

Interim Report H1/2018

Columbus A/S
CVR.: 13 22 83 45



Highlights first half 2018

Revenue

DKK 978m

An increase of 52% compared to H1/2017.

Service revenue

DKK 751m

An increase of 74% compared to H1/2017.

EBITDA (before share-based payment)

DKK 99.6m

An increase of 40% compared to H1/2017.

Columbus Software sales

DKK 56m

A decrease of 37% compared to H1/2017.

Profit after tax

DKK 51m

An increase of 28% compared to H1/2017.

Recurring revenue

DKK 215m

An increase of 24% compared to H1/2017. In H1/2017 recurring revenue constituted 27% of the total revenue. In H1/2018 recurring revenue constituted 22% of the total revenue.



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Key figures and ratios

DKK '000	H1 2018	H1 2017	2017
Income related figures			
Columbus Software licenses	17,533	13,571	26,673
Columbus Software subscriptions	31,151	25,542	50,258
Columbus Cloud	7,268	1,623	6,248
Columbus Software	55,952	40,736	83,179
External licenses	38,687	53,473	94,629
External subscriptions	105,766	102,221	190,119
External cloud	10,508	3,868	9,215
Service	751,150	431,323	822,551
Other	16,091	10,694	19,069
Net revenue	978,154	642,315	1,218,762
Recurring revenue % of total revenue	21.9%	27.0%	27.8%
EBITDA before share-based payment	99,601	71,177	148,510
EBITDA	94,653	70,019	146,208
EBIT	54,722	50,298	106,729
Profit before tax	64,200	46,413	101,630
Profit after tax	51,185	40,084	96,129
Balance sheet			
Non-current assets	1,089,311	592,722	584,274
Current assets	478,300	253,381	267,489
Total assets	1,567,611	846,103	851,763
Group shareholder equity	577,180	499,848	549,112
Minority interests	4,244	3,379	3,031
Total liabilities	986,187	342,876	299,620
Total equity and liabilities	1,567,611	846,103	851,763
Investments in tangible assets	2,485	2,360	5,106
Cash flow			
Cash flow from operating activities	89,962	60,971	103,708
Cash flow from investing activities	-211,136	-71,593	-95,609
Cash flow from financing activities	151,968	-10,436	-15,365
Total cash flow	30,794	-21,058	-7,266
Key ratios			
EBITDA-margin	9.7%	10.9%	12.0%
Operating profit margin (EBIT-margin)	5.6%	7.8%	8.8%
Equity ratio	36.8%	59.1%	64.5%
Return on equity	8.7%	7.7%	17.3%
Return on invested capital including goodwill (ROIC)	10.1%	14.4%	29.5%
Number of shares, in thousands	121,787	119,866	119,866
Average number of shares, in thousands	120,944	118,319	119,101
Book value of equity per share (BVPS)	4.74	4.17	4.58
Earnings per share (EPS)	0.41	0.33	0.80
Cash flow per share	0.73	0.51	0.85
Share price, end of period	15.22	13.90	14.80
Average full time employee for the period	1,799	1,200	1,194

The key figures and financial ratios above have been calculated in accordance with the Danish Society of Financial Analysts' "Recommendations and Key Figures 2015",

Management's review

In the first half of 2018 revenue increased by 52% to DKK 978m and EBITDA¹ increased by 40% compared to 2017. Successful acquisitions of iStone and HiGH Software and progress in sale of Columbus Software are the main drivers for the growth.

Growth driven by successful acquisitions

In the first half of 2018, revenue amounted to DKK 978 m (H1 2017: 642m), an increase of 52%. EBITDA¹ amounted to DKK 99.6m (H1 2017: 71.2m), corresponding to a growth of 40%.

The revenue growth was primarily driven by the acquisition of iStone (2 January 2018) and secondarily by the acquisition of HiGH Software (9 January, 2018). Both acquisitions are in a very positive integration process and Columbus is executing the business plans for the acquisitions as planned.

Sale of Columbus Software contributes with a growth of 37% compared to last year. Growth is coming from both Columbus' existing portfolio as well as the software portfolio in the acquired HiGH Software. The cloud conversion continues, and Columbus Cloud showed great progress in the first half of the year.

External software licenses declined by 28% which is mainly due to the fact that a large number of customers buy licenses directly from the vendor where Columbus receives an agent fee. The decline is also affected by the decline in external software sales in Columbus US as previously announced. In H1 external cloud increased by 172% due to the increasing conversion to cloud-based products.

Service revenue increased by 74% which is driven by the acquisitions of iStone and HiGH Software. Columbus Care services saw good progress and we continue to experience an increased demand for these services by our customers.

EBITDA¹ amounted to DKK 99.6m, corresponding to an increase of 40% compared to the same period last year. The increase in EBITDA is driven by the acquisitions but is also due to a significant cost adjustment in the US business.

The result before tax increased by 38% to DKK 64m. Besides the increase in EBITDA¹ the result before tax was affected by a currency gain of DKK 11.5m arising from currency adjustment of the residual purchase price related to the iStone acquisition. Further, the result before tax is negatively affected by extraordinary depreciation of Columbus Software of DKK 15m in Q1 2018.

