

Interim Report H1/2017

Columbus A/S
CVR.: 13 22 83 45

Highlights first half 2017

Revenue

DKK 642m

An increase of 8% compared to H1/2016.

Service revenue

DKK 431m

An increase of 10% compared to H1/2016.

EBITDA (before share-based payment)

DKK 71.2m

An increase of 7% compared to H1/2016.

Columbus Software sales

DKK 40.7m

A decrease of 11% compared to H1/2016.

Profit after tax

DKK 40.1m

An increase of 1% compared to H1/2016.

Recurring revenue

DKK 173m

An increase of 16%. In H1/2016 recurring revenue constituted 25% of the total revenue. In H1/2017 recurring revenue constituted 27% of the total revenue.

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Key figures and ratios

DKK '000	H1 2017	H1 2016	2016
Income related figures			
Columbus licenses	13,571	22,554	44,187
Columbus subscriptions	27,164	23,271	46,876
Columbus Software	40,735	45,825	91,063
External licenses	53,473	47,662	86,495
External subscriptions	106,090	99,776	195,164
Service	431,323	390,778	796,401
Other	10,694	10,496	23,584
Net revenue	642,315	594,537	1,192,707
Recurring revenue % of total revenue	27.0%	25.1%	25.3%
Service EBITDA	47,865	41,812	91,341
EBITDA before share-based payment	71,177	66,754	144,070
EBITDA	70,019	65,663	138,546
EBIT	50,298	50,506	105,271
Profit before tax	46,413	49,867	107,303
Profit after tax	40,084	39,564	81,479
Balance sheet			
Non-current assets	588,668	467,478	547,771
Current assets	257,435	270,946	289,735
Total assets	846,103	738,424	837,506
Group shareholder equity	499,848	416,116	469,813
Minority interests	3,379	2,937	1,774
Total liabilities	342,876	319,371	365,919
Total equity and liabilities	846,103	738,424	837,506
Cash flow			
Cash flow from operating activities	60,971	52,950	124,708
Cash flow from investing activities	-71,593	-43,451	-130,546
Cash flow from financing activities	-10,436	-7,509	19,981
Total cash flow	-21,058	1,990	14,143
Key ratios			
EBITDA-margin	10.9%	11.0%	11.6%
Operating profit margin (EBIT-margin)	7.8%	8.5%	8.8%
Equity ratio	59.1%	56.4%	56.1%
Return on equity	7.7%	9.4%	17.2%
Return on invested capital including goodwill (ROIC)	10.9%	14.8%	25.1%
Number of shares, in thousands	119,866	116,198	116,198
Average number of shares, in thousands	118,319	115,048	115,628
Book value of equity per share (BVPS)	4.17	3.58	4.04
Earnings per share (EPS)	0.33	0.34	0.70
Cash flow per share	0.51	0.45	1.04
Share price, end of period	13.90	8.40	10.70
Average full time employee for the period	1,200	1,088	1,105

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 first half of 2017 revenue increased by 8% to DKK 642m, and EBITDA¹ increased by 7% compared to H1 2016. Growth in the services business and cloud are driving the results. Columbus²⁰²⁰ execution is on track.

Growth driven by the services business

In the first half of 2017, revenue amounted to DKK 642m (H1 2016: DKK 595m), an increase of 8%. EBITDA¹ amounted to DKK 71.2m (H1 2016: DKK 66.8m), corresponding to an increase of 7%.

The revenue growth was primarily driven by growth in the services business, where revenue increased by 10%. The increase in EBITDA¹ was driven by a 14% increase in earnings in the services business.

In line with expectations, Columbus Software licenses revenue declined by 40% due to the cloud conversion, and subscriptions increased by 17%. External licenses revenue grew by 12%, which is mainly due to extraordinary product licenses sales. External subscriptions increased by 6%, mainly due to the acquisition of Tridea Partners LLC.

Profit after tax amounted to DKK 40.1m. The result is negatively affected by currency adjustment on intercompany balances and increased depreciations. Depreciations are increased due to acquisitions and increased software development.

The results are in line with management's expectations.

