Directors in shares issued by Columbus A/S
11	30 April	Interim management statement for Q1 2019
12	30 April	Passing of Columbus Annual General Meeting and subsequent constitution of the Board of Directors
13	2 May	Amendment of Articles of Association
14	28 May	Incentive scheme
15	28 May	Transactions by members of senior management in shares issued by Columbus A/S and related securities
16	29 May	Transactions by members of senior management and Board of Directors in shares issued by Columbus A/S
17	30 May	Amendment of Articles of Association
18	22 August	Columbus A/S Interim Report 2019
19	13 September	Transactions by members of senior management and Board of Directors in shares issued by Columbus A/S
20	6 November	Interim management statement for Q3 YTD 2019
21	28 November	Transactions by members of senior management and Board of Directors in shares issued by Columbus A/S and related securities
22	3 December	Financial calendar 2020

Financial calendar 2020	
Annual Report 2019	24 March 2020
Interim Management Statement Q1 2020	28 April 2020
Annual General Meeting	28 April 2020
Interim Report H1 2020	19 August 2020
Interim Management Statement Q3 YTD 2020	4 November 2020

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			362
Subsidiaries				
Western Europe				
R H ApS	Denmark	100	100	0
Columbus M3 Danmark ApS	Denmark	100	100	18
Columbus Norway AS	Norway	100	100	126
iStone Norge AS	Norway	100	100	0
Columbus Global (UK) Ltd.	England	100	100	221
Omnica Ltd.	England	100	100	0
Cambridge Online Systems Ltd	England	100	100	0
iStone UK Ltd	England	100	100	1
To-Increase B.V.	Netherlands	100	100	165
Columbus AB	Sweden	100	100	0
iStone Saplication AB	Sweden	100	100	0
Columbus Sweden AB	Sweden	100	100	484
iStone Switzerland SA	Switzerland	100	100	2
Columbus Deutschland GmbH	Germany	100	100	10
Columbus Iberia SA	Spain	100	100	22



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	172
000 Columbus Global	Russia	100	100	6
Columbus Global Ukraine	Ukraine	100	100	2
Columbus Global Kazakhstan	Kazakhstan	100	100	2
UAB Columbus Lietuva	Lithuania	100	100	65
Columbus Eesti AS	Estonia	51	51	79
Columbus Global s.r.o	Czech	100	100	22
Columbus Poland Sp.z.o.o.	Poland	100	100	24
North America				
Columbus US Inc.	USA	100	100	190
Columbus M3 Inc.	USA	100	100	6
Asia				
Columbus Global Services India Pvt.	India	100	100	8
iStone China Ltd	China	100	100	3
Rest of world				
Columbus Chile SpA	Chile	100	100	9

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

The Board of Directors and Executive Board

Thomas Honoré
CEO & President
Member of Executive Board

Hans Henrik Thrane
Corporate CFO
Member of Executive Board

Karina Kirk Ringsted
Member of
of the Board

Peter Skov Hansen
Member of the Board
Chairman of the Audit Committee

Ib Kunøe
Chairman
of the Board

Sven Madsen
Deputy Chairman of the Board
Member of the Audit Committee

Board of Directors

Ib Kunøe
Born 1943
Chairman of the Board
Member of the Board since 2004, re-elected in 2019, term expires 2020
Holds an HD Graduate Diploma in Organization and Management as well as a background as a professional officer (major).

Does not fulfill the Committee of Corporate Governance definition of independency

Chairman of the Board for:
Atea ASA, Consolidated Holdings A/S, Netop Solutions A/S, X-Yacht A/S, Calum Åbyhøj K/S, Calum Værløse K/S, Calum Bagsværdlund K/S, Komplementarselskabet Åbyhøj ApS, Komplementarselskabet Værløse ApS, Komplementarselskabet Bagsværlund ApS and Freemantle Ltd.

Member of the Board for:
Atrium Partner A/S and Kosmetolog Instituttet A/S

Special competencies:
Company management, including management of IT companies, development of and dealing with companies.

Sven Madsen
Born 1964
Member of the Board since 2007, re-elected in 2019, term expires 2020
CFO in Consolidated Holdings A/S
Member of the Audit Committee
Holds a Graduate Diploma in Financial and Management Accounting and an MSc in Business Economics and Auditing

Does not fulfill the Committee of Corporate Governance definition of independency

Chairman of the Board for:
CHV III ApS

Member of the Board for:
Atea ASA, Consolidated Holdings A/S, core:workers AB, core:workers Holding A/S, X-Yachts A/S, Netop Solutions A/S, Ejendomsaktieselskabet af 1920 A/S, CHV V A/S, DAN-Palletiser Finans A/S and MonTa Biosciences ApS.

Special competencies:
General management, M&A, business development, economic and financial issues.

Peter Skov Hansen
Born 1951
Member of the Board since 2012, re-elected in 2019, term expires 2020
Completed State Authorized Public Accountant education in 1980, registered as non-practicing.
Chairman of the Audit Committee

Fulfills the Committee of Corporate Governance definition of independency

Chairman of the Board for:
Topstykket A/S

Member of the Board for:
X-Yachts A/S and Netop Solutions A/S.

Special competencies:
Business development and financial, accounting and tax related issues.

Karina Kirk Ringsted
Born 1971
Member of the Board since 2018, re-elected in 2019
term expires 2020
Owner of KIRK & CO., Executive and board advisory
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)

Fulfills the Committee of Corporate Governance definition of independency

Special competencies:
General management, management of consulting companies, market and customer leadership, business development and business transformation

Executive Board

Thomas Honoré
Born 1969
Joined as CEO & President in May 2011

Hans Henrik Thrane
Born 1968
Joined as Corporate CFO in July 2010

Direct and indirect ownership in Columbus A/S	Number of shares 31 December 2019	Changes in fiscal years, shares	Total number of warrants 1 January 2019	Number of warrants exercised in 2019	Number of warrants granted in 2019	Total number of warrants 31 December 2019
Consolidated Holdings A/S	57,454,032	915,977				
Board of Directors						
Ib Kunøe	360,000	180,000	270,000	180,000	0	90,000
Sven Madsen	768,529	180,000	360,000	180,000	0	180,000
Peter Skov Hansen	280,000	20,000	150,000	60,000	0	90,000
Karina Kirk Ringsted	20,000	20,000	90,000	0	0	90,000
Executive Board						
Thomas Honoré	1,806,197	270,000	1,770,000	450,000	0	1,320,000
Hans Henrik Thrane	1,128,800	180,000	1,500,000	180,000	0	1,320,000

Shareholder information

Shareholder information

Columbus A/S's shares have been listed on Nasdaq Copenhagen since May 1998 and have ID code DK0010268366 and abbreviated name COLUM. Columbus A/S is included in the Mid Cap index.

At the end of 2019, the price of the Columbus A/S share was DKK 9.65, while at the end of 2018 it was DKK 12.68 – a decrease of 23.9% (2018: -14.32%)[4].

In 2019, a total of 27.2m shares were traded corresponding to 21.8% of the total number of shares at the end of 2018 (2018: 28.2%). The average revenue per business day in 2019 was DKK 1.2m (2017: DKK 2.1m)[4].

The Company's market value amounted to DKK 1,203m at the end of 2019 against DKK 1,544m at the end of 2018.

Share price development in 2019[4]:

Share capital

At the end of 2019 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 (2018: 121,787,132 shares at DKK 1.25, corresponding to nominal share capital of DKK 152,233,915).

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.

Ownership

At the end of 2019 Columbus A/S had 6,233 registered shareholders, who together owned 98.13% of the total share capital.

Members of Columbus A/S' Board of Directors and Executive Board owned in total 49.61% of the share capital at the end of 2019.

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.

Given the current uncertainty in relation to the Coronavirus outbreak, Columbus has decided to suspend the dividend policy in 2020 to ensure the strongest possible liquidity position of the company.

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

	No. of shares	%
Consolidated Holdings A/S	57,454,032	46.10
Ib Kunøe	360,000	0.29
Total	**57,814,032**	**46.39** *

* Due to shareholder voting agreements, Consolidated Holdings A/S holds 47.34% of the voting rights.

[4] Source: Nasdaq Copenhagen A/S

Investor Relations

Columbus endeavors 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.

Analysts

The Danish share analysts, Aktieinfo and ABG Sundal Collier cover 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 Corporate CFO handles the daily contact with investors and analysts:

Columbus
Lautrupvang 6
2750 Ballerup
Tel: +45 7020 5000
Contact person: Corporate CFO,
Hans Henrik Thrane
Email: hht@columbusglobal.com

General Meeting

The Company's Annual General Meeting will be held on 28 April 2020 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.

Development in share capital

Development in share capital in Columbus A/S since 1 January 2019	**Capital increase (DKK nom.)**	**Total share capital (DKK nom.)**	**No. of shares of DKK 1.25 (nom.)**
Capital increase 28 March*	3,543,750	155,777,665	124,622,132

* Capital increase as a consequence of the exercise of warrants by members of the Board of Directors, Executive Board and a number of senior executives. The warrants were granted as part of the Company's warrant program. The subscription price for the new shares is DKK 5.45 for 1,260,000 shares and DKK 7.84 for 1,575,000 shares.

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 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of their operations and cash flows for the financial year 2019.