The results are in line with management's expectations.

DKK '000	H1 2018	H1 2017	Development
Columbus Software licenses	17,533	13,571	29%
Columbus Software subscriptions	31,151	25,542	22%
Columbus Cloud	7,268	1,623	348%
External licenses	38,687	53,473	-28%
External subscriptions	105,766	102,221	3%
External cloud	10,508	3,868	172%
Services	751,150	431,323	74%
Other	16,091	10,694	50%
Total net revenue	978,154	642,315	52%

¹ EBITDA before share-based payment

Increase in Cash flow

Cash flow from primary activities amounted to DKK 100.6m, corresponding to an increase of 50% compared to H1 2017.

Positive progress in Columbus2020

By July 2018, Columbus is mid-way in the five-year strategic journey Columbus2020. The strategy is being executed as planned with focus on ensuring satisfied customers, increasing our digital leadership position, delivery high quality to our customers, and developing our employees.

Columbus' global loyalty program, Columbus Pulse, has seen good progress during 2018. On a global level Columbus Pulse improved significantly compared to the same period last year. During the first half of 2018, Columbus Pulse was implemented in iStone and is now an established business process in iStone in line with all Columbus business units.

As part of our Digital Leadership journey, Columbus has decided to expand its platform of offerings into new business areas such as Analytics and Business Insight, Customer Experience (CRM, eCommerce, Field Service) and Infrastructure Management Services. The approach is globally aligned to ensure maximum scalability and speed to market. During first half of 2018, we launched a range of new offerings to the market where we help customers provide real-time data for faster decision-making and enhance their customer experience.

In the first six months of 2018, we have come further in aligning and improving global marketing processes and performance across Columbus' business units. Columbus' Digital Center of Excellence drives high quality inbound marketing initiatives and social media campaigns across Columbus globally.

Furthermore, we have aligned marketing and sales tools globally in order to create the ultimate customer experience in the increasingly digital customer buying journey.

Delivering high quality to customers continues to be a strategic focus area in our business, and during 2018 we initiated improvements such as a global project management office, implementation of a global delivery model for new business areas such as Analytics & BI and Customer Experience and establishment of common project planning methods and tools. Furthermore, we are implementing a new ITSM (IT Service Management) solution based on the standard software ServiceNow in order to continue to improve the customer experience and improve customer loyalty.

To ensure that Columbus is able to continue to develop our employees, thus attracting and retaining the best employees in our industry, we run a state-of-the-art training program across Columbus, called Columbus Academy. In first half of 2018, more than 200 employees globally completed the program. We continue to extend and develop Columbus Academy, which will ultimately cover a full curriculum for most roles in Columbus.

Stronger Together program on track

Immediately after the acquisition of iStone in January 2018, Columbus initiated a three-year integration program, "Stronger Together" to ensure that we realize the overall business objectives and synergies of acquiring iStone. The overall objective is that by latest 1 January 2021 Columbus and iStone will operate as one company.

The Stronger Together program is being executed according to plan, and already during the first six months there has been numerous synergies between the two

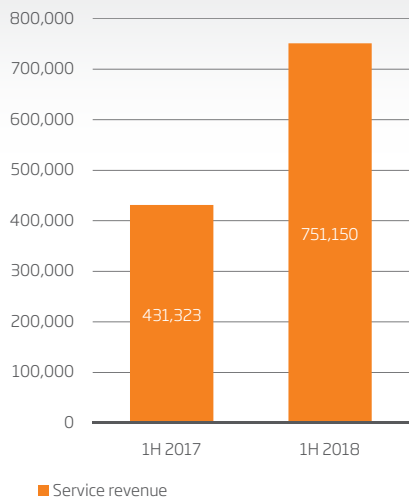
organizations. The synergies are especially within customer engagements where the organizations have started working together on joint customers to optimize resources, deliver a better customer experience and offer new solutions to customers.

One key rationale behind the acquisition was the complementary solution portfolio of Columbus and iStone. Already during the first period, we experience the mutual benefit of combining our businesses. As an example, we have sold Columbus' Columbus Care services to iStone's customers, and iStone's market leading e-commerce solutions are being introduced successfully to Columbus' customers.

On 2 July, Columbus entered into a strategic partnership with itelligence, implying a sale of Columbus' SAP ERP business unit in iStone with 19 highly skilled SAP ERP consultants to itelligence Sweden. Columbus' expertise and focus are within SAP Customer Experience and e-commerce solutions, and this expertise will remain with Columbus where we help some of the Nordic's largest companies to accelerate their e-commerce business. By entering a partnership with itelligence, we ensure our customers the best SAP expertise in the Swedish and Nordic markets. The divested SAP business unit had a revenue of DKK 19.8m in H1 2018 and an EBITDA of DKK -3.8m.

In connection with the acquisition of iStone, we have announced expected integration cost in the level of DKK 10-15m in 2018. In first half of 2018 the integration cost amounted to DKK 6m which encompasses redundancy pay in relation to the sale of the SAP business unit to itelligence as well as the realization of organizational synergies.