Cash flow

Cash flow from primary activities amounted to DKK 66.8m, corresponding to an increase of 10% compared to H1 2016.

Columbus²⁰²⁰ execution on track

Columbus' five-year strategy Columbus²⁰²⁰ is based on four interconnected elements that lead customers in the digital transformation of their business.

We are progressing with the execution of our strategic priorities, which include ensuring satisfied customers, increasing our digital leadership position, delivering high quality to our customers, and developing our employees.

During the first half of the year, Columbus has come further in optimizing and improving the customer value chain throughout the company. This includes refined and standardized marketing and sales processes, higher quality in project delivery, improved service delivery management and an enhanced ColumbusCare support portfolio.

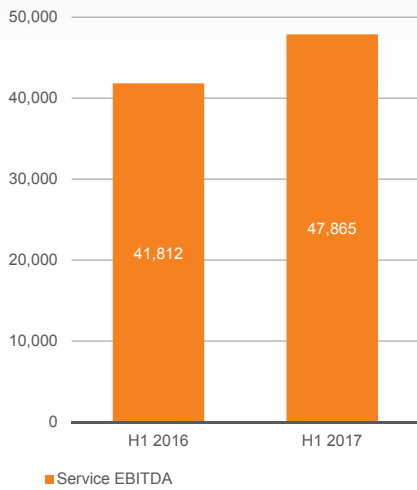
Our global loyalty program, Columbus Pulse, has been implemented as an integrated part of operations across the Group. The increased customer loyalty transparency in our key markets, is driving our improved customer focus.

We have applied new ways of working with better customer segmentation and resource optimization. As an example we have increased our focus on key account management. As a result of these efforts, we are starting to see significant improvements in our customer loyalty.

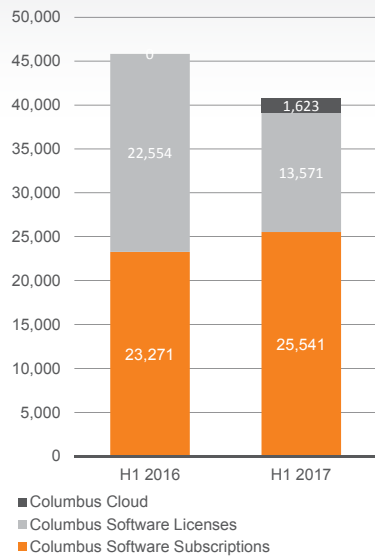
DKK '000	H1 2017	H1 2016	Development
Columbus Software licenses	13,571	22,554	-40%
Columbus Software subscriptions	27,164	23,271	17%
External licenses	53,473	47,662	12%
External subscriptions	106,090	99,776	6%
Services	431,323	390,778	10%
Other	10,694	10,496	2%
Total net revenue	642,315	594,537	8%

¹ EBITDA before share-based payment

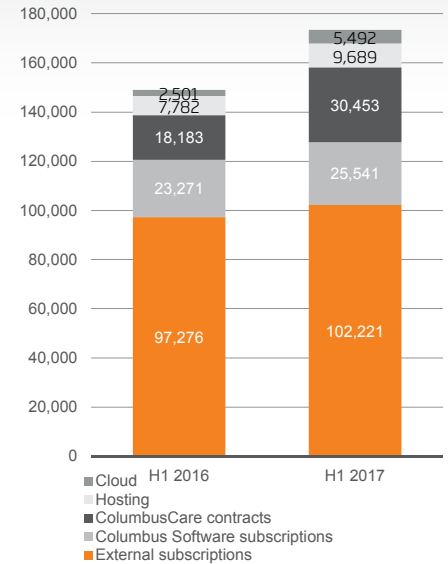
Service EBITDA and development in the services business



Development in sale of Columbus Software



Development in recurring revenue



Good progress within Columbus' Value Drivers

In connection with Columbus2020, Columbus has identified three financial value drivers, which measure the development in relation to significant success criteria for future growth and value creation:

- Improve profits from the services business
- Scaling of own software sales
- Growth in recurring revenue

Below, the development in these three financial value drivers are reviewed.

