Once you know how...

Annual Report 2017

Columbus A/S
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About Columbus

Columbus is a leading global services company focused on the manufacturing, food processing, retail and distribution industries. We help organizations digitally transform their business and maximize productivity by offering innovative and leading business solutions.

Local offices in **12** countries with customers in **45** countries

Every month we ask our customers to rate their Columbus Pulse

Every month we ask our employees to rate their Columbus heartbeat

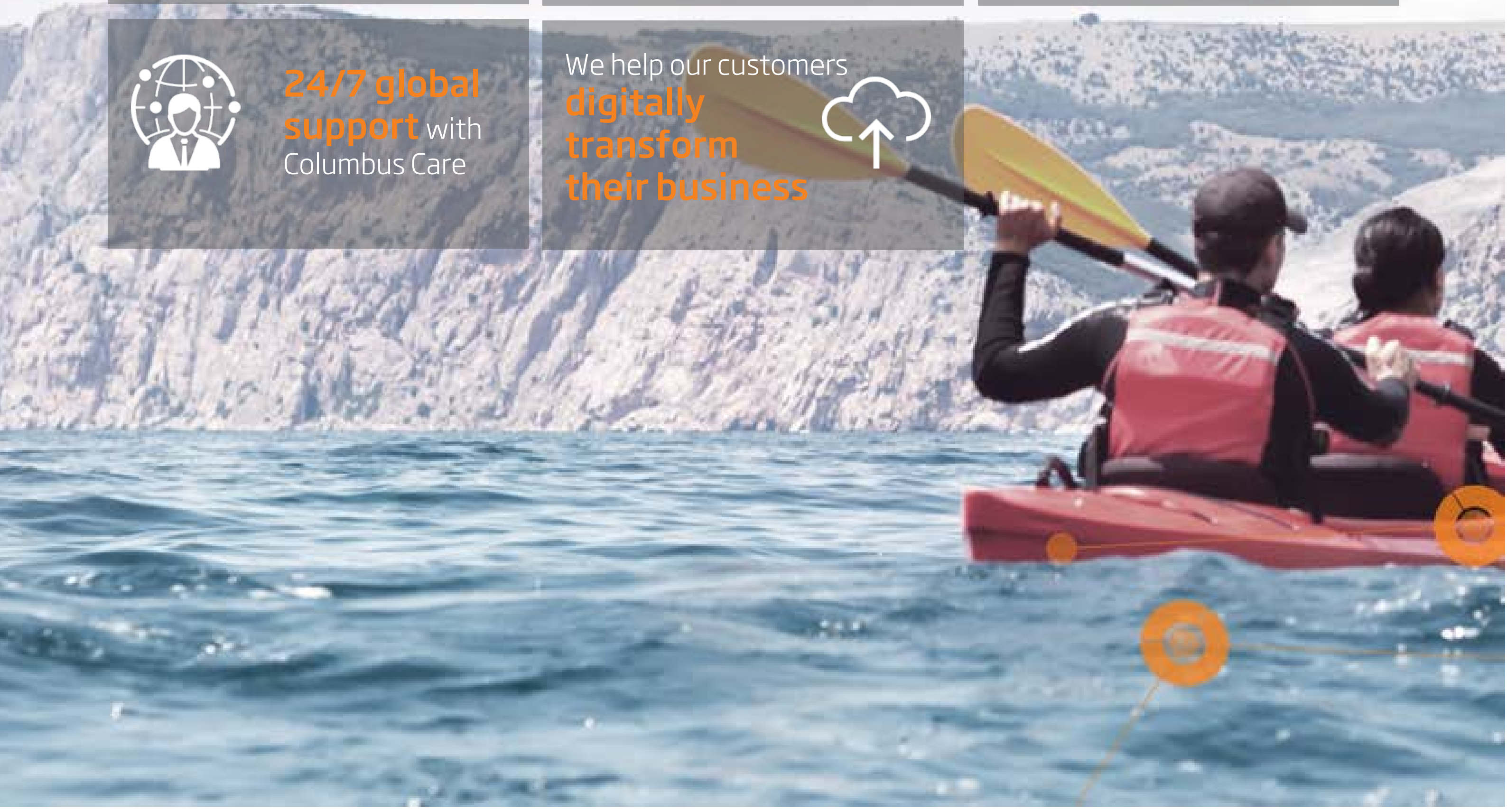
DKK **1.8bn** market cap In 2017

1,300 employees

Global services company with development and sale of industry specific business applications

24/7 global support with Columbus Care

We help our customers **digitally transform their business**



Highlights

Revenue

DKK 1,219m

corresponding to a growth of 2%.