Development in service revenue



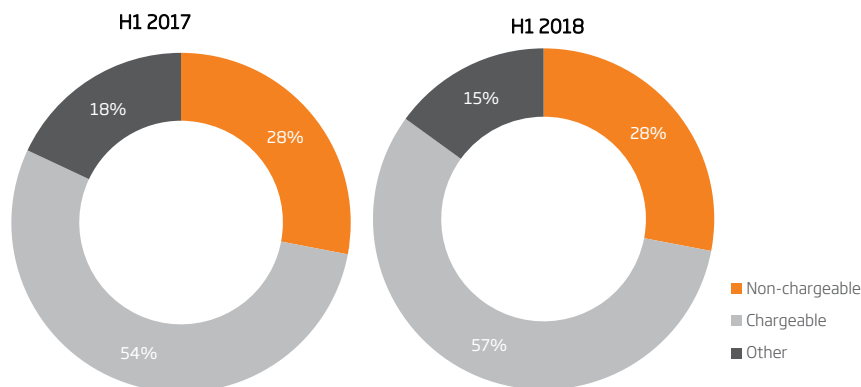
Good progress within Columbus' Value Drivers

Columbus delivered progress in all three value drivers during the first half of the year. Below, the development in these three value drivers are reviewed.

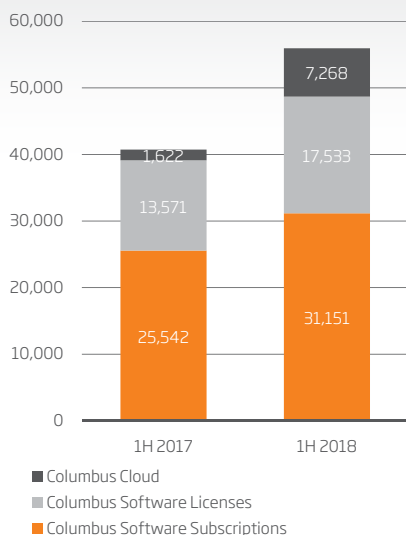
Progress in the Services Business

In the first half of the year, service revenue increased by 74% to DKK 751m and chargeable hours increased from 54% to 57% compared to the same period last year. The increase in the service revenue is primarily driven by the iStone acquisition

Development in the consultancy business



Development in sale of Columbus Software

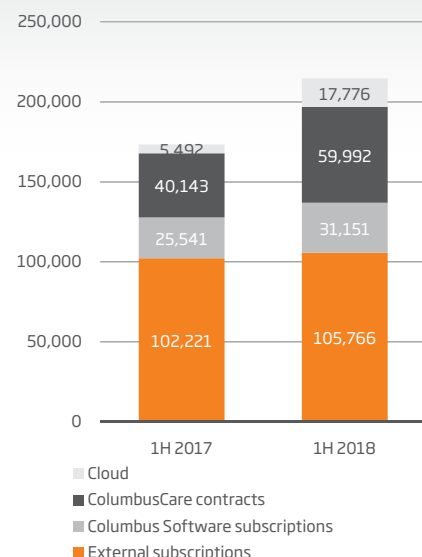


as services constitute the largest part of iStone's revenue.

Progress in the sale of Columbus Software

Sale of Columbus Software increased by 37% in the first half of 2018. The sale of software subscriptions increased by 22% as a consequence of a satisfactory renewal rate and an emerging positive effect of the cloud conversion. The sale of licenses increased by 29% due to heavy demand in the first half of the year. Revenue from Columbus Cloud software

Development in recurring revenue



increased from DKK 1.6m to 7.3m, a satisfactory progress.

Columbus Care and cloud drive growth in recurring revenue

In the first half of 2018, recurring revenue increased by 24% now constituting 22% of total revenue. The progress is driven by the acquisitions, increase in Columbus Care and by the revenue increase in cloud.

Columbus US improving

Columbus' US business unit is performing according to plan with an adjusted cost level. Overall revenue is behind last year, however, EBITDA increased from DKK 5.8m in H1 2017 to DKK 15m in H1 2018.

Columbus maintains expectations to 2018

Columbus maintains the announced expectations to 2018:

- Revenue in the level of DKK 2bn
- EBITDA² in the level of DKK 200m
- Columbus Software revenue in the level of DKK 90m
- 10% dividend on nominal share capital

² EBITDA before share-based payment

Columbus' new strategy is built around three value drivers:

The Columbus2020 strategy

1

Growth in the services business

As, the services business is our largest revenue contributor margin improvement in the services business is very effectful. We will 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 will grow our software sales within Columbus Software licenses, subscriptions and cloud solutions.

3

Recurring service revenue and cloud revenue

We will increase the recurring service revenue in order to improve predictability and profitability. The recurring revenue consists of Columbus Software and third party software subscriptions, cloud revenue and ColumbusCare 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' strategy is based on four interconnected elements that lead our customers in the digital transformation of their business. In the following, we explain the different strategic elements.



Columbus® | 2020



Customer Success – Taking care of our customers for life

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

Therefore, we 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, ColumbusCare, which ensures our customers high quality support around the clock. During our strategic journey, we extend the ColumbusCare offering towards a total service concept that takes care of our customers – for life.