Growth and increased EBITDA in the services business

In the first half of 2017, the services business grew revenue by 10% to DKK 431m (H1 2016: DKK 391m). The growth primarily came from an increase in realized hourly rates and the effect from acquisitions made in 2016 and 2017.

Service EBITDA increased by 14%, from DKK 41.8m to DKK 47.9m. The increase is

due to higher realized hourly rates, acquisitions, and increased utilization of Columbus' Global Delivery Center in India.

In the first half of the year, chargeable hours declined from 58% to 54%. The decline is primarily due to a decrease in chargeable hours in the US SMB business. The US SMB market has been affected by a change in technology, leading to a slightly hesitant market causing this decrease. Further, the US SMB business was impacted by a loss of DKK 4m on customer engagements, which had a negative impact on service EBITDA in first half. Due to the challenges in the SMB business, the planned integration of the SMB business and the Enterprise business in the US has been accelerated.

The development is in the lower range of our expectations, but we expect to see an improvement during the next quarters.

Columbus Software sales as expected

Columbus Software sales declined by 11% in the first half of the year. The decline is a consequence of the cloud conversion, where new license terms result in a lower

up-front revenue from sale of software licenses.

License sales decreased by 40% due to the cloud conversion as mentioned above. Revenue from subscriptions increased by 17% due to a satisfactory renewal rate of previous years' sale of licenses.

Columbus Cloud revenue grew DKK 1.6m, which is in line with expectations.

The total sale of Columbus Software is in line with expectations, where the cloud effect causes the temporary decrease in software revenue.

Growth in recurring revenue

The recurring revenue includes Columbus and third party Cloud revenue, Columbus and third party software subscriptions, hosting revenue and ColumbusCare contracts revenue.

In the first half of 2017, the recurring revenue increased by 16%, constituting 27% of total revenue (H1 2016: 25%).

The progress is driven by a significant growth in the sale of ColumbusCare contracts, which increased by 67%, as well as the emergence of cloud revenue amounting to DKK 5.5m.

The development is satisfactory and according to plan.

Acquisitions in 2017

In January 2017 Columbus acquired the US IT services company, Tridea Partners LLC, which holds a leading position within ERP and CRM in the growing food and beverage industry in the US.

The integration of Tridea Partners LLC into our US subsidiary is progressing as planned.

Columbus maintains expectations to 2017

Columbus maintains the announced expectations to 2017:

- Revenue in the level of DKK 1.35bn.
- EBITDA² in the level of DKK 150m.
- Columbus Software revenue of DKK 80m.
- Service EBITDA of DKK 140m.
- 10% dividend on nominal share capital

Columbus' new strategy is built around three value drivers:

The Columbus2020 strategy

1

Improve profitability 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 2017 - 30 June 2017 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 2017, and of the results of the Group's operations and cash flows during the first half of 2017.

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

Ballerup, 24 August 2017

Executive Board



Thomas Honoré
CEO & President



Hans Henrik Thrane
Corporate CFO

Board of Directors



Ib Kunøe
Chairman



Jørgen Cadovius
Deputy Chairman



Peter Skov Hansen



Sven Madsen

Financial Statements H1/2017



Statement of comprehensive income

DKK '000	Note	H1 2017	H1 2016	2016
Net revenue	3	642,315	594,537	1,192,707
External project costs		-142,856	-134,735	-264,601
Gross profit		499,459	459,802	928,106
Staff expenses and remuneration	4	-353,416	-319,932	-631,675
Other external costs		-74,916	-73,340	-158,982
Other operating income		50	546	6,685
Other operating costs		0	-322	-64
EBITDA before share-based payment		71,177	66,754	144,070
Share-based payment	4	-1,158	-1,091	-5,524
EBITDA		70,019	65,663	138,546
Depreciation		-19,721	-15,157	-33,275
Operating profit (EBIT)		50,298	50,506	105,271
Financial income		18	99	2,674
Financial expense		-3,903	-738	-642
Profit before tax		46,413	49,867	107,303
Corporate tax		-6,329	-10,303	-25,824
Profit after tax		40,084	39,564	81,479
Items that may be reclassified subsequently to profit and loss:				
Foreign exchange adjustments of subsidiaries		-14,027	-3,031	4,521
Other comprehensive income		-14,027	-3,031	4,521
Total income for the period		26,057	36,533	86,000
Allocated to:				
Shareholders in Columbus A/S		38,731	39,192	80,902
Minority interests		1,353	372	577
		40,084	39,564	81,479
Total comprehensive income allocated to:				
Shareholders Columbus A/S		24,703	36,169	85,433
Minority interests		1,354	364	567
		26,057	36,533	86,000
Earnings per share of DKK 1.25 (EPS)		0.33	0.34	0.70
Earnings per share of DKK 1.25, diluted (EPS-D)		0.32	0.33	0.68