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, 24 March 2020

Executive Board

Thomas Gregers Honoré
CEO & President

Hans Henrik Thrane
Corporate CFO

Board of Directors

Ib Kunøe
Chairman

Sven Madsen
Deputy Chairman

Peter Skov Hansen

Karina Kirk Ringsted

To the shareholders of Columbus A/S

Independent Auditor’s Reports

Opinion
We have audited the consolidated financial statements and the parent financial statements of Columbus A/S for the financial year 01.01.2019 - 31.12.2019, 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 31.12.2019, and of the results of their operations and cash flows for the financial year 01.01.2019 - 31.12.2019 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.

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 20 years up to and including the financial year 2019.

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 01.01.2019 – 31.12.2019. 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 and other intangible assets	**How the matter was addressed in our audit**
Refer to Note 11 in the consolidated financial statements. At 31 December 2019 the carrying value of the Group's goodwill was DKK 845.8 million and other intangible assets was DKK 61.5 million. Annually, an impairment test is performed in relation to goodwill and other intangible assets with indefinite useful economic lives. At 31 December 2019, the CGU "Value Added Reseller (VAR)" and "Independent Software Vendor (ISV)" had a carrying value of DKK 845.8 million of which DKK 763.9 million related to VAR and DKK 81.9 million related to ISV. The determination of the recoverable amount was based on the individual CGU and the Capital Asset Pricing Model (CAPM model). Significant judgement is required by Management in determining value-in-use including cash flow projections based on financial budgets for 2020 and financial forecasts for 2021-2023, 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 and other intangible assets to the financial statements.	In assessing the valuation of goodwill and other intangible assets, 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, except for the CGU Columbus US Inc. where Management in 2019 has recognised an impairment loss of DKK 90 million.
Revenue recognition, including the valuation and recognition of work in progress	**How the matter was addressed in our audit**
Refer to Notes 3, 4 and 16 in the consolidated financial statements. At 31 December 2019 the carrying value of the Group's work in progress amounted to a net asset of DKK 10.9 million or recognised assets of DKK 28.6 million and liabilities of DKK 17.8 million corresponding to the contract value of work in progress of DKK 132.0 million and progress billing of DKK 121.1 million. Recognised consultancy revenue based on the stage of completion method amounted to DKK 1,502.5 million in 2019.	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 2019 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.

Significant judgements 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 judgement 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.	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.
Capitalisation practices and valuation of development projects	**How the matter was addressed in our audit**
Refer to Note 11 in the consolidated financial statements At 31 December 2019, the net book value of the Group's completed development projects was DKK 78.9 million and development projects in progress was DKK 6.1 million. Management is to exercise judgement in determining which costs meet the IAS 38 criteria for capitalisation, perform an annual impairment test and review whether indicators of impairment have been identified. Software projects can have complex development cycles, often over many phases, spanning one to two years, or more. New technology also brings a risk of impairment of legacy systems. The significance of judgements and complexity involved has caused us to identify this key audit risk.	We have tested the relevant internal controls related to the capitalisation of internally developed intangible assets and, when indicators of impairment were identified, their valuation, including the assessment of useful economic lives. We have tested the amounts capitalised in the period to assess whether this was performed in accordance with the requirements of IFRS. We also challenged management's assessment as to whether development projects in progress were still expected to deliver sufficient positive economic benefits upon their completion. For completed development projects, we considered whether the useful economic lives remained appropriate, and for those assets where indicators of impairment were identified, we tested whether valuations were properly supported by Management's impairment reviews.

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, 24.03.2020

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Bill Haudal Pedersen
State-Authorised Public Accountant
MNE no 30131

Financial statements 2019

Statement of comprehensive income

		Group		Parent Company	
DKK ´000	Note	2019	2018	2019	2018
Net revenue	4	1,931,684	1,875,252	352,901	339,697
External project costs		-437,107	-391,276	-82,832	-84,176
Gross profit		**1,494,577**	**1,483,976**	**270,069**	**255,521**
Staff expenses and remuneration	5	-1,136,911	-1,091,192	-228,772	-214,151
Other external costs		-192,567	-220,048	-41,219	-38,690
Other operating income	7	78,474	8,472	111,812	29,178
Other operating costs		-33	-25	0	0
EBITDA before share-based payment		**243,540**	**181,183**	**111,889**	**31,859**
Share-based payment	5	-5,470	-9,774	-110	-4,527
EBITDA		**238,070**	**171,409**	**111,779**	**27,332**
Depreciation, amortization and impairment	6	-178,882	-63,893	-11,091	-5,644
Operating profit (EBIT)		**59,188**	**107,516**	**100,688**	**21,688**
Results in subsidiaries		0	0	-59,002	26,675
Financial income	8	590	13,663	2,495	18,843
Financial expenses	8	-11,042	-5,738	-6,993	-6,377
Profit before tax		**48,736**	**115,441**	**37,188**	**60,829**
Corporate tax	9	-27,746	-18,767	-4,964	-9,050
Profit after tax		**20,990**	**96,674**	**32,224**	**51,779**
Items that may be reclassified subsequently to profit and loss:					
Foreign exchange adjustments of subsidiaries		4,139	-15,712	3,853	7,484
Other comprehensive income		**4,139**	**-15,712**	**3,853**	**7,484**
Total income for the period		**25,129**	**80,962**	**36,077**	**59,263**
Allocated to:					
Shareholders in Columbus A/S		20,619	95,056		
Minority interests		371	1,618		
		20,990	**96,674**		
Total comprehensive income allocated to:					
Shareholders Columbus A/S		24,757	79,332		
Minority interests		372	1,630		
		25,129	**80,962**		
Earnings per share of DKK 1.25 (EPS)	10	0.17	0.78		
Earnings per share of DKK 1.25, diluted (EPS-D)	10	0.17	0.77		

Balance sheet

		Group		Parent Company	
DKK ´000	Note	2019	2018	2019	2018
ASSETS					
Goodwill	11	845,774	933,872	110,240	110,240
Customer base	11	50,933	64,350	6,126	8,249
Other intangible assets	11	10,565	6,661	10,555	6,641
Development projects finalized	11	78,852	67,480	4,161	3,537
Development projects in progress	11	6,066	11,723	0	0
Property, plant and equipment	12	12,248	24,190	1,348	1,813
Right-of-use assets	13	85,927	0	12,970	0
Investments in subsidiaries	14	0	0	912,668	876,552
Deferred tax assets	9	26,737	24,389	3,361	4,764
Other receivables		7,466	8,289	2,368	2,359
Total non-current assets		**1,124,568**	**1,140,954**	**1,063,796**	**1,014,156**
Inventories		0	5	0	0
Trade receivables	15	307,231	316,111	49,440	61,024
Contract assets	16	28,605	25,317	593	2,520
Receivables from subsidiaries		0	0	58,018	28,233
Corporate tax receivables	9	1,360	1,278	0	0
Deferred tax assets	9	2,812	4,521	0	0
Other receivables		16,564	11,327	534	573
Prepayments		26,113	25,136	4,705	4,339
Receivables		**382,685**	**383,690**	**113,290**	**96,689**
Cash		147,264	108,909	34,636	10,336
Total current assets		**529,949**	**492,604**	**147,926**	**107,025**
TOTAL ASSETS		**1,654,517**	**1,633,558**	**1,211,722**	**1,121,181**

Balance sheet

		Group		Parent Company	
DKK ´000	Note	2019	2018	2019	2018
EQUITY AND LIABILITIES					
Share capital		155,778	152,234	155,778	152,234
Reserves on foreign currency translation		-40,365	-44,503	-7,366	-11,219
Reserve to development costs		0	0	11,478	6,734
Retained profit		549,941	528,608	417,053	385,408
Group shareholders' equity		**665,354**	**636,339**	**576,943**	**533,157**
Minority interests		3,126	3,381	0	0
Equity		**668,480**	**639,720**	**576,943**	**533,157**
Deferred tax	9	26,296	25,016	0	0
Other provisions	18	28,635	12,015	7,393	2,472
Contingent consideration	18	157,850	227,259	153,368	214,552
Debt to credit institutions		176,000	184,270	176,000	176,000
Lease liability right-of-use assets	19	58,911	0	9,337	0
Non-current liabilities		**447,692**	**448,560**	**346,098**	**393,024**
Debt to credit institutions		0	7,494	0	15,346
Debt to subsidiaries		0	0	186,334	10,105
Contract liabilities	16	17,727	30,745	2,189	4,822
Trade payables		85,618	105,585	23,221	23,853
Corporate tax payables	9	5,127	4,514	2,946	1,506
Other Payables	20	314,141	323,734	59,183	130,035
Accruals		82,872	73,206	9,929	9,333
Lease liability right-of-use assets	19	32,860	0	4,879	0
Current liabilities		**538,345**	**545,278**	**288,681**	**195,000**
Total liabilities		**986,037**	**993,838**	**634,779**	**588,024**
TOTAL EQUITY AND LIABILITIES		**1,654,517**	**1,633,558**	**1,211,722**	**1,121,181**

Statement of changes in equity - Group

DKK ´000	Shareholders in Columbus A/S: Share capital	Shareholders in Columbus A/S: Reserves on foreign currency translation	Shareholders in Columbus A/S: Retained profits	Minority interests	Equity
Group 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**
Group 2018					
Balance at 1 January 2018	**149,832**	**-28,779**	**428,059**	**3,031**	**552,143**
Profit after tax	0	0	95,056	1,618	96,674
Currency adjustments of investments in subsidiaries	0	-15,724	0	12	-15,712
Total comprehensive income	**0**	**-15,724**	**95,056**	**1,630**	**80,962**
Capital increase	2,402	0	10,942	0	13,344
Share-based payment, cf. note 5	0	0	9,774	0	9,774
Payment of dividend	0	0	-15,223	-1,280	-16,503
Balance at 31 December 2018	**152,234**	**-44,503**	**528,608**	**3,381**	**639,720**