EBITDA[1]

DKK 149m

corresponding to a growth of 3%.

[1] EBITDA before share-based payment

Service EBITDA

DKK 109m

corresponding to a growth of 19%.

Columbus Software sales

DKK 83m

corresponding to a decline of 9% due to the anticipated cloud conversion.

Profit after tax

DKK 96m

corresponding to an increase of 18%.

Recurring revenue and cloud revenue

DKK 339m

corresponding to an increase of 12%. The proportion of recurring revenue constitutes 28% of the total revenue.

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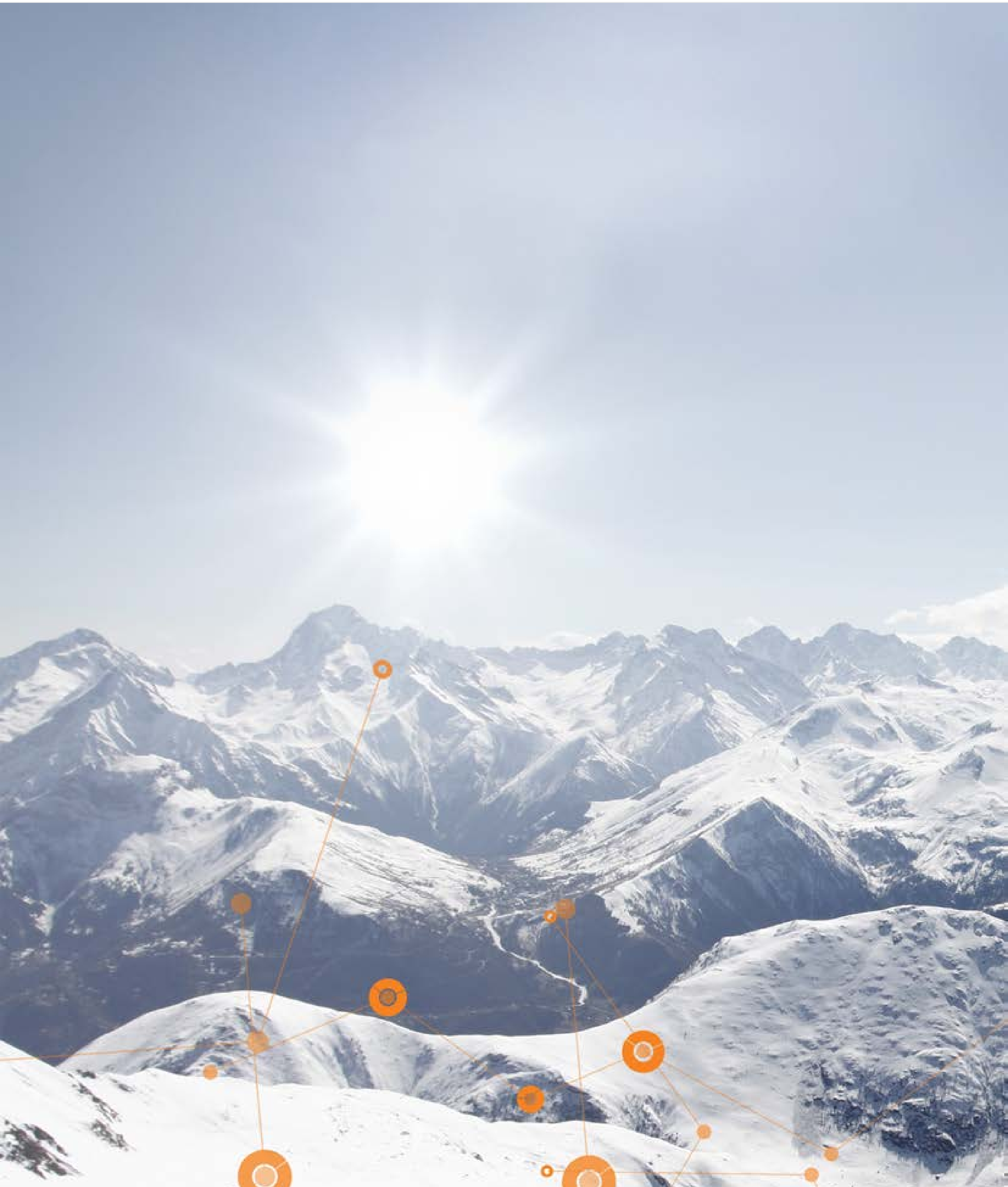