Balance sheet

DKK '000	Note	H1 2017	H1 2016	2016
ASSETS				
Goodwill		449,358	341,954	415,152
Customer base		31,496	29,303	30,562
License rights		15	0	17
Development projects finalized		62,721	53,656	59,354
Development projects in progress		8,716	9,442	8,491
Property, plant and equipment		14,575	15,649	17,142
Deferred tax assets		21,786	17,474	17,053
Total non-current assets		588,668	467,478	547,771
Inventories		233	522	205
Trade receivables	5	142,289	145,029	151,475
Contract work in progress	6	8,709	12,652	8,994
Corporate tax receivables		4,133	307	11,531
Deferred tax assets		3,400	7,500	7,500
Other receivables		10,178	12,331	8,155
Prepayments		14,776	9,241	7,206
Receivables		183,485	187,060	194,861
Cash		73,717	83,365	94,669
Total current assets		257,435	270,946	289,735
TOTAL ASSETS		846,103	738,424	837,506

Balance sheet

DKK '000	Note	H1 2017	H1 2016	2016
EQUITY AND LIABILITIES				
Share capital		149,832	145,247	145,247
Reserves on foreign currency translation		-20,503	-14,029	-6,475
Retained profit		370,519	284,898	331,041
Group shareholders' equity		499,848	416,116	469,813
Minority interests		3,379	2,937	1,774
Equity		503,227	419,053	471,587
Deferred tax		11,198	6,425	10,614
Provisions		16,887	10,967	11,532
Non-current liabilities		28,085	17,392	22,146
Debt to credit institutions		14,345	235	29,091
Client prepayments		19,618	34,638	33,645
Trade payables		72,363	57,734	66,211
Corporate tax payables		17,967	12,465	24,177
Other liabilities		143,614	162,879	157,228
Accruals		46,884	34,028	33,421
Current liabilities		314,791	301,979	343,773
Total liabilities		342,876	319,371	365,919
TOTAL EQUITY AND LIABILITIES		846,103	738,424	837,506

Statement of changes in equity

	Shareholders in Columbus A/S				Equity
	Share capital	Reserves on foreign currency translation	Retained profits	Minority interests	
DKK '000					
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
H1 2016					
Balance at 1 January 2016	142,123	-11,006	255,062	2,573	388,752
Profit after tax	0	0	39,192	372	39,564
Currency adjustments of investments in subsidiaries	0	-3,023	0	-8	-3,031
Total comprehensive income	0	-3,023	39,192	364	36,533
Capital increase	3,124	0	4,079	0	7,203
Share-based payment, cf. note 4	0	0	1,091	0	1,091
Payment of dividend	0	0	-14,526	0	-14,526
Balance at 30 June 2016	145,247	-14,029	284,898	2,937	419,053
2016					
Balance at 1 January 2016	142,123	-11,006	255,062	2,573	388,752
Profit after tax	0	0	80,902	577	81,479
Currency adjustments of investments in subsidiaries	0	4,531	0	-10	4,521
Total comprehensive income	0	4,531	80,902	567	86,000
Capital increase	3,124	0	4,079	0	7,203
Share-based payment, cf. note 4	0	0	5,524	0	5,524
Payment of dividend	0	0	-14,526	-1,366	-15,892
Balance at 31 December 2016	145,247	-6,475	331,041	1,774	471,587