Digital Leadership – Accelerate business innovation

Columbus helps our customers accelerate business innovation by maximizing the value realization of ERP 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 ERP. This means that we invest in new business applications, new methodologies and new business processes to make the experience of buying and implementing ERP and other business applications from Columbus faster, better, less risky and with high returns.

Columbus extend our business and builds a new leadership position in digital business transformation. 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 – 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 customers. Our goal is to create the best customer experience, 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 continuously optimize our sales, services and support delivery capabilities – always striving to improve the quality.



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.

Statement by management

We have today considered and approved the interim financial report for the period 1 January 2018 - 30 June 2018 for Columbus A/S.

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

We consider the accounting policies applied to be appropriate to the effect that the interim financial report gives a true and fair view of the Group's assets, liabilities and financial position at 30 June 2018, and of the results of the Group's operations and cash flows during the first half of 2018.

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

Ballerup, 23 August 2018

Executive Board



Thomas Honoré
CEO & President



Hans Henrik Thrane
Corporate CFO

Board of Directors



Ib Kunøe
Chairman



Svend Madsen
Deputy Chairman



Peter Skov Hansen



Karina Kirk

Financial Statements H1/2018



Statement of comprehensive income

DKK '000	Note	H1 2018	H1 2017	2017
Net revenue	3	978,154	642,315	1,218,762
External project costs		-208,929	-142,856	-267,455
Gross profit		769,225	499,459	951,307
Staff expenses and remuneration	4	-559,885	-353,416	-659,790
Other external costs		-111,010	-74,916	-150,335
Other operating income		1,271	50	7,380
Other operating costs		0	0	-52
EBITDA before share-based payment		99,601	71,177	148,510
Share-based payment	4	-4,948	-1,158	-2,302
EBITDA		94,653	70,019	146,208
Depreciation, amortization and impairment	5	-39,931	-19,721	-39,479
Operating profit (EBIT)		54,722	50,298	106,729
Financial income		11,267	18	909
Financial expense		-1,789	-3,903	-6,008
Profit before tax		64,200	46,413	101,630
Corporate tax		-13,015	-6,329	-5,501
Profit after tax		51,185	40,084	96,129
Items that may be reclassified subsequently to profit and loss:				
Foreign exchange adjustments of subsidiaries		-24,973	-14,027	-22,300
Other comprehensive income		-24,973	-14,027	-22,300
Total income for the period		26,212	26,057	73,829
Allocated to:				
Shareholders in Columbus A/S		49,976	38,731	95,127
Minority interests		1,209	1,353	1,002
		51,185	40,084	96,129
Total comprehensive income allocated to:				
Shareholders Columbus A/S		24,999	24,703	72,823
Minority interests		1,213	1,354	1,006
		26,212	26,057	73,829
Earnings per share of DKK 1.25 (EPS)		0.41	0.33	0.80
Earnings per share of DKK 1.25, diluted (EPS-D)		0.41	0.32	0.78

Balance sheet

DKK '000	Note	H1 2018	H1 2017	2017
ASSETS				
Goodwill		890,689	449,358	439,342
Customer base		70,059	31,496	27,674
License rights		1,936	15	1,173
Development projects finalized		65,858	62,721	68,934
Development projects in progress		7,305	8,716	5,558
Property, plant and equipment		24,547	14,575	12,645
Investments in associates		292	0	0
Deferred tax assets		21,249	21,786	23,786
Other receivables		7,378	4,055	5,162
Total non-current assets		1,089,311	592,722	584,274
Inventories		0	233	27
Trade receivables	6	290,398	142,289	148,900
Contract work in progress	7	19,173	8,709	7,577
Corporate tax receivables		2,254	4,133	3,397
Deferred tax assets		3,533	3,400	3,194
Other receivables		10,683	6,124	3,217
Prepayments		35,451	14,776	12,942
Receivables		361,492	179,431	179,227
Cash		116,808	73,717	88,235
Total current assets		478,300	253,381	267,489
TOTAL ASSETS		1,567,611	846,103	851,763

Balance sheet

DKK '000	H1 2018	H1 2017	2017
EQUITY AND LIABILITIES			
Share capital	152,234	149,832	149,832
Reserves on foreign currency translation	-53,752	-20,503	-28,779
Retained profit	478,698	370,519	428,059
Group shareholders' equity	577,180	499,848	549,112
Minority interests	4,244	3,379	3,031
Equity	581,424	503,227	552,143
Deferred tax	27,296	11,198	17,808
Provisions	222,633	16,887	6,943
Debt to credit institutions	183,762	0	607
Non-current liabilities	433,691	28,085	25,358
Debt to credit institutions	3,122	14,345	8,810
Client prepayments	17,494	19,618	18,149
Trade payables	96,561	72,363	65,956
Corporate tax payables	4,867	17,967	2,266
Other liabilities	358,396	143,614	130,316
Accruals	72,056	46,884	48,765
Current liabilities	552,496	314,791	274,262
Total liabilities	986,187	342,876	299,620
TOTAL EQUITY AND LIABILITIES	1,567,611	846,103	851,763