Statement of changes in equity – Parent company

DKK ´000	Share capital	Reserves on foreign currency translation	Reserve to development costs	Retained profits	Equity
Parent 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**
Parent 2018					
Balance at 1 January 2018	**149,832**	**-18,703**	**1,118**	**333,752**	**465,999**
Profit after tax	0	0	0	51,779	51,779
Currency adjustments of investments in subsidiaries	0	7,484	0	0	7,484
Total comprehensive income	**0**	**7,484**	**0**	**51,779**	**59,263**
Capital increase, cf. note 17	2,402	0	0	10,942	13,344
Share-based payment cf. note 5	0	0	0	9,774	9,774
Payment of dividend	0	0	0	-15,223	-15,223
Development costs	0	0	5,616	-5,616	0
Balance at 31 December 2018	**152,234**	**-11,219**	**6,734**	**385,408**	**533,157**

Cash flow

		Group		Parent Company	
DKK ´000	Note	2019	2018	2019	2018
Operating profit (EBIT)		59,188	107,516	100,688	21,688
Non-recurring income and expenses from acquisitions		-76,777	-6,464	-73,287	0
Depreciation, amortization and impairment	6	178,882	63,893	11,091	5,644
Cost of incentive scheme	5	5,470	9,774	5,470	9,774
Changes in net working capital	26	55,636	-36,085	166,496	-123,207
Cash flow from primary activities		**222,399**	**138,634**	**210,458**	**-86,101**
Interest received, etc.		590	191	2,495	6,161
Interest paid, etc.		-7,267	-3,403	-6,483	-4,042
Corporate tax paid		-26,576	-11,128	-2,121	662
Cash flow from operating activities		**189,146**	**124,294**	**204,350**	**-83,320**
Net investment in development projects	11	-33,929	-34,319	-1,703	-2,949
Acquisition of tangible assets	12	-5,957	-5,907	-818	-800
Acquisition of intangible assets	11	-5,608	-6,187	-5,609	-6,159
Disposal of tangible assets	12	2,179	334	0	250
Disposal of intangible assets	11	0	5	0	0
Acquisition of subsidiaries and activities	22	-63,055	-209,483	-170,580	-186,927
Dividends received from subsidiaries		0	0	15,998	64,411
Cash flow from investing activities		**-106,370**	**-255,557**	**-162,711**	**-132,174**
Proceeds from capital increase/warrants exercised		19,215	13,344	19,215	13,344
Overdraft facilities	27	-15,764	157,822	-15,346	191,346
Right-of-use-assets payments	27	-33,360	0	-5,632	0
Dividends paid		-15,944	-16,503	-15,578	-15,223
Cash flow from financing activities		**-45,853**	**154,663**	**-17,339**	**189,467**
Total cash flow		**36,923**	**23,400**	**24,300**	**-26,027**
Cash funds at the beginning of the year		108,909	88,235	10,336	36,364
Exchange rate adjustments		1,432	-2,726	0	0
Cash funds at the end of the period		**147,264**	**108,909**	**34,636**	**10,336**

Notes

Notes

Note 1 - Significant accounting principles

The financial statements for 2019 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 note 32.

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.

The effect of new accounting standards

All new and revised standards, which entered into force with effect from fiscal periods beginning at 1 January 2019, and interpretations that are relevant to the Columbus Group are used in preparing the financial statements.

IFRS 16

Effective 1 January 2019, Columbus has applied IFRS 16 "Leases" which is effective for annual reports that begin on or after 1 January 2019. Columbus has assessed and evaluated the new standard and concluded that the standard has significant impact on recognition and measurement for the Group consolidation.

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

Columbus has made use of the practical expedient available on transition to IFRS 16 and applied a single discount rate to portfolios of leases with reasonably similar characteristics.

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 3 parts:

- Reference rate
- Financing spread adjustment
- Lease specific adjustment

The interest rate used for measuring lease liabilities ranges between 3.71% and 6.71% depending on the portfolios characteristics. The weighted average incremental borrowing rate used at initial recognition is 4.7%.

Cash flow statement will be impacted as operating lease payments currently presented as cash flow from operating activities will be reclassified to cash flow from interest and financing activities.

Columbus' portfolio of leases include three main groups; Offices, cars and other fixtures. Offices represent approximately 82% and cars and other tangible assets represent the last 18% of the Columbus' portfolio of leases.

Columbus has applied the simplified transition approach and comparative amounts for the year prior to the first adoption are not restated. The implementation has an effect on equity as per 1 January 2019 with a negative amount of DKK 5.1m. Right-of-use assets is measured on the transition date as if the new rules had always been applied, meaning that all leases have been recognized back to original commencement date.

Columbus has recognized right-of-use assets of DKK 112.2m on 1 January 2019. The right-of-use assets is classified as a separate line under non-current assets.

The lease liabilities related to the right-of-use assets is recognized with an amount of DKK 117.3m on 1 January 2019 of which DKK 10.7m was classified as financial leasing debt at 31 December 2018. The liabilities are classified as current and non-current liabilities respectively. Current liabilities

Notes

are DKK 38m and non-current liabilities are DKK 79m.

At 31 December 2018 operational leases were disclosed for future rental and lease commitments amounting to DKK 121m.

The difference between the recognized liabilities relating to right-of-use-assets on 1 January 2019 and the future rental and lease commitments disclosed as of 31 December 2018 is mainly due to the calculated interest portion of the future lease payments as well as management assessments to the lease periods.

Full year 2019 impact of IFRS 16

Net profit before tax is almost unaffected as a result of implementation of the new standard based on the Group's lease agreements as of 31 December 2019. EBITDA increased by DKK 41m, as the operating lease payments are no longer disclosed as other external cost. Depreciation of the right-of-use assets amount to DKK 37m for 2019 and the interests on the lease liability amount to DKK 4m for 2019.

Net cash flow is unaffected by implementing IFRS 16.

The group's activities as a lessor are not material and have no significant impact on the financial statements.

Please also refer to Accounting policies note 32.

IFRIC 23

IFRIC 23 "Uncertainty over Income Tax Treatments" has been applied as of January 1, 2019, however the effect is assessed immaterial.

New standards effective from 2020

IASB has not issued new or amended standards and interpretations which have effect on the consolidated financial statements for 2019.

Notes

Note 2 - Significant accounting estimates and assessments

By applying the Group's accounting principles as described in note 32, it is necessary that the management performs assessments, 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 30.

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.

The most significant accounting estimates and judgements relate to the following areas.

Area	Note
Deferred tax asset	9
Impairment of goodwill	11
Impairment of intangible assets	11
Revenue recognition	4,16
Contingent consideration	18

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 2019, the carrying value of goodwill is DKK 845,774k after write down of goodwill related to US of DKK 90m. For a detailed description of methods and assumptions for impairment of goodwill, see note 11.

Recoverability amount of development projects

In general, internal development projects are amortized over 5 years. The carrying amount of capitalized development cost are continuingly tested for any impairment. The carrying amount is tested against the net present value of expected future cash flows.

Fixed price project related to the acquisition of iStone AB

Columbus acquired iStone AB 2 January 2018. At the time of acquisition iStone AB had engaged in a fixed price project in Norway of NOK 135m. During 2018 and 2019 significant losses were realized partially due to slow progress caused by slow decision-making by the customer. In Q3 a new plan for completing the project was made, leading to a significant provision for cost to complete the project. During Q4 the cooperation with the customer has improved significantly, and it is expected that the project will be delivered within the agreed timeline. The actual development may therefore differ from the estimates and judgements made as more detailed information becomes available. Management has used all information available to mitigate the uncertainty and assess that the accrual for loss on the projects is fair. Management will continue to monitor the progress of the project closely to assess a true and fair view of the revenue recognition of the project.

The losses and the provision for this fixed price project incurred during 2019 has a direct impact on the earn out to be paid to the sellers of iStone AB. The losses for 2019 have resulted in a 0 earn out payment for 2019. Contingent consideration liabilities are based on management's expectations to the result for the fiscal year 2020.

Evaluation of revenue recognition of contracts

The stage of completion, forming the basis for the current recognition of revenue at the Company's use of the production method of contracts, 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 area is closely monitored by management, and further adjustments are made to the stage of completion, etc., if deemed necessary.

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

Notes

profits. At 31 December 2019, the carrying value of recognized tax was DKK 29.550k, 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
ISV (Independent Software Vendor)	Development and sale of industry-specific software within Columbus' three focus industries: Retail, food and manufacturing	No specific area
Consultancy	Sale, implementation and service of standard business systems	Western Europe Eastern Europe North America

Information about the Group's segments is stated below.