A game-changing year

2017 was a significant year for Columbus with the offer to acquire iStone and the cloud transition as major events. As Chairman of the Board I am pleased with the results, and that we improved our market position.

2017 was in many ways a game-changing year for Columbus where we increased profit after tax by 18% and executed Columbus2020 as planned. Despite the major investment in the cloud transition and challenges in our US business, we grew our business and maintained our leading market position. In 2017, Columbus' share price increased by 38% reaching a market cap of DKK 1,785bn by the end of the year. I would like to thank all our shareholders for their support and belief in Columbus.

The year also stood out as a year where the cloud transition brought a completely new business model to the market. Our customers demand more agile and flexible business applications where implementation effort and investments are decreasing, thus allowing businesses to start with smaller investments which grow over time. Columbus welcomed the change, and we did not only succeed in changing our business model into cloud, we also led our customers in their cloud transition. Today, Columbus sells, delivers and services our customers as a true cloud leader in our markets.

With the acquisition of iStone effective from 2 January 2018 Columbus will increase both revenue and the number of employees by 50% in one stroke. Entering 2018, Columbus will have more than 2,000 employees globally and will be serving more than 4,000 customers. This is a major step in Columbus' mission of becoming a global strategic business partner leading our customers in the digital transformation.

The combination of Columbus and iStone is a unique match as the two companies supplement each other in our major business areas enabling us to reach new markets and grow the existing business. The combination specially generates value in three important areas.

Firstly, Columbus will enter the Swedish market and become a significant player in Norway, which means holding a market leading position within business applications, e-commerce and IT services in the Nordic region.

Secondly, our industry focus on manufacturing, food, retail and distribution companies opens new opportunities to offer a complete solution portfolio to customers globally. iStone holds a market leading position within ERP solutions for the manufacturing industry, which combined with Columbus' complete industry solution portfolio entails opportunities for increasing our business in the Swedish manufacturing market.

Thirdly, the combination of Columbus' market leading Microsoft competencies and solutions and iStone's deep competencies within Microsoft, Commerce, Infor, M3 and SAP expand the global market potential, thus making Columbus able to offer a broader solution portfolio to a larger market.

I am very pleased to welcome our new employees and customers to Columbus, and I am sure that the combination of iStone and Columbus will generate significant results in the years to come.

I am also pleased to welcome the employees from HiGH Software, which we acquired in January 2018. HiGH Software is market leading within rental and lease management solutions for equipment-driven industries and will augment Columbus' comprehensive portfolio of business applications.

When I look ahead, I am confident that the direction set by the Columbus2020 strategy and our strengthened market position in the Nordic region will generate significant value to shareholders, employees and customers, and I am enthusiastic by the progress we have made so far. I would like to thank everyone in Columbus for contributing to the performance and progress in 2017.

Likewise, I would like to thank our customers and partners for the support making all our achievements possible.

I look forward to another exciting and rewarding year for Columbus where we will continue building a leading position within digital leadership.

Ib Kunøe
Chairman of the Board

Amplifying the impact of cloud in a changing market

Looking back at 2017, I am pleased to see that we are on track with our strategic journey Columbus2020. We strengthened our market position within digital transformation, leading many of our customers in the cloud transition. We improved quality in our services business, and we improved customer loyalty.

Seizing market momentum

Our financial results for 2017 showed increase in revenue and EBITDA[1]. We maintained our market leading position within digital transformation, and with the acquisition of iStone and HiGH Software in January 2018, we enter 2018 with a market leading position in the Nordic region, a stronger global reach and an extensive and innovative solution portfolio.

Columbus' business applications, solutions and services for digital transformation are the key drivers for growth. In 2017, the conversion to cloud was a main market driver and Columbus headed some of the largest and trendsetting cloud projects in our markets.