Statement of changes in equity

DKK '000	Shareholders in Columbus A/S				
	Share capital	Reserves on foreign currency translation	Retained profits	Minority interests	Equity
H1 2018					
Balance at 1 January 2018	149,832	-28,779	428,059	3,031	552,143
Profit after tax	0	0	49,976	1,209	51,185
Currency adjustments of investments in subsidiaries	0	-24,973	-4	4	-24,973
Total comprehensive income	0	-24,973	49,972	1,213	26,212
Capital increase	2,402	0	10,942	0	13,344
Share-based payment cf. note 4	0	0	4,948	0	4,948
Payment of dividend	0	0	-15,223	0	-15,223
Balance at 30 June 2018	152,234	-53,752	478,698	4,244	581,424
H1 2017					
Balance at 1 January 2017	145,247	-6,475	331,041	1,774	471,587
Profit after tax	0	0	38,731	1,353	40,084
Currency adjustments of investments in subsidiaries	0	-14,028	0	1	-14,027
Total comprehensive income	0	-14,028	38,731	1,354	26,057
Capital increase	4,585	0	14,572	251	19,408
Share-based payment, cf. note 4	0	0	1,158	0	1,158
Payment of dividend	0	0	-14,983	0	-14,983
Balance at 30 June 2017	149,832	-20,503	370,519	3,379	503,227
2017					
Balance at 1 January 2017	145,247	-6,475	331,041	1,774	471,587
Profit after tax	0	0	95,127	1,002	96,129
Currency adjustments of investments in subsidiaries	0	-22,304	0	4	-22,300
Total comprehensive income	0	-22,304	95,127	1,006	73,829
Capital increase	4,585	0	14,572	251	19,408
Share-based payment, cf. note 4	0	0	2,302	0	2,302
Payment of dividend	0	0	-14,983	0	-14,983
Balance at 31 December 2017	149,832	-28,779	428,059	3,031	552,143

Cash flow

DKK '000	Note	H1 2018	H1 2017	2017
Operating profit (EBIT)		54,722	50,298	106,729
Non-recurring income and expenses from acquisitions		0	0	-6,815
Depreciation, amortization and impairment	5	39,931	19,721	39,479
Cost of incentive scheme	4	4,948	1,158	2,302
Changes in net working capital		1,023	-4,410	-23,695
Cash flow from primary activities		100,624	66,767	118,000
Interest received, etc.		64	18	909
Interest paid, etc.		-2,153	-625	-691
Corporate tax paid		-8,573	-5,189	-14,510
Cash flow from operating activities		89,962	60,971	103,708
Net investment in development projects		-16,001	-15,714	-30,859
Acquisition of tangible assets		-2,485	-2,360	-5,106
Acquisition of intangible assets		-1,028	-7	-1,206
Disposal of tangible assets		281	212	225
Disposal of intangible assets		5	0	0
Acquisition of subsidiaries and activities	8	-184,203	-42,001	-42,001
Contingent consideration payments		-7,705	-11,723	-16,662
Cash flow from investing activities		-211,136	-71,593	-95,609
Proceeds from capital increase/warrants exercised		13,344	19,292	19,292
Overdraft facilities		153,847	-14,745	-19,674
Dividends paid		-15,223	-14,983	-14,983
Cash flow from financing activities		151,968	-10,436	-15,365
Total cash flow		30,794	-21,058	-7,266
Cash funds at the beginning of the year		88,235	94,669	94,669
Exchange rate adjustments		-2,221	106	832
Cash funds at the end of the period		116,808	73,717	88,235

Notes

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Notes

Note 1 – Accounting Policies

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

The accounting policies applied in the interim financial report are prepared in accordance with International Financial Reporting Standards, as approved by the EU, and additional Danish disclosure requirements for interim financial reports of listed companies and is unchanged compared to 2017 except for the changes and additions described below. For more information on the accounting policies, we refer to our Annual Report for 2017.

Changes in accounting policies

IFRS 9 "Financial instruments"

Effective from 1 January 2018 Columbus has implemented IFRS 9.

As an effect of IFRS 9 Columbus is using the three stage model for expected losses regarding impairment of financial assets:

1. Immediate provision for bad debt based on historical losses
2. Provision for bad debt based on significant increase in credit risk
3. Provision for bad debt based on objective evidence of impairment

IFRS 15 "Revenue from Contracts with Customers"

Effective from 1 January 2018 Columbus has implemented IFRS 15.

Sale of licenses are recognized as "Right to use". The "Right to use" is applicable on sales of standard licenses and allow recognition of revenue immediately when the license is granted.

Service contracts are recognized "over time". All Service contracts delivers,

creates or enhances an asset that the customer controls, which defines recognition "over time".

When Columbus enters combined contracts including service and license sale each component are recognized individually according to above.

Additions in accounting policies

Hedging

In connection with the acquisition of iStone AB per 1 January 2018, Columbus has entered a currency hedge agreement. The fair value of the hedge agreement is recognized as either other liabilities or other receivables.

Fair value adjustment on the currency hedge agreement are recognized in the Income Statement under financial income/expenses.