Cash flow

DKK '000	Note	H1 2017	H1 2016	2016
Operating profit (EBIT)		50,298	50,506	105,271
Non-recurring income and expenses from acquisitions		0	0	-5,594
Depreciations and amortizations		19,721	15,157	33,275
Cost of incentive scheme	4	1,158	1,091	5,524
Changes in net working capital		-4,410	-6,098	3,415
Cash flow from primary activities		66,767	60,656	141,891
Interest received, etc.		18	406	1,904
Interest paid, etc.		-625	-612	-642
Corporate tax paid		-5,189	-7,500	-18,445
Cash flow from operating activities		60,971	52,950	124,708
Net increase in development projects		-15,714	-12,855	-28,260
Acquisition of tangible assets		-2,360	-4,415	-8,799
Acquisition of intangible assets		-7	-43	-166
Disposal of tangible assets		212	16	335
Disposal of intangible assets		0	0	388
Acquisition of subsidiaries and activities		-53,724	-26,154	-94,044
Cash flow from investing activities		-71,593	-43,451	-130,546
Proceeds from capital increase/warrants exercised		19,292	7,203	7,203
Overdraft facilities		-14,745	-186	28,670
Dividends paid		-14,983	-14,526	-15,892
Cash flow from financing activities		-10,436	-7,509	19,981
Total cash flow		-21,058	1,990	14,143
Cash funds at the beginning of the year		94,669	82,294	82,294
Exchange rate adjustments		106	-919	-1,768
Cash funds at the end of the period		73,717	83,365	94,669

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 2016. For more information on the accounting policies, we refer to our Annual Report for 2016.

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 2017						
Columbus Software licenses	11,749	7,095	1,625	512	-7,410	13,571
Columbus Software subscriptions	21,261	8,672	858	2,451	-6,078	27,164
External licenses	0	23,822	9,330	20,469	-148	53,473
External subscriptions	0	34,145	14,286	57,720	-61	106,090
Services	8,878	231,790	50,306	149,026	-8,677	431,323
Other	352	4,797	982	5,080	-517	10,694
Total net revenue	42,240	310,321	77,387	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	-89,159	588,668
Asset 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		
H1 2016						
Columbus Software licenses	18,412	7,959	1,544	1,980	-7,341	22,554
Columbus Software subscriptions	18,261	7,605	823	2,744	-6,162	23,271
External licenses	0	15,943	5,688	26,233	-202	47,662
External subscriptions	0	35,082	12,427	52,644	-377	99,776
Services	7,016	229,909	43,768	121,815	-11,730	390,778
Other	278	5,109	969	4,019	121	10,496
Total net revenue	43,967	301,607	65,219	209,435	-25,691	594,537
Gross profit	39,068	228,046	48,369	135,449	8,870	459,802
EBITDA	23,085	40,397	6,016	12,455	-16,290	65,663
Operating profit (EBIT)	9,253	25,714	2,423	4,573	8,543	50,506
Profit before tax	8,968	25,971	2,291	2,164	10,473	49,867
Profit after tax	7,481	22,041	-207	2,150	8,099	39,564
Segment assets	121,419	327,423	79,720	282,221	-72,359	738,424
Segment liabilities	37,836	103,984	29,365	67,942	80,244	319,371
Non-current assets	102,458	163,097	37,013	218,875	-53,965	467,478
Asset investments	12,982	3,663	172	574	74	17,465
Depreciation	-9,271	-3,187	-237	-2,262	-200	-15,157
Average number of employees	77	471	273	240	27	1,088