I am very proud to see what our teams have accomplished. This great leadership of our employees means that today Columbus has a clear market leading position in implementing and servicing business applications in the cloud within our key markets.

While most of our Business Units developed their business, and delivered growth in both revenue and earnings, our US Business Units faced challenges in 2017.

During the first half of the year, the market was affected by a change in technology causing a hesitance among customers in changing and upgrading technology. For Columbus this caused a decline in sales which also led to reduced activity in our services business.

Due to these challenges we accelerated the planned integration of the SMB and Enterprise businesses and realized cost reductions. Entering 2018, our US business is still facing a hesitant market which means a slow start to the year. Our predictions medium and longer-term are more positive.

Columbus2020 on track

During 2017, we progressed with the execution in the second year of our strategic journey Columbus2020, which included ensuring satisfied customers, increasing our digital leadership position, delivering high quality to our customers and developing our employees.

Today, ensuring customer loyalty is a major element in our business operations and the leading star in improving our value stream across our business. Quality is a prerequisite in our services business, and the ITIL (IT Infrastructure Management) are being implemented across our entire services business.

I am particularly pleased with the progress we see in our Columbus Care business where we grew sales by 43% in 2017. Columbus Care is becoming a key market differentiator when customers are investing in business applications running in the cloud, hence ensuring high availability in a hybrid IT environment has become more complex.

Successful integration of iStone

With iStone on board, Columbus enters 2018 with a range of new opportunities for growing our business. iStone is market leading within Commerce in the Nordic region with a compressive solution portfolio. Further, iStone is the largest Infor M3 partner globally, combined with deep competencies within Microsoft Dynamics and SAP. With our joint market focus on manufacturing, food, retail and distribution companies, we have great

[1] EBITDA before share-based payment

opportunities for growing our business significantly in the coming years.

A successful integration is key for reaching our goals for growth, thus our main focus in 2018 is to ensure a smooth and successful integration of iStone. The integration process has already started, and we are very enthusiastic about the positive energy and openness among the teams in iStone and Columbus.

Focus on organic growth

Another key focus in 2018 is to grow our business organically. We will grow in our existing markets by offering a new compelling portfolio of business applications, solutions and services to help our customers in the digital transformation. We already launched a range of new services to the market, and we have a strong pipeline of new services and business applications, which we are confident will achieve organic growth in our business.

We are certain that 2018 will be an exciting and rewarding year for our shareholders, customers and employees. We will continue to develop our business, building our leadership position within digital transformation.

Thomas Honoré
CEO & President

Columbus' mission

Columbus' core purpose is to help organizations digitally transform their business and maximize productivity by offering innovative and leading business solutions.

Columbus' vision

Columbus aims to be a leading value provider of digital business solutions in selected industries.

We aspire to keep our customers for life.

We will attract, develop and retain the best people in the industry.

Management's review

Columbus2020 - strategy update

Columbus is committed to take care of our customers for life and lead them in digital transformation. With a solid business model, loyal customers, skilled employees, strong solution platform and a global scalable delivery model, we are well positioned for reaching our strategic goals.

Digital transformation drives progress
The digital transformation has been building for a long time, but has accelerated in recent years. In 2017, the overall theme for many of Columbus' customers has been how to transform their business digitally to leverage the advantages of technology.

Cloud has been a major theme during the year, and customers are demanding more flexible and scalable business solutions allowing them to start small and grow over time. For Columbus, this change opened new opportunities for creating new business and attracting new customers. However, the cloud transition also impacted our business model across the entire value chain from sales, delivery and support of our customers. In 2017, Columbus succeeded in transforming our business model, and today we sell, deliver and service our customers in the cloud.

Columbus2020 - leading the digital business transformation
Columbus is now in its second year of the Columbus**2020** strategy with the goal of being a leading global value provider of digital business solutions in selected industries.

The strategy is based on four interconnected elements that lead customers in the digital transformation of their business. In the following, we explain Columbus**2020**, and how we progressed in the second year of the strategy period.

Customer Success
Taking care of customers for life
Columbus wants to be the preferred business partner for our customers in leading and helping them in the digital transformation. Therefore, our main focus is to have satisfied and loyal customers.