DKK ´000	ISV	Consultancy Western Europe	Consultancy Eastern Europe	Consultancy North America	HQ, GDC and Eliminations	Total
2019						
Columbus Software licenses	32,541	4,862	4,183	1,350	-4,487	38,449
Columbus Software subscriptions	46,870	15,218	1,700	5,562	-13,823	55,527
Columbus cloud	20,888	7,470	719	222	-5,297	24,002
External licenses	3,228	44,679	11,712	18,768	-3,234	75,153
External subscriptions	11,234	88,763	18,320	88,029	-5,758	200,588
External cloud	2,327	17,337	984	15,377	-514	35,511
Services	55,501	1,171,693	108,887	171,870	-39,418	1,468,533
Other	2,425	33,801	1,315	3,496	-7,116	33,921
Total net revenue	**175,014**	**1,383,823**	**147,820**	**304,674**	**-79,647**	**1,931,684**
Gross profit	151,701	994,200	116,742	194,072	37,862	1,494,577
EBITDA	80,522	147,353	14,401	4,819	-9,025	238,070
Operating profit (EBIT)	44,472	74,585	5,101	-97,907	32,937	59,188
Profit before tax	45,535	74,009	3,692	-101,138	26,638	48,736
Profit after tax	37,561	75,227	1,024	-107,900	15,078	20,990
Segment assets	238,262	1,162,723	113,443	195,820	-55,731	1,654,517
Segment liabilities	88,364	414,326	53,904	50,960	378,483	986,037
Non-current assets	169,448	630,765	58,963	148,880	116,512	1,124,568
Asset investments	33,935	12,055	2,069	576	7,440	56,075
Depreciation, amortization and impairment	-32,713	-36,176	-5,210	-98,138	-6,645	-178,882
Average number of employees	**165**	**1,275**	**327**	**186**	**46**	**1,999**

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

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

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 2019	Net revenue from external customers 2018	Non-current assets 2019	Non-current assets 2018
Denmark	382,310	352,253	225,292	211,885
Norway	155,512	147,980	49,943	8,711
Netherlands	141,738	123,773	142,882	169,725
United Kingdom	190,096	195,031	52,947	47,041
USA	312,962	355,633	141,672	230,063
Russia	74,268	65,849	8,566	1,480
Sweden	501,283	494,993	470,112	450,374
The rest of the world	173,515	139,740	33,154	21,674
Total	**1,931,684**	**1,875,252**	**1,124,568**	**1,140,954**

Notes

Note 4 - Net revenue

	Group		Parent Company	
DKK ´000	2019	2018	2019	2018
Sale of products				
Columbus Software licenses	38,449	29,373	3,575	3,960
Columbus Software subscriptions	55,527	57,949	8,730	8,973
Columbus Cloud	24,002	15,547	3,471	1,434
External licenses	75,153	74,029	15,364	12,589
External subscriptions	200,588	206,658	47,601	47,268
External Cloud	35,511	24,095	7,033	4,246
Total sale of products	**429,230**	**407,650**	**85,774**	**78,470**
Sale of services				
Sales value of finished projects	1,402,658	1,393,788	257,502	254,886
Change in contract assets	65,875	38,321	4,698	3,549
Other services	33,921	35,492	4,927	2,792
Total sale of services	**1,502,454**	**1,467,601**	**267,127**	**261,227**
Total net revenue	**1,931,684**	**1,875,252**	**352,901**	**339,697**
Contract assets, beginning of period	66,125	27,804	16,703	13,154
Contract assets, end of period	132,000	66,125	21,401	16,703
Total change in contract assets	**65,875**	**38,321**	**4,698**	**3,549**

Notes

Note 5 - Staff expenses and remuneration

	Group		Parent Company	
DKK ´000	**2019**	**2018**	**2019**	**2018**
Staff expenses				
Salary and wages	931,315	893,827	218.401	205,094
Other social security costs	162,827	156,555	1.860	1,638
Other staff expenses	42,769	40,810	8,511	7,418
Staff costs before share-based payment	**1,136,911**	**1,091,192**	**228,772**	**214,151**
Share-based payment	5,470	9,774	110	4,527
Staff expenses	**1,142,381**	**1,100,966**	**228,882**	**218,678**
Average number of employees	1,999	1,845	345	310

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

DKK ´000	**Executive Board**	**Board of Directors**	**Other senior employees**
2019			
Salary and wages	8,362	675	25,980
Share-based payment	1,503	174	1,102
	9,865	**849**	**27,082**
2018			
Salary and wages	7,838	675	24,107
Share-based payment	2,770	582	1,859
	10,607	**1,257**	**25,966**

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 November 2015 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 2018. At the grant date the market value of the shares was DKK 2,836,314. 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 July 2016 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 2018. At the grant date the market value of the shares was DKK 5,767,408. 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 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.

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.

The development in outstanding warrants can be specified as follows:

	Number of warrants		Avg. exercise rate per warrant	
	2019	**2018**	**2019**	**2018**
Outstanding 1 January	11,535,000	7,576,500	12.66	8.87
Granted during the period	270,000	6,510,000	12.30	15.08
Lost due to termination of employment	-630,000	-630,000	12.81	9.57
Exercised during the period	-2,835,000	-1,921,500	6.78	6.94
Outstanding end of period	**8,340,000**	**11,535,000**	**13.22**	**12.66**

Number of warrants which can be exercised at balance sheet date	2,845,000	885,000
Weighted average contractual life (years)	2.08	2.50
Weighted average exercise rate	14.56	6.79

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 2019	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	2,145,000	22.1%	0.0%	0.0%	1.3
Granted April 2018 **	12.30	12.30	3,830,000	22.4%	0.0%	0.0%	2.3
Granted April 2018 **	15.08	15.08	2,095,000	19.2%	0.0%	0.0%	2.3
Granted May 2019	12.30	12.30	270,000	22.4%	0.0%	0.0%	3.3

* 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	**2019**	**2018**	**2019**	**2018**
Expensed share-based payment related to equity instruments	5,470	9,774	110	4,527

Notes

Note 6 – Depreciation, amortization and impairment

	Group		Parent Company	
DKK ´000	2019	2018	2019	2018
Depreciation	45,606	10,295	6,194	1,992
Amortization	43,275	38,858	4,897	3,652
Impairment	90,000	14,740	0	0
Total depreciation, amortization and impairment	**178,882**	**63,893**	**11,091**	**5,644**

In 2019 there has been an extraordinary write down of goodwill in the US business of DKK 90m. The recoverable amount of the impaired goodwill in US represents DKK 127m. The impairment and recoverable amount are associated with estimates and judgements made by the management based on expected future events. The management assesses that the measurement is fairly stated. The impairment is described in note 11.

In 2018 the impairment is related to an extraordinary write down of a development project.

Note 7 – Other operating income

	Group		Parent Company	
DKK ´000	2019	2018	2019	2018
Non-recurring income from acquisitions	76,777	6,464	73,287	0
Central cost allocation Columbus Group	0	0	38,525	29,178
Other services	1,697	2,008	0	0
Total other operating income	**78,474**	**8,472**	**111,812**	**29,178**

Non-recurring income is related to income recognition of unachieved earn out remuneration to seller of acquisitions in HiGH Software and iStone in earlier years.

Notes

Note 8 – Financial income and expenses

	Group		Parent Company	
DKK ´000	2019	2018	2019	2018
Financial income				
Interest income from subsidiaries	0	0	2,495	6,161
Interest income on bank deposits, etc.	399	132	0	0
Other interest income	191	59	0	0
Interest income on financial assets not measured at fair value in the result	**590**	**191**	**2,495**	**6,161**
Foreign exchange gains	0	13,472	0	12,682
Total financial income	**590**	**13,663**	**2,495**	**18,843**
Financial expenses				
Interests expense to subsidiaries	0	0	119	931
Interest expense on bank loans	1,713	1,759	1,691	1,864
Interest expense leases, Right-of-use-assets	4,317	0	569	0
Other interest expense	2,005	2,355	1,970	2,351
Interest expense from financial liabilities that are not measured at fair value in the result	**8,035**	**4,114**	**4,349**	**5,146**
Foreign exchange loss	3,007	1,624	2,644	1,231
Total financial expenses	**11,042**	**5,738**	**6,993**	**6,377**

Discounted interest expenses of DKK 1,969k which relate to contingent consideration (note 18) are included in other interest expenses.
Foreign exchange gains include fair value adjustment of currency forward derivative.

Notes

Note 9 - Corporate tax

DKK ´000	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Tax on result for the year				
Current tax	24,787	18,109	2,946	1,274
Change in deferred tax	2,201	1,843	2,098	7,892
Withholding tax	330	0	0	0
Adjustment to previous years	428	-1,185	-80	-116
	27,746	**18,767**	**4,964**	**9,050**
Tax on result for the year explained as follows				
Calculated 22% on pre-tax earnings on continuing operations	10,722	25,397	8,181	13,382
Tax effect of:				
Adjustment to tax concerning previous years	-168	-1,625	-80	-429
Adjustment to tax rates in foreign subsidiaries relative to 22%	-473	-1,255	0	0
Non-capitalized tax value of losses	5,306	5	0	0
Effect of reduced corporate tax rate	33	0	0	0
Not taxable income	-889	-8,676	-3,520	0
Not taxable expenses	5,063	89	17,347	-55
Other temporary differences	27,699	2,437	-55	-3,773
Other permanent differences	-19,547	2,395	-16,909	-75
	27,746	**18,767**	**4,964**	**9,050**
Effective tax rate (%)	**56.93**	**16.26**	**13.35**	**14.88**
Corporate tax payable (net)				
Balance at 1 January	3,236	-1,131	1,506	0
Currency adjustment	173	-41	0	0
Adjustment to previous years	17	-738	0	232
Current tax for the year	24,787	18,109	2,946	1,274
Tax paid on account for the year	-16,648	-11,432	-1,506	0
Corporate tax paid during the year	-7,797	-1,532	0	0
Balance at 31 December	**3,767**	**3,236**	**2,946**	**1,506**
Corporate tax receivable	-1,360	-1,278	0	0
Corporate tax payable	5,127	4,514	2,946	1,506
	3,767	**3,236**	**2,946**	**1,506**

The effective tax rate in 2019 is significantly higher than last year due to impairment of goodwill in US which is not deductible. Adjusted for the impairment the effective tax rate is 20%.