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		
2016						
Columbus licenses	37,141	14,847	2,541	3,319	-13,661	44,187
Columbus subscriptions	40,961	14,407	1,350	6,182	-16,024	46,876
External licenses	0	24,875	11,825	50,269	-474	86,495
External subscriptions	0	70,018	23,179	103,288	-1,321	195,164
Services	14,215	452,383	92,833	261,584	-24,614	796,401
Other	1,156	10,504	1,697	9,967	260	23,584
Total net revenue	93,473	587,034	133,425	434,609	-55,834	1,192,707
Gross profit	82,560	438,489	100,383	286,782	19,892	928,106
EBITDA	49,604	89,395	11,560	25,263	-37,276	138,546
Operating result (EBIT)	25,851	59,351	6,074	15,929	-1,934	105,271
Profit before tax	26,529	59,983	5,325	10,521	4,945	107,303
Profit after tax	20,809	42,621	3,178	8,744	6,127	81,479
Segment assets	132,040	373,474	81,357	334,100	-83,465	837,506
Segment liabilities	44,492	155,787	32,101	77,655	55,884	365,919
Non-current assets	107,089	228,740	37,067	269,431	-94,556	547,771
Capital investments	27,959	6,081	402	1,755	1,028	37,225
Depreciation	-19,586	-8,112	-481	-4,757	-339	-33,275
Average number of employees	80	468	277	251	29	1,105

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 long-term 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 registered address of the customers, and the non-current assets are distributed according to location and legal relation.

DKK '000	Net revenue from external customers			Non-current assets		
	H1 2017	H1 2016	2016	H1 2017	H1 2016	2016
Denmark	168,317	174,247	333,592	110,928	143,996	103,218
Norway	32,746	29,869	58,363	7,852	7,837	8,398
United Kingdom	102,765	88,747	176,136	85,116	22,444	87,380
USA	234,507	208,071	431,939	295,532	211,343	261,899
Russia	37,111	29,399	61,739	203	21	366
The rest of the world	66,869	64,204	130,938	89,037	81,837	86,509
Total	642,315	594,537	1,192,707	588,668	467,478	547,771

Notes

Note 3 - Net revenue

DKK '000	H1 2017	H1 2016	2016
Sale of products			
Columbus Software licenses	13,571	22,554	44,187
Columbus Software subscriptions	27,164	23,271	46,876
External licenses	53,473	47,662	86,495
External subscriptions	106,090	99,776	195,164
Total sale of products	200,298	193,263	372,722
Sale of services			
Sales value of finished projects	466,632	374,455	789,496
Change in contract work in progress	-35,309	16,323	6,905
Other services	10,694	10,496	23,584
Total sale of services	442,017	401,274	819,985
Total net revenue	642,315	594,537	1,192,707
Contract work in progress, beginning of period	-59,380	-52,475	-52,475
Contract work in progress, end of period	24,071	68,798	59,380
Total change in contract work in progress	-35,309	16,323	6,905

Notes

Note 4 - Staff expenses and remuneration

DKK '000	H1 2017	H1 2016	2016
Staff expenses			
Salary and wages	310,869	272,725	564,857
Other social security costs	23,712	28,677	44,084
Other staff expenses	18,835	18,530	22,734
Staff costs before share-based payment	353,416	319,932	631,675
Share-based payment	1,158	1,091	5,524
Staff expenses	354,574	321,023	637,199
Average number of employees	1,200	1,088	1,105

Note 5 - Trade receivables

DKK '000	H1 2017	H1 2016	2016
Receivables (gross) at 30 June	152,966	150,559	167,941
Provisions for bad debt at 1 January	16,466	6,991	6,991
Change in provisions for bad debt during the period	-2,290	563	15,151
Loss realized during the period	-3,499	-2,024	-5,676
Provisions for bad debt 30 June	10,677	5,530	16,466
Carrying amount at 30 June	142,289	145,029	151,475

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

Note 6 - Contract work in progress

DKK '000	H1 2017	H1 2016	2016
Contract work in progress	24,071	68,798	59,380
On account billing and prepayments	-23,781	-69,060	-60,232
	290	-262	-852
The net value is included in the balance as follows:			
Contract work in progress (assets)	8,709	12,652	8,994
Client prepayments (liabilities)	-8,419	-12,914	-9,846
	290	-262	-852

Notes

Note 7 – Business combinations

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.	9 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.

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

Notes

Note 7 – Business combinations continued

Acquisition of companies in 2016

The Group has per 1 February 2016 acquired 100% shares in SystemHosting A/S and per 15 July 2016 acquired 100% assets in Client Strategy Group LLC. Furthermore, the Group acquired 100% shares in Cambridge Online Systems Ltd. per 1 December 2016.