In order to reach that goal, we work intensively to create a unique customer experience in all aspects of our business, from the first initial contact, during the sales process and when implementing a project and in the service delivery and lifetime support.

Columbus Pulse is our global loyalty and satisfaction program that measures customer loyalty on a monthly basis. During 2017, Columbus Pulse has been an integrated part of our communication with customers and a fundamental part of our business model.

Columbus focuses on continuous improvement of customer loyalty, and during the year the number of loyal customers has increased considerably.

Digital Leadership
Accelerate business innovation
In order to stay relevant for our customers, we must continuously deliver new innovative business applications and services that add value to the customer.

In 2017, Columbus transformed our solution portfolio into the cloud, and we launched new business applications and solutions entirely developed to run in the cloud. This has been a large investment for Columbus both when it comes to transforming the Columbus Software solution into the cloud, educating our consultants in the cloud technology and developing new services that ensure our customers a smooth transition and high availability of the business applications running in the cloud.

Today, cloud technology is an integrated part of our delivery model. Columbus is among the market leaders in implementing projects and servicing businesses in a cloud environment.

In 2017, Columbus launched a range of new services within Application Management and Infrastructure Management, which means that Columbus is able to support the customers' entire IT environment - from applications to infrastructure. This entire service portfolio is now part of the Columbus Care portfolio that delivers 24/7 pro-active support services to customers globally. In 2017, Columbus solved more than 45,000 support tickets in our Columbus Care business.

Process Excellence
Quality in everything we do

Columbus' goal of delivering a unique customer experience implies that we constantly optimize and improve our business operations in order to achieve global sales excellence and deliver high quality services to our customers. The Process Excellence strategic element is focused on improving quality and optimizing our business processes in the entire value chain from the initial contact with the customer, over sales and design of the business solution to the implementation process and lifetime support.

In 2017, Columbus established a corporate digital marketing center in our Global Delivery Center that drives marketing initiatives globally and optimizes our marketing effort across Business Units.

In our services business, we continued the focus on quality with the company's global services excellence program ensuring high quality in projects. Columbus Global Delivery Center continues to be an important part of delivering high quality services to our customers. At 31 December 2017, the Global Delivery Center had 182 employees.

Cloud was a major focus area in 2017 where we implemented several cloud projects for our customers and built a comprehensive process library for implementing cloud business applications.

Our People
Attract, develop and retain the best people

Columbus' employees is our greatest asset and therefore it is crucial that we attract and retain the best people in the industry. The strategic element focuses on career development and people development.

In 2017, Columbus invested in a global Academy Program which is a complete curriculum and digital learning platform for upgrading and improving employee skills. Furthermore, Columbus continued to improve our Competencies and Career Framework, which synchronizes and unifies our business objectives setup in all Business Units.

Columbus' strategy is built around three value drivers:

1

Improve profitability 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 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 a leading global value provider of digital business solutions in selected industries.

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 – 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 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. 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.

2017 outlined

Successful execution of Columbus2020 with revenue of DKK 1.2bn, a growth of 2%, and EBITDA[2] of DKK 149m, corresponding to a growth of 3%. The profit after tax increased by 18% to DKK 96m.

Specific targets for 2017

Expectations announced in the Annual Report 2016:

- Revenue in the level of DKK 1.35bn
- EBITDA[2,3] in the level of DKK 150m
- Columbus Software[3] revenue in the level of DKK 80m
- Service EBITDA[3] DKK 140m
- 10% dividend on nominal share capital

On 2 November 2017, the expectations to Service EBITDA were reduced from DKK 140 to DKK 120m as a consequence of the situation in the US. Columbus maintained the announced expectations to EBITDA[2].

Management Initiatives

- Execution of the Columbus2020 strategy
- Acquisitions:
  - Tridea Partners
  - Offer to buy iStone AB
- Execute cloud transition plan
- Recovery initiatives for Columbus US

Cloud transition

During 2017, Columbus converted our software portfolio into cloud-based solutions and developed new services to support the customers running their applications in the cloud. Today, Columbus is among the market leaders in implementing business application projects in the cloud.

Acquisition of iStone

On 30 November, Columbus announced an offer to acquire the Swedish IT services company iStone with 600 employees. The acquisition was completed 2 January 2018. The acquisition will grow Columbus' revenue by approx. 50% and position Columbus as market leader within digital transformation in the Nordic region as well as increase our global reach significantly.