Notes

Note 9 - Corporate tax, continued

	Group		Parent Company	
DKK ´000	2019	2018	2019	2018
Deferred tax assets				
Balance at 1 January	28,910	26,980	4,764	12,971
Deferred tax assets 1 January	**28,910**	26,980	**4,764**	**12,971**
Currency adjustments	352	313	0	0
Adjustment to previous years	1,110	-14	694	-315
Additions from business combinations	0	9,140	0	0
This year's change in deferred tax	-822	-7,509	-2,097	-7,892
Balance at 31 December	**29,550**	**28,910**	**3,361**	**4,764**
Deferred tax assets relate to				
Intangible assets	4,357	2,415	1,827	2,352
Tangible assets	2,619	5,507	1,398	2,286
Current assets	5,220	2,651	136	126
Loss carryforward	17,354	18,337	0	0
	29,550	**28,910**	**3,361**	**4,764**

Based on the management's assessment of future income short-term tax assets are expected to be DKK 2.8m and the total tax assets are expected to be utilized within a 5-year period.

	Group		Parent Company	
DKK ´000	2019	2018	2019	2018
Deferred tax liabilities				
Balance at 1 January	25,016	17,808	0	0
Deferred tax liabilities 1 January	**25,016**	**17,808**	**0**	**0**
Currency adjustment	-99	-357	0	0
Additions due to acquisitions during the year	0	10,031	0	0
Adjustment to previous years	0	3,200	0	0
This year's change in deferred tax	1,379	-5,666	0	0
Balance 31 December	**26,296**	**25,016**	**0**	**0**
Deferred tax liabilities relate to				
Intangible assets	18,801	24,970	0	0
Current assets	7,495	46	0	0
	26,296	**25,016**	**0**	**0**

The Group's non-capitalized tax assets amount to DKK 59m (2018: DKK 4m).

Notes

Note 10 - Earnings per share

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

	Group	
DKK ´000	**2019**	**2018**
Result for the year	20,990	96,674
Minority interests' share of the result for the year	371	1,618
Result used for calculating earnings per share, diluted	**20,619**	**95,056**
Average number of shares listed on Nasdaq OMX Copenhagen (pcs.)	124,013,192	121,370,367
Number of shares used to calculate earnings per share (pcs.)	**124,013,192**	**121,370,367**
Average dilutive effect on outstanding subscription rights (pcs.)	0	2,039,309
Number of shares used to calculate earnings per share, diluted (pcs.)	**124,013,192**	**122,905,542**
Earnings per share of DKK 1.25 (EPS)	0.17	0.78
Earnings per share of DKK 1.25, diluted (EPS-D)	0.17	0.77

Note 11 – Intangible assets

DKK ´000	Goodwill	Customer base	Other intangible assets	Development projects finalized	Development 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**	**1,372,251**
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 limited and therefore amortized over the expected lifetime of the asset.

Notes

Note 11 - Intangible assets, continued

DKK ´000	Goodwill	Customer base	Other intangible assets	Development projects finalized	Development projects in progress	Total
Group 2018						
Balance at 1 January 2018	515,274	45,977	5,136	178,437	5,558	750,382
Foreign currency translation	-5,319	-309	-25	808	-119	-4,964
Additions	0	0	6,187	7,088	27,229	40,504
Additions relating to acquisitions	499,779	50,745	0	12,067	0	562,591
Disposal for the year	0	0	-19	0	0	-19
Development projects, finalized	0	0	0	20,946	-20,946	0
Balance at 31 December 2018	**1,009,734**	**96,413**	**11,279**	**219,346**	**11,723**	**1,348,495**
Amortization at 1 January 2018	75,932	18,303	3,963	109,503	0	207,701
Foreign currency translation,	-70	555	-25	612	0	1,072
Amortization	0	13,205	694	24,959	0	38,858
Amortization relating to acquisitions	0	0	0	14,740	0	14,740
Reversal of amortization	0	0	0	2,052	0	2,052
Amortization at 31 December 2018	**75,862**	**32,063**	**4,618**	**151,866**	**0**	**264,409**
Carrying amount at 31 December 2018	**933,872**	**64,350**	**6,661**	**67,480**	**11,723**	**1,084,086**

Except for goodwill, economic life of all intangible assets is expected to be limited and therefore amortized over the expected lifetime of the asset.

Notes

Note 11 - Intangible assets, continued

Goodwill

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

DKK ´000	Country	Segment	31 December 2019	31 December 2018
Columbus A/S	DK	VAR	110,240	110,240
ZAO Columbus	RU	VAR	30,944	30,944
Columbus US Inc.	US	VAR	126,518	210,958
Columbus Norway AS	NO	VAR	37,960	7,571
UAB Columbus Lietuva	LT	VAR	4,713	4,712
Columbus Global (UK) Ltd.	UK	VAR	42,087	39,713
Columbus Eesti AS	EE	VAR	10,944	10,941
Columbus CoMakeIt India Pvt Ltd.	IN	VAR	4,130	4,130
Columbus AB	SE	VAR	396,332	432,776
Total consultancy			**763,868**	**851,983**
To-Increase B.V.	NL	ISV	81,906	81,889
Total ISV segment			**81,906**	**81,889**
			845,774	**933,872**

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 December 2019.
The recoverable amount of goodwill related to the individual cash generating units are calculated based on the Capital Asset Pricing Model (CAPM model)

The main changes in the goodwill from 2018 to 2019 relate to impairment of goodwill in Columbus US of DKK 90m and separation of goodwill in Columbus AB to CGU Norway. However, the change is also impacted by exchange rate adjustments primarily linked to the US and SE. Write down of Columbus US goodwill is described under the section Future cash flows.

Future cash flows

The recoverable amount of the individual cash-generating units to which the goodwill amounts 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, expected revenue, 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, 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 conservative 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 both the 3-year interim period and 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% point.

The US Cash Generating unit had a difficult year in 2019. In Q3 a turnaround process was initiated with a new CEO on board. The market focus in the turnaround plan is to accelerate the transition of customer's business application to cloud business application. With the turnaround plan we assumed that both revenue and EBITDA should pick up during 2020. However, in March 2020 we realized that the assumed turnaround will be a longer journey

Notes

than initially assumed escalated by the COVID-19 situation. For the projection period (2021-2024) Columbus US is expected to grow revenue by approximately 2.5 percentage per year and gradually increase to a normalized level at approximately 4.7%. The reason for this assumption is that efficiency is expected to increase gradually as sales execution improves. The discount rate used to calculate the present value of expected future cash flow is 9.1% compared to previous used discount rate 11.8%. Based hereon management has impaired goodwill resulting in a write down of goodwill for Columbus US of DKK 90m. The impairment and recoverable amount of DKK 127m is associated with estimates and judgements made by the management based on expected future events. Management has used all information available to mitigate the uncertainties and assess that the carrying value of recognized goodwill related to Columbus US is fairly stated. Management will continue to monitor the development in the US business closely in 2020.

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 9.1% after tax, representing 7.1% and 9.1% pre-tax. 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 Eastern Europe, US and UK 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 comfortably 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	Development 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**	**41,524**
Carrying amount at 31 December 2019	**110,240**	**6,126**	**10,555**	**4,161**	**131,081**

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

DKK ´000	Goodwill	Customer base	Other intangible assets	Development projects finalized	Total
Parent 2018					
Balance at 1 January 2018	111,224	18,979	1,987	23,996	156,186
Additions	0	0	6,159	2,948	9,107
Balance at 31 December 2018	**111,224**	**18,979**	**8,146**	**26,944**	**165,293**
Amortization at 1 January 2018	984	8,606	820	22,563	32,973
Amortization	0	2,124	685	844	3,653
Amortization at 31 December 2018	**984**	**10,730**	**1,505**	**23,407**	**36,626**
Carrying amount at 31 December 2018	**110,240**	**8,249**	**6,641**	**3,537**	**128,667**

Other intangible assets include development projects for internal use with a net carrying amount of DKK 5.096k.

Notes

Note 12 - Tangible assets

DKK ´000	Land and buildings	Leasehold improvements	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	22	0	-7,720	-7,698
Balance at 31 December 2019	**94**	**818**	**61,636**	**62,548**
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**	**50,300**
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 9,580k was transferred to Right-of-use-assets due to the implementation of IFRS 16. Please refer to note 13.