Finance leases

In connection with the acquisition of iStone AB per 1 January 2018, Columbus took over a number of finance lease agreements. Leasing contracts where all risks and benefits of the leased assets are transferred to Columbus are recognized as finance leases.

Finance leases are recognized as the lower amount of the fair value of the lease's asset and the present value of the minimum lease payments, at the beginning of each leasing period. The liability which corresponds to each lease is recognized in the balance sheet under debt to credit institutions.

Notes

Note 2 - Segment data

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

Strategic business 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			HQ, GDC and Eliminations	Total
		Western Europe	Eastern Europe	North America		
H1 2018						
Columbus Software licenses	13,376	6,606	1,285	1,191	-4,925	17,533
Columbus Software subscriptions	27,578	9,403	724	2,077	-8,631	31,151
Columbus Cloud	6,770	1,906	104	0	-1,512	7,268
External licenses	1,627	22,113	3,965	11,505	-523	38,687
External subscriptions	5,327	40,216	10,810	52,039	-2,626	105,766
External cloud	334	4,272	180	5,734	-12	10,508
Services	29,070	573,053	48,555	107,952	-7,480	751,150
Other	343	12,455	1,057	2,448	-212	16,091
Total net revenue	84,425	670,024	66,680	182,946	-25,921	978,154
Gross profit	73,713	517,177	51,471	121,308	5,556	769,225
EBITDA	36,147	62,663	7,106	14,995	-26,258	94,653
Operating profit (EBIT)	5,682	42,960	5,810	4,674	-4,404	54,722
Profit before tax	6,124	44,883	5,965	1,384	5,844	64,200
Profit after tax	4,220	36,098	5,511	1,073	4,283	51,185
Segment assets	206,458	1,026,506	95,863	279,331	-40,547	1,567,611
Segment liabilities	87,947	311,888	29,620	57,205	499,527	986,187
Non-current assets	157,090	623,009	49,414	230,506	29,292	1,089,311
Capital investments	16,002	1,279	397	175	1,661	19,514
Depreciation	-27,760	-7,965	-244	-2,323	-1,639	-39,931
Average number of employees	155	1,113	284	212	35	1,799

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 2 - Segment data continued

DKK '000	ISV	Consultancy			HQ, GDC and Eliminations	Total
		Western Europe	Eastern Europe	North America		
H1 2017						
Columbus Software licenses	10,216	6,014	1,625	512	-4,796	13,571
Columbus Software subscriptions	21,261	8,672	858	2,451	-7,701	25,541
Columbus Cloud	1,533	1,081	0	0	-991	1,623
External licenses	0	23,822	9,330	20,469	-148	53,473
External subscriptions	0	32,738	14,286	55,257	-60	102,221
External cloud	0	1,407	0	2,463	-2	3,868
Services	8,878	231,790	50,306	149,026	-8,677	431,323
Other	352	4,797	982	5,080	-516	10,695
Total net revenue	42,240	310,320	77,385	235,258	-22,891	642,315
Gross profit	36,055	234,636	56,615	159,449	12,704	499,459
EBITDA	21,287	44,594	8,472	5,750	-10,084	70,019
Operating profit (EBIT)	7,492	28,817	6,494	-5,645	13,140	50,298
Profit before tax	6,849	28,842	6,836	-9,105	12,991	46,413
Profit after tax	5,548	26,116	5,910	-7,779	10,289	40,084
Segment assets	135,806	387,439	87,205	343,879	-108,226	846,103
Segment liabilities	55,212	99,241	32,080	84,768	71,575	342,876
Non-current assets	109,722	223,961	41,080	303,064	-85,105	592,722
Capital investments	14,489	2,181	484	462	463	18,079
Depreciation	-11,877	-4,496	-201	-2,851	-296	-19,721
Average number of employees	87	524	282	277	30	1,200

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 2 - Segment data continued

DKK '000	ISV	Consultancy			HQ, GDC and Eliminations	Total
		Western Europe	Eastern Europe	North America		
2017						
Columbus Software licenses	20,703	10,336	2,690	1,596	-8,652	26,673
Columbus Software subscriptions	43,613	14,892	1,559	5,109	-14,915	50,258
Columbus Cloud	5,697	3,036	0	0	-2,485	6,248
External licenses	0	40,454	15,906	38,592	-323	94,629
External subscriptions	0	68,898	24,898	96,743	-420	190,119
External cloud	0	4,114	6	5,265	-170	9,215
Services	16,762	456,757	96,934	267,067	-14,969	822,551
Other	1,285	8,684	2,481	7,581	-962	19,069
Total net revenue	88,060	607,171	144,474	421,953	-42,896	1,218,762
Gross profit	74,947	453,618	106,289	285,554	30,899	951,307
EBITDA	44,211	92,391	12,995	7,040	-10,429	146,208
Operating result (EBIT)	16,572	65,186	9,160	-6,900	22,711	106,729
Profit before tax	15,416	66,661	10,459	-13,652	22,746	101,630
Profit after tax	16,959	61,607	7,499	-13,007	23,071	96,129
Segment assets	143,952	379,236	83,778	321,326	-76,529	851,763
Segment liabilities	51,733	82,627	29,130	70,923	65,207	299,620
Non-current assets	112,534	217,901	38,386	285,929	-70,476	584,274
Capital investments	29,156	3,180	1,368	1,342	2,125	37,171
Depreciation	-23,802	-9,229	-407	-5,394	-647	-39,479
Average number of employees	90	525	280	264	35	1,194