Challenges in 2017

During first half of 2017, Columbus' business in the US faced market challenges that led to declining sales. The challenge with the US market has continued through Q4 and we experienced sales execution below expectations and unexpected losses on customer engagements of DKK 4m.

Overall the challenges in the US business had a negative impact on revenue of approximately DKK 70 million and a negative impact on EBITDA of approximately DKK 31m.

Financial statements for 2017

The revenue increased by 2% to DKK 1.2bn in 2017. In local currency revenue increased by 3%. EBITDA[2] increased by 3% to DKK 149m. Revenue is in the lower end of our expectations. EBITDA is impacted by a non-recurring extraordinary income of DKK 6.8m.

The revenue from Columbus' services business increased by 3% to DKK 823m. Service EBITDA increased by 19% to DKK 109m which is in the lower end of our announced expectations.

The revenue from Columbus Software decreased by 9% to DKK 83m (2016: 91m). The decrease is due to the cloud conversion, as license sales decreased by 37%. However, sale of subscriptions increased by 7% and own cloud revenue increased by 216% to DKK 6.2m. This development is in line with our expectations.

Recurring revenue[3] increased from 25% of total revenue to 28%. The increase is primarily due to an increase in sale of Columbus Care which grew by 43%. The development is in line with our expectations.

EBITDA after share-based payment increased by 6% to DKK 146m compared to 2016 (DKK 139m). Profit after tax increased by 18% to DKK 96m (2016 DKK 82m) and is considered satisfactory.

[2] EBITDA before share-based payment

[3] For definition of Alternative Performance Measures, see page 101

Dividend

In line with Columbus' dividend policy, the Board of Directors proposes a dividend of 10% of the nominal share capital, corresponding to DKK 0,125 per share, to be adopted at the General Meeting.

Key figures and ratios

DKK ´000	2017	2016	2015	2014	2013
Income related figures					
Columbus Software licenses	26,673	42,212	52,251	28,782	31,052
Columbus Software subscriptions	50,258	46,876	44,530	33,059	29,102
Columbus cloud	6,248	1,975	0	0	0
Columbus Software	**83,179**	**91,063**	**96,781**	**61,841**	**60,154**
External licenses	94,629	86,495	107,525	73,891	88,270
External subscriptions	190,119	190,327	184,524	124,350	140,258
External cloud	9,215	4,837	0	0	0
Service	822,551	796,401	715,545	596,942	567,614
Other	19,069	23,584	19,068	21,267	23,509
Net revenue	**1,218,762**	**1,192,707**	**1,123,443**	**878,291**	**879,805**
Recurring revenue % of total revenue	27.8%	25.3%	24.3%	N/A	N/A
Service EBITDA	109,143	91,341	39,504	N/A	N/A
EBITDA before share-based payment	148,510	144,070	105,225	81,591	72,084
EBITDA	146,208	138,546	103,863	78,704	70,124
EBIT	106,729	105,271	74,843	52,893	44,772
Profit before tax	101,630	107,303	83,400	58,700	36,730
Profit after tax	96,129	81,479	65,339	52,697	21,734
Balance sheet					
Non-current assets	584,274	551,726	434,951	279,789	247,158
Current assets	267,489	285,780	262,830	270,430	236,546
Total assets	**851,763**	**837,506**	**697,781**	**550,218**	**483,704**
Group shareholder equity	549,112	469,813	386,179	325,901	280,332
Minority interests	3,031	1,774	2,573	4,233	3,646
Total liabilities	299,620	365,919	309,029	220,084	199,726
Total equity and liabilities	**851,763**	**837,506**	**697,781**	**550,218**	**483,704**
Investments in tangible assets	**5,106**	**8,799**	**6,276**	**3,819**	**3,817**
Cash flow					
Cash flow from operating activities	103,708	124,708	109,147	75,023	72,665
Cash flow from discontinued operations	0	0	0	0	-3,047
Cash flow from investing activities	-95,609	-130,546	-109,124	-36,285	-29,579
Cash flow from financing activities	-15,365	19,981	-15,450	-9,625	-905
Total cash flow	**-7,266**	**14,143**	**-15,427**	**29,113**	**39,134**
Key ratios					
EBITDA-margin	12.0%	11.6%	9.2%	9.0%	8.0%
Operating profit margin (EBIT-margin)	8.8%	8.8%	6.7%	6.0%	5.1%
Equity ratio	64.5%	56.1%	55.3%	59.2%	58.0%
Return on equity	17.3%	17.2%	16.8%	15.6%	6.6%
Return on invested capital including goodwill (ROIC)	22.7%	25.1%	24.1%	23.9%	22.6%
Number of shares, in thousands	119,866	116,198	113,699	110,264	106,234
Average number of shares, in thousands	119,101	115,628	112,930	109,343	106,108
Book value of equity per share (BVPS)	4.58	4.04	3.40	2.96	2.64
Earnings per share (EPS)	0.80	0.70	0.57	0.46	0.18
Cash flow per share	0.85	1.04	0.95	0.66	0.67
Share price, end of period	14.80	10.70	6.70	4.70	3.80
Average full time employee for the period	1,194	1,105	1,080	889	842