DKK ´000	Land and buildings	Leasehold improvements	Fixtures and equipment	Total
Group 2018				
Balance at 1 January 2018	2,197	856	53,970	57,023
Foreign currency translation	-40	5	-135	-170
Additions	0	0	15,487	15,487
Additions relating to acquisitions	8	0	26,892	26,900
Disposals	0	0	-19,133	-19,133
Reclassification of previous years	0	0	-1,184	-1,184
Balance at 31 December 2018	**2,165**	**861**	**75,897**	**78,923**
Depreciation at 1 January 2018	88	585	43,705	44,378
Foreign currency translation	-5	1	339	335
Depreciation	58	101	10,136	10,295
Additions relating to acquisitions	3	0	11,658	11,661
Reversed depreciation on disposals	0	0	-11,936	-11,936
Depreciation at 31 December 2018	**144**	**687**	**53,902**	**54,733**
Carrying amount at 31 December 2018	**2,021**	**174**	**21,995**	**24,190**

Notes

Note 12 - Tangible assets, continued

DKK ´000	Leasehold improvements	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	1,283
Depreciation at 31 December 2019	**455**	**24,153**	**24,609**
Carrying amount at 31 December 2019	**31**	**1,318**	**1,348**

DKK ´000	Leasehold improvements	Fixtures and equipment	Total
Parent 2018			
Balance at 1 January 2018	486	27,083	27,569
Additions	0	800	800
Disposals	0	-3,230	-3,230
Balance at 31 December 2018	**486**	**24,653**	**25,139**
Depreciation at 1 January 2018	299	24,016	24,315
Depreciation	78	1,913	1,991
Reversed depreciation on disposals	0	-2,980	-2,980
Depreciation at 31 December 2018	**377**	**22,949**	**23,326**
Carrying amount at 31 December 2018	**109**	**1,704**	**1,813**

Notes

Note 13 - Right-of-use-assets

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**
Depreciation 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 41m.

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
Additions relating to acquisitions	0	0	0	0
Disposals	0	-599	0	-599
Balance at 31 December 2019	**139**	**3,280**	**34,866**	**38,285**
Depreciation 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.

Notes

Note 14 - Investments in subsidiaries

	Parent Company	
DKK ´000	2019	2018
Balance at 1 January	962,006	501,259
Additions	111,115	554,774
Disposals	0	-94,027
Balance at 31 December	**1,073,121**	**962,006**
Amortization and write down at 1 January	-85,454	-86,002
Write down	-75,000	0
Reversal of write down on disposal	0	548
Amortization and write down at 31 December	**-160,454**	**-85,454**
Carrying amount 31 December	**912,668**	**876,552**

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.

Additions of investments in subsidiaries in 2018 relate to acquisition of iStone AB (Sweden) and restatement of intercompany loan and receivables with Columbus US. Disposals in 2018 relate to liquidation of Columbus NSC A/S, MW Data A/S (Denmark) and sale of Columbus IT Partner SIA (Latvia). Reversal of write down relate to sale of Columbus IT Partner SIA (Latvia).

Notes

Note 15 – Trade receivables

	Group		Parent Company	
DKK ´000	2019	2018	2019	2018
Receivables (gross) at 1 January	**327,367**	**157,793**	**61,602**	**58,064**
Change in receivables during the period	-4,832	169,574	-11,542	3,538
Receivables (gross) at 31 December	**322,535**	**327,367**	**50,060**	**61,602**
Provisions for bad debt at 1 January	**11,256**	**8,893**	**578**	**2,967**
Change in provisions for bad debt during the period	8,341	4,451	34	-2,833
Loss realized during the period	-4,293	-2,088	8	444
Provisions for bad debt 31 December	**15,304**	**11,256**	**620**	**578**
Carrying amount at 31 December	**307,231**	**316,111**	**49,440**	**61,024**

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

	Group		Parent Company	
DKK ´000	2019	2018	2019	2018
Age of receivables (gross):				
Not due	191,825	178,647	34,391	35,631
0-30 days	85,958	99,667	9,296	18,193
30-60 days	17,671	22,327	5,271	5,304
61-90 days	8,927	9,634	421	1,575
91-180 days	9,651	7,514	156	305
181-270 days	1,414	2,118	6	72
270-360 days	3,163	2,018	35	27
Above 360 days	3,925	5,442	484	496
Total	**322,535**	**327,367**	**50,060**	**61,602**

	Group		Parent Company	
DKK ´000	2019	2018	2019	2018
Age of impairment:				
Not due	655	351	30	25
0-30 days	430	498	16	18
30-60 days	442	558	25	20
61-90 days	672	723	15	11
91-180 days	4,603	1,503	31	5
181-270 days	1,414	847	2	2
271-360 days	3,163	1,334	17	1
Over 360 days	3,925	5,442	484	496
Total	**15,304**	**11,256**	**620**	**578**

Notes

Note 15 – Trade receivables, continued

	Group		Parent Company	
DKK ´000	2019	2018	2019	2018
Provision matrix:				
Not due	0.3%	0.2%	0.1%	0.1%
0-30 days	0.5%	0.5%	0.2%	0.1%
30-60 days	2.5%	2.5%	0.5%	0.4%
61-90 days	7.5%	7.5%	3.6%	0.7%
91-180 days	47.7%	20.0%	19.9%	1.6%
181-270 days	100.0%	40.0%	35.3%	2.8%
271-360 days	100.0%	66.1%	48.0%	3.8%
Over 360 days	100.0%	100.0%	100.0%	100.0%

Note 16 – Contract assets and contract liabilities

	Group		Parent Company	
DKK ´000	2019	2018	2019	2018
Balance at 1 January	**-5,427**	**-4,179**	**-2,302**	**-2,364**
Changes contract assets during the period	65,874	38,322	4,698	3,549
Changes on account billing and prepayments during the period	-49,570	-39,571	-3,992	-3,487
Balance at 31 December	**10,877**	**-5,427**	**-1,596**	**-2,302**
Work in progress	132,000	66,125	21,401	16,703
On account billing and prepayments	-121,122	-71,553	-22,997	-19,005
Balance at 31 December	**10,877**	**-5,427**	**-1,596**	**-2,302**
The net value is included in the balance as follows:				
Contract assets	28,605	25,317	593	2,520
Contract liabilities (client prepayments)	-17,727	-30,745	-2,189	-4,822
Balance at 31 December	**10,877**	**-5,427**	**-1,596**	**-2,302**

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

This year's increase in work in progress and on account billing and prepayments are primarily related to two significant fixed priced projects.

Of the contract liabilities (client prepayments) as of 31 December 2018 (DKK 30,745k) DKK 30,105k has been recognised as revenue in the reporting period corresponding to 98%.

The groups total value of contracts relating to "Contract assets" represents DKK 199,603k as of 31 December 2019. DKK 115,345k of the total contract value is recognised as revenue as of 31 December 2019. The remaining DKK 84,258k is expected to be recognised as revenue within 12-18 months from the balance date.

Notes

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.

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.

In 2018 the Company increased the capital by 1,921,500 shares of DKK 1.25, corresponding to DKK 2,402k (nom.) as a result of exercised warrant programs.

	Parent Company	
	2019	2018
Number of shares at the beginning of the year	121,787,132	119,865,632
Capital increase	2,835,000	1,921,500
Number of shares at the end of the year	**124,622,132**	**121,787,132**

Note 18 – Provisions and contingent consideration

	Group		Parent Company	
DKK ´000	2019	2018	2019	2018
Contingent consideration	157,850	227,259	153,368	214,552
Other provisions	28,635	12,015	7,393	2,472
	186,485	**239,274**	**160,761**	**217,024**

DKK ´000	Contingent consideration	Other provisions	Total
Group 2019			
Balance (non-current) at 1 January 2019	**227,259**	**12,015**	**239,274**
Balance (current) cf. Note 20 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
Achieved 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 current at 31 December 2019	**15,774**	**26,000**	**41,774**
Carrying amount non-current at 31 December 2019	**157,850**	**28,635**	**186,485**

Contingent consideration

Contingent consideration concerns earn-outs related to acquisition of enterprises. The development in 2019 is related to Columbus' acquisition of iStone and HiGH Software. Estimates and judgements concerning the earn out calculations and the future outcome are subject to significant uncertainties.

Other provisions

Other provisions are primarily related to the completion of a fixed price project. Further, the provision includes the fair value of a SEK forward contract.

Notes

Note 18 – Provisions and contingent consideration, continued

DKK ´000	Contingent consideration	Other provisions	Total
Parent 2019			
Balance (non-current) at 1 January 2019	**214,552**	**2,472**	**217,024**
Balance (current) cf. Note 19 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
Achieved 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 current at 31 December 2019	**10,838**	**0**	**10,838**
Carrying amount non-current at 31 December 2019	**153,368**	**7,393**	**160,761**

Contingent consideration

Contingent consideration concerns earn-outs related to acquisition of enterprises. The development in 2019 is related to Columbus' acquisition of iStone. Estimates and judgements concerning the earn out calculations and the future outcome are subject to significant uncertainties.

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

DKK ´000	2019			
Group	**Other equipment**	**Cars**	**Offices**	**Total**
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**

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	2019			
Parent Company	**Other equipment**	**Cars**	**Offices**	**Total**
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	2019	2018	2019	2018
Payroll cost, payroll tax, retirement benefit obligations etc.	101,868	90,973	9,555	10,253
Holiday pay etc.	72,515	72,172	30,380	28,862
VAT payable	31,462	30,841	3,750	4,520
Other liabilities	66,522	26,982	4,660	4,512
Other provisions	26,000	12,500	0	0
Contingent consideration	15,774	90,264	10,838	81,888
	314,141	**323,734**	**59,183**	**130,035**

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

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

Contingent consideration is the short-term part of earn out regarding former iStone and HiGH Software.

Other provisions concern the current provision for loss on contract related to the acquisition of iStone.