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 - Net revenue

DKK '000	H1 2018	H1 2017	2017
Sale of products			
Columbus Software licenses	17,533	13,571	26,673
Columbus Software subscriptions	31,151	25,541	50,258
Columbus Cloud	7,268	1,623	6,248
External licenses	38,687	53,473	94,629
External subscriptions	105,766	102,221	190,119
External Cloud	10,508	3,868	9,215
Total sale of products	210,913	200,298	377,142
Sale of services			
Sales value of finished projects	738,437	466,632	854,127
Change in contract work in progress	12,713	-35,309	-31,576
Other services	16,091	10,694	19,069
Total sale of services	767,241	442,017	841,620
Total net revenue	978,154	642,315	1,218,762
Contract work in progress, beginning of period	-27,804	-59,380	-59,380
Contract work in progress, end of period	40,517	24,071	27,804
Total change in contract work in progress	12,713	-35,309	-31,576

Notes

Note 4 - Staff expenses and remuneration

DKK '000	H1 2018	H1 2017	2017
Staff expenses			
Salary and wages	466,293	310,869	590,916
Other social security costs	63,749	23,712	45,435
Other staff expenses	29,843	18,835	23,439
Staff costs before share-based payment	559,885	353,416	659,790
Share-based payment	4,948	1,158	2,302
Staff expenses	564,833	354,574	662,092
Average number of employees	1,799	1,200	1,194

Note 5 - Depreciation, amortization and impairment

DKK '000	H1 2018	H1 2017	2017
Depreciation	5,715	4,396	8,932
Amortization	19,436	15,325	30,547
Impairment of development projects	14,780	0	0
Total depreciation, amortization and impairment	39,931	19,721	39,479

Impairment of development projects relates to an extraordinary write down of Columbus Software in Q1 2018.

Note 6 - Trade receivables

DKK '000	H1 2018	H1 2017	2017
Receivables (gross) at 30 June	307,555	152,966	157,793
Provisions for bad debt at 1 January	8,893	16,466	16,466
Change in provisions for bad debt during the period	10,909	-2,290	-3,597
Loss realized during the period	-2,645	-3,499	-3,975
Provisions for bad debt 30 June	17,157	10,677	8,893
Carrying amount at 30 June	290,398	142,289	148,900

Provisions for bad debt are made if it is assessed that the individual debtors ability to pay is reduced, e.g. in the event of administrative orders, insolvency, etc.

Notes

Note 6 - Trade receivables continued

DKK '000	H1 2018	H1 2017	2017
Age of receivables that are past due but not impaired:			
0-30 days	45,557	28,194	49,803
30-60 days	8,240	6,917	7,446
61-90 days	8,700	4,073	4,370
91-180 days	4,523	2,024	1,302
181-270 days	0	0	119
Total	67,020	41,207	63,039

DKK '000	H1 2018	H1 2017	2017
Age of impaired receivables:			
30-60 days	433	364	1,370
61-90 days	1,877	772	1,457
91-180 days	6,785	3,036	3,037
181-270 days	4,739	4,435	1,065
271-360 days	1,239	912	1,238
Over 360 days	2,084	1,158	726
Total	17,157	10,677	8,893

Note 7 - Contract work in progress

DKK '000	H1 2018	H1 2017	2017
Contract work in progress	40,517	24,071	27,804
On account billing and prepayments	-32,445	-23,781	-31,982
	8,072	290	-4,179
The net value is included in the balance as follows:			
Contract work in progress (assets)	19,173	8,709	7,577
Client prepayments (liabilities)	-11,101	-8,419	-11,755
	8,072	290	-4,179

Notes

Note 8 – Business combinations

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%	492,640
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					566,650

With the acquisition of iStone, Columbus enters the Swedish market and at the same time gains 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 expands 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 match 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 becomes a leading player within digital transformation to a larger market segment and the number one Dynamics NAV company in Estonia.

Divested companies and activities in 2018

As a part of the integration 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 H1 2018 and an EBITDA of DKK -3.8m.