The key figures and financial ratios above have been calculated in accordance with Danish Finance Society' "Recommendation & Financial Ratios 2015".

2017: Leading the cloud transition

Columbus increased revenue by 2% to DKK 1.2bn. EBITDA[4] grew by 3% to DKK 149m. Columbus maintained a stable business despite the major investments in the cloud transition and challenges in the US Business.

An emerging cloud business

Total revenue increased by 2% to DKK 1.2bn, while EBITDA[4] increased by 3%, amounting to DKK 149m.

In local currency, the revenue increased by 3%, and EBITDA[4] increased by 5%. The revenue was mainly affected by a decrease in GBP and USD.

Revenue growth was primarily driven by the emerging growing cloud business, an increase in the services business and acquisitions made in 2016 and 2017.

The increase in EBITDA[4] was primarily due to a growth in profitability in the services business which grew by 19%. EBITDA was negatively impacted by the challenges in our US business.

2017: Investment in cloud transition

In the beginning of 2017, Columbus announced the expected impact of the emerging transition to cloud. Cloud is becoming the dominating technology platform for today's enterprises because it allows for a more flexible and scalable investment in business applications. Microsoft and other industry leaders such as Salesforce, Oracle, Infor and SAP are pushing the cloud-based solutions, because they create new business opportunities and change the competitive landscape.

Columbus welcomed the cloud transition which entails a range of new business opportunities for Columbus. As customers move to the cloud, Columbus will offer new compelling business applications to customers as well as implementation services and application management services.

During 2017, we transformed our Columbus Software products into cloud-based solutions, we educated our consultants in the new cloud implementations methods, and we developed new services to support customers and ensuring 24/7 availability in the cloud. This has been a major investment for Columbus which has led to Columbus' current position as market leading in implementing projects in the cloud.

2017 was also the year of customer success. Columbus' loyalty program, Columbus Pulse, became an integrated part of our business model, and a crucial instrument in the continuous effort to improve the customer experience. We have not yet reached our goal in loyalty NPS (Net Promoter Score), however since we initiated the program the number of loyal customers has increased considerably.

Challenges in the US business

The US market has been affected by a change in technology, leading to a hesitant market.

In Q3 we announced that this challenge caused a decrease in revenue of DKK 36m and a decrease in EBITDA[4] of DKK 19m. Further, we stated that the US business was impacted by a loss of DKK 4m on customer engagements in H1 2017.

These challenges continued through Q4, and we experienced sales execution below expectation and unexpected losses on customer engagements of DKK 4m.

Overall, the challenges in the US business had a negative impact on revenue of approximately DKK 70m and a negative impact on EBITDA of approximately DKK 31m.

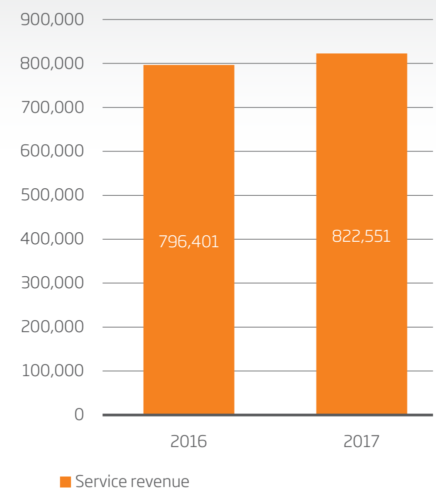
In order to improve the US business, we have adjusted costs to a lower activity level and reorganized the sales organization. We expect a lower revenue level until Q3 2018. However, with the adjusted cost level we expect improvements in EBITDA from Q1.