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

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 is 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, from financial year 2013 liable for income tax etc. for the jointly taxed companies and from 1 July 2012 also for potential liabilities, including withholding tax on interest, royalties and profits for these companies.

Commitments for expenditures
The Company has guaranteed payment of banking arrangements in Nordea for subsidiaries. As of 31 December 2019, the maximum liability is DKK 17,986k (2018: DKK 17,441k).

Notes

Note 22 – Business combinations

Acquisition of companies in 2020

The Group has per 6 January 2020 acquired Advania Business Solutions. The opening balance is not yet finalized. The below figures are preliminary and subsequent changes may occur.

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	100%	100%	36,361
Total					**36,361**

With the acquisition of Advania Business Solutions, Columbus creates a Microsoft Dynamics cloud Powerhouse in Norway, thus establishing Columbus' position as the leading Microsoft Dynamics cloud company in Norway.

After recognition of identifiable assets, liabilities and contingent liabilities at fair value, goodwill in relation to the acquisition was assessed to DKK 19.8m.

Estimated tax deductibility of goodwill for Advania Business Solutions is DKK 0m.

Acquisition of companies in 2019

There have been no acquisitions during 2019.

Acquisition of companies in 2018

The Group has per 2 January 2018 acquired 100% of the shares in iStone AB.

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

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

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

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

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

Notes

After recognition of identifiable assets, liabilities and contingent liabilities at fair value, goodwill in relation to the acquisitions were assessed to DKK 502m.

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

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

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

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

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

HiGH Software and HÄT Systems have been implemented completely in the business and in the books, and a separation of the businesses is impracticable. The amount of revenue and profit or loss, for the period from the acquisition date as well as proforma figures for the year 2018 and 2019 have consequently not been stated.

iStone AB has since acquisition 2 January 2018 had a revenue in 2019 of DKK 758m (2018: DKK 692m) and a result after tax in 2019 of DKK -43m (2018: DKK -13.3m.) The result in iStone is significantly affected by a provision for loss on an onerous contract.

Divested companies and activities in 2018

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

Notes

Note 22 – Business combinations, continued

Opening balances

DKK ´000	Advania Business Solutions	Total 2020	Total 2019	Total 2018
Tangible fixed assets	13	13	0	15,128
Financial fixed assets	0	0	0	310
Other intangible assets	7,008	7,008	0	61,261
Other receivables	85	85	0	560
Deferred tax assets	0	0	0	1,789
Total non-current assets	**7,106**	**7,106**	**0**	**79,048**
Trade receivables	14,826	14,826	0	161,292
Work in progress	191	191	0	3,326
Tax receivables	0	0	0	9,819
Prepayments	5,315	5,315	0	20,420
Other receivables	0	0	0	4,900
Cash	0	0	0	40,860
Total current assets	**20,332**	**20,332**	**0**	**240,618**
Trade payables	0	0	0	-35,255
Debt to credit institutions	0	0	0	-23,967
Corporation tax and deferred tax	-1,352	-1,352	0	-15,096
Deferred income	-3,736	-3,736	0	-6,805
Accruals	-398	-398	0	-140,203
Other debt	-5,404	-5,404	0	-33,869
Total current debt	**-10,890**	**-10,890**	**0**	**-255,194**
Net assets acquired	**16,548**	**16,548**	**0**	**64,472**
Goodwill	19,813	19,813	0	502,179
Total consideration	**36,361**	**36,361**	**0**	**566,651**
Net working capital not paid	-6,812	-6,812	0	-15,671
Acquired cash funds	0	0	0	-40,860
Contingent consideration	0	0	0	-325,916
Cash consideration on acquisition date	**29,549**	**29,549**	**0**	**184,204**
Contingent consideration payments*	0	0	63,055	25,279
Net cash flows on acquisitions	**29,549**	**29,549**	**63,055**	**209,483**

*Contingent consideration payments in 2019 relate to the acquisitions of iStone AB (DKK 55,343 k.), HÄT Systems (DKK 747k.) and HiGH Software (DKK 6,965 k.)

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

**Reversed provision relates to the acquisition of HiGH Software and iStone AB.

Notes

Note 22 – Business combinations, continued

DKK ´000	Total 2020	Total 2019	Total 2018
Fair value assessment of trade receivables			
Trade receivables, gross amount	15,103	0	168,893
Trade receivables, not expected to be collected	-277	0	-7,601
Trade receivables, fair value	**14,826**	**0**	**161,292**

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 46.10% 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 (47.34 %) 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 2019 Columbus paid tax to Consolidated Holdings A/S for DKK 2.719k (2018: DKK 435K)

Related parties with significant influence
ATEA (Lautrupvang 6, 2750 Ballerup)
Transactions with the company are made on an arm's length basis. 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.

DKK ´000	2019	2018
Net sales		
Atea	4,476	3,739
Total	**4,476**	**3,739**
Net purchase		
Atea	-9,267	-7,658
Total	**-9,267**	**-7,658**
Trade receivables		
Atea	170	905
Total	**170**	**905**
Trade payables		
Atea	-1,885	-2,089
Total	**-1,885**	**-2,089**

Notes

Note 23 - Related parties, continued

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

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	2019	2018
Purchase from subsidiaries	-36,467	-35,012
Sold to subsidiaries	95,673	66,506

Purchases from subsidiaries are primarily consultancy and development hours from Columbus' Global Delivery Center, and internally developed software for customer sales.
Sold to subsidiaries are 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	2019	2018	2019	2018
Auditor elected by the annual general meeting				
Statutory audit	1,377	1,345	483	551
Other services	826	135	677	135
	2,203	**1,480**	**1,160**	**686**
Other auditors				
Statutory audit	683	1,954	0	0
Tax and VAT advisory services	17	92	0	0
Other services	524	147	0	0
	1,224	**2,193**	**0**	**0**
Total audit fee	**3,427**	**3,673**	**1,160**	**686**

Notes

Note 25 - Financial risks and financial instruments

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.

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 2019				
Financial assets				
Trade receivables	307,231	0	0	307,231
Contract work in progress	28,605	0	0	28,605
Corporate tax receivables	1,360	0	0	1,360
Other receivables	16,564	0	7,466	24,030
Prepayments	26,113	0	0	26,113
Cash and bank balances	147,264	0	0	147,264
Total financial assets	**527,137**	**0**	**7,466**	**534,603**
Financial liabilities				
Debt to credit institutions	1,428	177,428	0	178,856
Client prepayments	17,727	0	0	17,727
Trade payables	85,618	0	0	85,618
Corporate tax payables	5,127	0	0	5,127
Other liabilities	314,141	0	0	314,141
Accruals	82,872	0	0	82,872
Lease liability right-of-use assets	35,348	59,084	2,869	97,301
Provisions	1,645	186,958	0	188,603
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 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	-1,428	-1,428	0	-2,856
Lease liability right-of-use assets	-2,488	-2,882	-160	-5,530
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
Group 2018				
Financial assets				
Trade receivables	316,111	0	0	316,111
Contract work in progress	25,317	0	0	25,317
Corporate tax receivables	1,278	0	0	1,278
Other receivables	11,327	0	8,289	19,616
Prepayments	25,136	0	0	25,136
Cash and bank balances	108,909	0	0	108,909
Total financial assets	**488,078**	**0**	**8,289**	**496,367**
Financial liabilities				
Debt to credit institutions	8,922	187,126	0	196,048
Client prepayments	30,745	0	0	30,745
Trade payables	105,585	0	0	105,585
Corporate tax payables	4,514	0	0	4,514
Other liabilities	323,734	0	0	323,734
Accruals	73,206	0	0	73,206
Provisions	2,470	241,087	0	243,557
Total financial liabilities	**549,175**	**428,213**	**0**	**977,389**
Ratio	**0.89**			**0.51**

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	-2,856	0	-4,284
Provisions	-2,470	-1,813	0	-4,283

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 work in progress	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
Debt to subsidiaries	186,334	0	0	186,334
Client prepayments	2,189	0	0	2,189
Trade payables	23,221	0	0	23,221
Corporate tax payables	2,946	0	0	2,946
Other liabilities	59,183	0	0	59,183
Accruals	9,929	0	0	9,929
Lease liability right-of-use assets	5,321	9,751	0	15,072
Provisions	1,645	161,234	0	162,879
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 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	-1,428	-1,428	0	-2,856
Lease liability right-of-use assets	-442	-414	0	-856
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 2018				
Financial assets				
Trade receivables	61,024	0	0	61,024
Receivables from subsidiaries	28,233	0	0	28,233
Contract work in progress	2,520	0	0	2,520
Corporate tax receivables	28,233	0	0	28,233
Other receivables	573	0	2,359	2,932
Prepayments	4,339	0	0	4,339
Cash and bank balances	10,336	0	0	10,336
Total financial assets	**135,257**	**0**	**2,359**	**137,617**
Financial liabilities				
Debt to credit institutions	16,774	178,856	0	195,630
Debt to subsidiaries	10,105	0	0	10,105
Client prepayments	4,822	0	0	4,822
Trade payables	23,853	0	0	23,853
Corporate tax payables	1,506	0	0	1,506
Other liabilities	130,035	0	0	130,035
Accruals	9,333	0	0	9,333
Provisions	2,470	218,837	0	221,307
Total financial liabilities	**198,899**	**397,693**	**0**	**596,591**
Ratio	**0.68**			**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	-2,856	0	-4,284
Provisions	-2,470	-1,813	0	-4,283