Name	Primary activity	Date of control gained	Acquired ownership	Acquired voting rights	Total consideration DKK '000
SystemHosting A/S	Distribution, implementation and hosting of standardised business solutions.	1 February	100%	100%	40,600
Client Strategy Group LLC	Distribution and implementation of standardised business solutions.	15 July	100%	100%	43,662
Cambridge Online Systems Ltd	Distribution and implementation of standardised business solutions.	1 December	100%	100%	37,425
Total					121,687

The acquisition of SystemHosting A/S will strengthen Columbus' global position as an innovative solution provider.

The acquisition of Client Strategy Group LLC strengthens Columbus' coast-to-coast reach in the US market and underlines the goal of being recognized as a strategic business partner that leads customers in the digital business transformation.

The acquisition of Cambridge Online Systems Ltd. strengthens Columbus' position and growth potential in the Microsoft Dynamics 365 market.

DKK '000	Cambridge Online Systems Ltd.	Client Strategy Group LLC	SystemHosting A/S	Total
Development projects, finalized	0	0	878	878
Other intangible assets	2,605	1,339	10,000	13,943
Operating equipment	1,467	0	2,573	4,040
Total non-current assets	4,072	1,339	13,451	18,862
Trade receivables	10,437	2,112	5,873	18,422
Other receivables	2,179	123	780	3,083
Cash	13,450	2,479	2,518	18,447
Total current assets	26,067	4,714	9,171	39,952
Trade payables	-1,337	0	-870	-2,207
Corporation tax and deferred tax	-521	0	-2,736	-3,257
Other debt	-15,187	-1,207	-7,824	-24,217
Total current debt	-17,045	-1,207	-11,430	-29,682
Net assets acquired	13,094	4,846	11,192	29,132
Goodwill	24,330	38,817	29,407	92,554
Total consideration	37,425	43,662	40,600	121,686
Acquired cash funds	-13,450	-2,479	-2,518	-18,447
Contingent consideration	-4,125	-8,700	-19,000	-31,825
Cash consideration on acquisition date	19,850	32,483	19,082	71,414

Notes

Note 7 – Business combinations continued

After recognition of identifiable assets, liabilities and contingent liabilities at fair value, goodwill in relation to the acquisitions were assessed to DKK 93m. The goodwill represents the value of assets where the fair value cannot be measured reliably, the value of the acquired staff and knowhow, expected synergies from the merger of acquired company and the existing activities in Columbus as well as the value of access to new markets.

Estimated tax deductibility on goodwill for the Client Strategy Group LLC acquisition is DKK 31.6m. Goodwill is for tax purposes amortized over 15 years.

Contingent consideration for SystemHosting A/S is DKK 19m. The contingent consideration is determined by certain revenue and EBITDA thresholds in 2016 and 2017 for the combined business. The consideration is recognized as if these thresholds will be met.

Contingent consideration for Client Strategy Group is DKK 8.7m. The contingent consideration is determined by ColumbusCare contribution thresholds in 2016, 2017 and 2018 for the combined business. The consideration is recognized as if these thresholds will be met.

Contingent consideration for Cambridge Online Systems Ltd. is 4.1m. The contingent consideration is determined by certain staff retention and certain revenue criteria for 2017 and 2018. The consideration is recognized as if these thresholds will be met.

Changes to contingent considerations as a result of post-acquisition events during 2016 is recognized according to IFRS 3 as other income.

DKK '000	Cambridge Online Systems Ltd.	Client Strategy Group LLC	SystemHosting A/S	Total
Fair value assessment of trade receivables				
Trade receivables, gross amount	11,471	2,112	5,873	19,456
Trade receivables, not expected to be collected	-1,033	0	0	-1,033
Trade receivables, fair value	10,437	2,112	5,873	18,422

SystemHosting A/S, Client Strategy Group LLC and Cambridge Online Systems Ltd have 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 2016 has consequently not been stated.

For more information on Columbus, visit
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