Notes

Note 8 – Business combinations continued

DKK '000	iStone AB	HiGH Software	HÄT Systems	Total
Tangible fixed assets	14,093	998	37	15,128
Financial fixed assets	310	0	0	310
Other intangible assets	46,807	13,620	834	61,261
Other receivables	560	0	0	560
Deferred tax assets	1,789	0	0	1,789
Total non-current assets	63,559	14,618	871	79,048
Trade receivables	146,168	13,881	1,243	161,292
Work in progress	3,274	0	52	3,326
Tax receivables	9,819	0	0	9,819
Prepayments	20,420	0	0	20,420
Other receivables	3,999	901	0	4,900
Cash	31,209	8,653	998	40,860
Total current assets	214,890	23,435	2,293	240,618
Trade payables	-30,213	-4,379	-663	-35,255
Debt to credit institutions	-23,967	0	0	-23,967
Corporation tax and deferred tax	-21,347	-2,889	0	-24,236
Deferred income	-6,775	0	-30	-6,805
Accruals	-88,345	-10,314	0	-98,659
Other debt	-32,506	-387	-975	-33,869
Total current debt	-203,154	-17,969	-1,667	-222,790
Net assets acquired	75,295	20,084	1,496	96,875
Goodwill	417,346	41,576	10,853	469,775
Total consideration	492,640	61,660	12,350	566,650
Net working capital not paid	-15,671	0	0	-15,671
Acquired cash funds	-31,209	-8,653	-998	-40,860
Contingent consideration	-306,554	-18,617	-744	-325,916
Cash consideration on acquisition date	139,206	34,390	10,608	184,203

After recognition of identifiable assets, liabilities and contingent liabilities at fair value, goodwill in relation to the acquisitions were assessed to DKK 470m.

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.

Notes

Note 8 – Business combinations continued

DKK '000	iStone AB	HiGH Software	HÄT Systems	Total
Fair value assessment of trade receivables				
Trade receivables, gross amount	153,768	13,881	1,243	168,892
Trade receivables, not expected to be collected	-7,601	0	0	-7,601
Trade receivables, fair value	146,168	13,881	1,243	161,292

HiGH Software and HÄT Systems have been implemented completely in the business and in the books and a separation of the businesses are 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 has consequently not been stated. iStone AB has since acquisition 2 January 2018 had a revenue of DKK 312.4m and a result after tax of DKK 12.1m.

Acquisition of companies in 2017

As of 9 January 2017 the Group acquired 100% of the shares in Tridea Partners LLC.

Name	Primary activity	Date of control gained	Acquired ownership	Acquired voting rights	Total consideration DKK '000
Tridea Partners LLC	Distribution and implementation of standardised business solutions.	9th January	100%	100%	60,381
Total					60,381

The acquisition of Tridea Partners LLC will strengthen Columbus' coast-to-coast reach in US market and underlines the goal of being recognized as a strategic business partner that leads customers in the digital business transformation.

Notes

Note 8 – Business combinations continued

DKK '000	Tridea Partners LLC	Total
Other intangible assets	5,532	5,532
Total non-current assets	5,532	5,532
Trade receivables	3,727	3,727
Other receivables	655	655
Cash	4,543	4,543
Total current assets	8,925	8,925
Trade payables	-1,425	-1,425
Other debt	-3,824	-3,824
Total current debt	-5,249	-5,249
Net assets acquired	9,209	9,209
Goodwill	51,172	51,172
Total consideration	60,381	60,381
Acquired cash funds	-4,543	-4,543
Contingent consideration	-13,837	-13,837
Cash consideration on acquisition date	42,001	42,001

After recognition of identifiable assets, liabilities and contingent liabilities at fair value, goodwill in relation to the acquisition was assessed to DKK 51.1m.

Estimated tax deductibility on goodwill for the Tridea Partners LLC acquisition is DKK 42.9m. Goodwill is for tax purposes amortized over 15 years.

Contingent consideration for Tridea Partners LLC is DKK 13.8m. The contingent consideration is determined by certain contribution thresholds in 2017 and 2018 for the combined business and by certain staff retention. The consideration is recognized as if these thresholds will be met.

DKK '000	Tridea Partners LLC	Total
Fair value assessment of trade receivables		
Trade receivables, gross amount	3,727	3,727
Trade receivables, not expected to be collected	0	0
Trade receivables, fair value	3,727	3,727

Tridea Partners LLC has been implemented completely in business and in the books and a separation of the business 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 2017 has consequently not been stated.

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	$\frac{\text{Result after tax and excl. minority interests}}{\text{Equity excl. minority interests}}$	
Return on invested capital (ROIC)	$\frac{\text{EBITA}}{\text{Average invested capital including goodwill}}$	
Equity ratio	$\frac{\text{Equity excl. minority interests}}{\text{Total liabilities}}$	
Earnings per share (EPS)	$\frac{\text{Result after tax and excl. minority interests}}{\text{Average number of shares}}$	x f
Book value per share (BVPS)	$\frac{\text{Equity excl. minority interests end of year} \times 100}{\text{Number of shares end of year}}$	x f
Cash flow per share	$\frac{\text{Cash flow from operations}}{\text{Average number of diluted shares}}$	x f
Adjustment factor (f)	$\frac{\text{Theoretical rate}}{\text{Listed price of stock the day before the subscription and/or stock right cease}}$	

Notes

Alternative Performance Measures

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 expensing Share Based payments is uneven through the 3-year maturing period Columbus normally exercise. EBITDA before Share Based Payment will therefore express a more comparable year over year development.

Columbus Software Sales

Columbus Software Sales is the revenue from Columbus own developed Software Solutions and thus comprise an element in the revenue composition in Columbus.

The purpose to disclose this measure is to inform readers on the performance to capitalize the Software Investments in Columbus.

For more information on Columbus, visit
www.columbusglobal.com