Financing facilities

	Group	
DKK ´000	2019	2018
Cash and bank balances	147,264	108,909
Unused credits	124,607	167,382
	271,871	**276,291**

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 2020 and 2021.
Fluctuations in foreign exchange rates have an effect on the Group's equity, results and revenue. As approx. 71% of the revenue comes from NOK, SEK,

Notes

Note 25 - Financial risks and financial instruments, continued

GBP, USD and RUB 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	2019	2018
Effect of 10% decrease in USD	-10,455	-20,680
Effect of 10% decrease in GBP	-5,452	-5,342
Effect of 10% decrease in SEK	-45,254	-47,482
Effect of 10% decrease in NOK	-4,837	-780
Effect of 10% decrease in RUB	-942	-1,061

Profit after tax exchange rates sensitivity

	Group	
DKK ´000	2019	2018
Effect of 10% decrease in USD*	9,840	-847
Effect of 10% decrease in GBP	-1,080	-1,957
Effect of 10% decrease in SEK	3,073	-342
Effect of 10% decrease in NOK	1,771	488
Effect of 10% decrease in RUB	83	-341

Revenue exchange rates sensitivity

	Group	
DKK ´000	2019	2018
Effect of 10% decrease in USD	-30,402	-34,778
Effect of 10% decrease in GBP	-18,985	-19,336
Effect of 10% decrease in SEK	-64,063	-69,164
Effect of 10% decrease in NOK	-15,551	-4,366
Effect of 10% decrease in RUB	-7,427	-6,585

*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 the coming years we expect the sensitivity to be in the same level as 2018.

Interest rates
Fluctuations in interest rates have an effect on the Group's financial instruments. By the end of 2019 an increase in interest rates of half a percentage point would increase the Group's financial liabilities by DKK 880k (2018: DKK 959k). 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.

Notes

Note 25 - Financial risks and financial instruments, continued

Breach of loan agreements
The Group has neither in the financial year 2019 nor in 2018 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. A systematic credit rating is performed of all customers and possible provisions for bad debt are performed based on this credit rating. The maximum credit risk on the balance date equals the carrying amount.

Note 26 - Changes in working capital

	Group		Parent Company	
DKK ´000	2019	2018	2019	2018
Change in receivables and contract assets	4,402	-24,928	-2,670	-52,431
Change in inventories	-2,700	22	0	0
Change in trade payable and liabilities	-19,967	5,200	-632	-952
Change in other liabilities	73,901	-16,379	169,798	-69,824
Cash flow from changes in working capital	**55,636**	**-36,085**	**166,496**	**-123,207**

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.

			Non-cash changes			
DKK ´000	1 January 2019	Cash flows	Right-of-use-assets	Foreign exchange movements	Acquisition	31 December 2019
Group 2019						
Right-of-use-assets liabilities*	106,650	-33,360	18,403	78	0	91,771
Short term lease liabilities	2,452	-2,452	0	0	0	0
Short term borrowings	5,042	-5,042	0	0	0	0
Long term lease liabilities	8,270	-8,270	0	0	0	0
Long term borrowings	176,000	0	0	0	0	176,000
Total liabilities from financing activities	**298,414**	**-49,124**	**18,403**	**78**	**0**	**267,771**

*Includes opening balance effect of DKK 106.7m related to implementation of IFRS 16

Notes

Note 27 – Cash flow from financing activities, continued

DKK ´000	1 January 2018	Cash flows	Non-cash changes: New finance leases	Non-cash changes: Foreign exchange movements	Non-cash changes: Acquisition	31 December 2018
Group 2018						
Short term lease liabilities	96	2,356	0	0	0	2,452
Short term borrowings	8,714	-28,197	0	0	24,525	5,042
Long term lease liabilities	607	7,663	0	0	0	8,270
Long term borrowings	0	176,000	0	0	0	176,000
Total liabilities from financing activities	**9,417**	**157,822**	**0**	**0**	**24,525**	**191,764**

Columbus has in 2018 obtained long term borrowings of DKK 176m, related to acquisition of iStone AB.

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

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

DKK ´000	1 January 2018	Cash flows	Non-cash changes: New finance leases	31 December 2018
Parent 2018				
Short term borrowings	0	15,346	0	15,346
Long term borrowings	0	176,000	0	176,000
Total liabilities from financing activities	**0**	**191,346**	**0**	**191,346**

Columbus A/S has in 2018 obtained long term borrowings of DKK 176m, related to acquisition of iStone AB.

Notes

Note 28 - Board of Directors and Executive Board

See section "The Board of Directors and Executive Board" in the Management's Report, page 42.

Note 29 - Shareholder information

See section "Shareholder information" in the Management's Report, page 44.

Note 30 - Events after the reporting period

The Board of Directors has after preparing this Annual Report proposed to suspend the dividend policy given the current uncertainty in relation to the Coronavirus outbreak to ensure the strongest possible liquidity position of the company.

As of January 6th 2020, Columbus acquired Advania Business Solutions. The acquisition is mentioned in the Management's report, page 28.

The coronavirus pandemic has led to great uncertainty regarding future customer demand and will have an extraordinary impact on Columbus in 2020. The expected coronavirus impact is mentioned in the Management's report, page 28.

There have been no other events since 31 December 2019 which could significantly affect the evaluation of the Group's financial position and revenues at 31 December 2019. Earnings in January and February 2020 are in line with the Company's expectations.

Note 31 - Approval of publication of the Annual Report

On the Board meeting on 23 March 2020 the Board of Directors approved publication of the Annual Report 2019. The Annual Report 2019 will be submitted for approval by the shareholders of Columbus A/S on the Annual General Meeting on 28 April 2020.

Notes

Note 32 – Accounting principles

In addition to the description in Note 1, the accounting principles are as described below.

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 do 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.

Business combinations

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

Notes

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.

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.

Foreign currency translation

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.

Translation of foreign associates

On recognition in the consolidated financial statements of associates with a functional currency other than DKK, the share of the profit at average exchange rates is translated, and the share of equity including goodwill is translated at closing rates.

Consolidated statement of comprehensive income

Revenue

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

Notes

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

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

Notes

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”.

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.

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

Other operating income and expenses
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.

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

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.

Tax
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.

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 is 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).

Balance sheet

Intangible assets

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

Notes

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
Other intangible assets 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.

Licensing rights
Acquired license rights comprise software. These are measured at cost less accumulated depreciation and impairment losses.

License rights are amortized over the expected life or expiry of the contract, whichever is shortest. 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.

Tangible assets
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.

Leases (Right-of-use assets)
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.
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 3 parts:

- Reference rate
- Financing spread adjustment
- Lease specific adjustment

The interest rate used for measuring lease liabilities ranges between 3.71%

Notes

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.

Financial assets

Investments in subsidiaries and associates in the Parent Company's financial statement

Investments in subsidiaries and associates 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".

Impairment of tangible and intangible assets as well as investments in subsidiaries

The carrying values of tangible and intangible assets of definite 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.

Inventories

Finished goods, consisting primarily of software are measured at cost using the FIFO method or net realizable value, whichever is lower.

The cost of goods comprises the purchase price.

The net realizable value of inventories is calculated as the selling price less costs incurred to execute the sale and is determined taking into account marketability, obsolescence and expected selling price development.

Receivables

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 Groups 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

Notes

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

Contract assets and contract liabilities
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 Groups contract work in progress the simplified approach under the ECL model is used in line with impairment for the Groups trade receivables.

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

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

Treasury shares
Acquisition, disposal and dividends on treasury shares are recognized directly in retained earnings in equity.

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.

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.

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.

Share option schemes
Equity-settled share options are measured at fair value at allotment 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 Note 5.

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.

Deferred income
Deferred income recognized under liabilities comprises payments received

Notes

concerning income in subsequent years measured at cost.

The cash flow statement

The cash flow statement is presented using the indirect method based on net 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.

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 as well as raising and repayment of loans, repayment of interest-bearing debt, purchase and divestment of treasury shares and payment of dividend to minority shareholders.

Inception of financial 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 arrangement 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.

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

Key figures, ratios and Alternative Performance Measures

Key figures and ratios

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

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

EBITDA-margin
$$\frac{\text{Earnings before interest, tax, depreciations and amortizations (EBITDA)}}{\text{Net revenue}}$$

Operating margin
$$\frac{\text{Operating profit (EBIT)}}{\text{Net revenue}}$$

Return of equity
$$\frac{\text{Result after tax and excl. minority interests}}{\text{Average equity excl. minority interests}}$$

Return on invested capital (ROIC)
$$\frac{\text{EBITA}}{\text{Average invested capital including goodwill}}$$

Equity ratio
$$\frac{\text{Equity excl. minority interests}}{\text{Total equity and liabilities}}$$

Earnings per share (EPS)
$$\frac{\text{Result after tax and excl. minority interests}}{\text{Average number of shares}} \text{ x f}$$

Book value per share (BVPS)
$$\frac{\text{Equity excl. minority interests end of year x 100}}{\text{Number of shares end of year}} \text{ x f}$$

Cash flow per share
$$\frac{\text{Cash flow from operations}}{\text{Average number of diluted shares}} \text{ x f}$$

Adjustment factor (f)
$$\frac{\text{Theoretical rate}}{\text{Listed price of stock the day before the subscription and/or stock right cease}}$$

Notes

Alternative Performance Measures

Organic Growth
Organic Growth represents the growth of 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.

Once you know how...

For more information about Columbus visit
www.columbusglobal.com