Value drivers

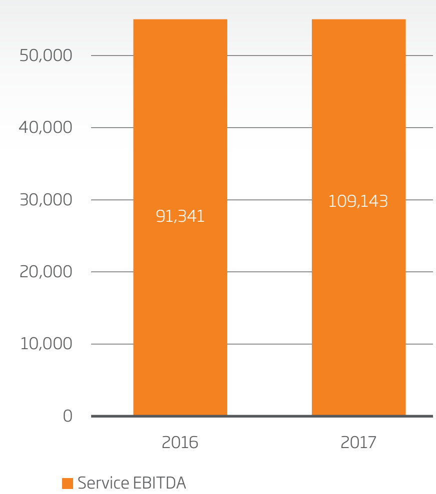
The progress of Columbus2020 is measured by three value drivers, which

[4] EBITDA before share-based payment

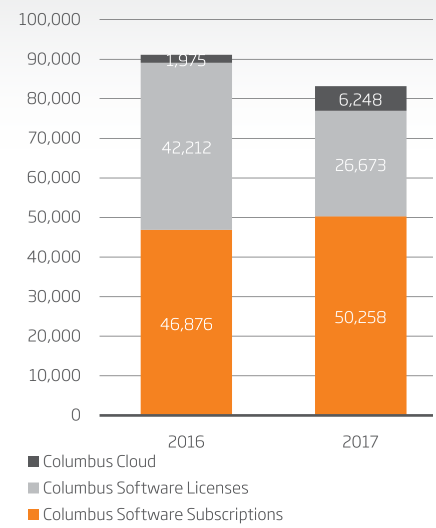
Development in service revenue



Development in Service EBITDA



Development in sale of Columbus Software



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. Improve profitability 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 value driver "Service EBITDA" reflects the achievement of this target.

In 2017, service revenue increased by 3%, and Service EBITDA increased by 19% amounting to DKK 109m. The main reason for this improvement is due to an increase in hourly rates in the services business as well as increased utilization of Columbus' Global Delivery Center which plays an increasingly important role in supporting our customers globally. At the end of 2017, the center employs 182 highly skilled employees.

Service EBITDA is negatively affected by continued challenges in Columbus' business in the US as mentioned above, leading to a lower Service EBITDA in the US.

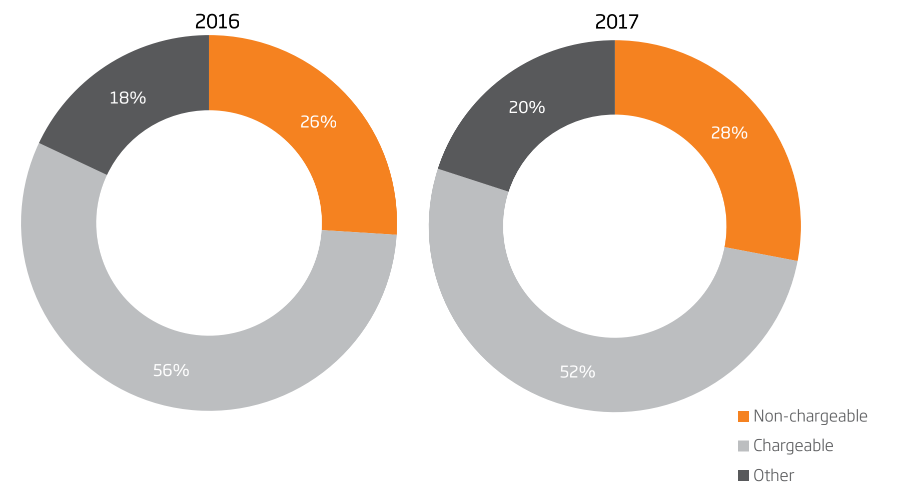
Chargeable hours declined from 56% to 52% in 2017, which is primarily caused by a decrease in chargeable hours in the US business due to the above-mentioned challenges.

2. Scaling of own software sales

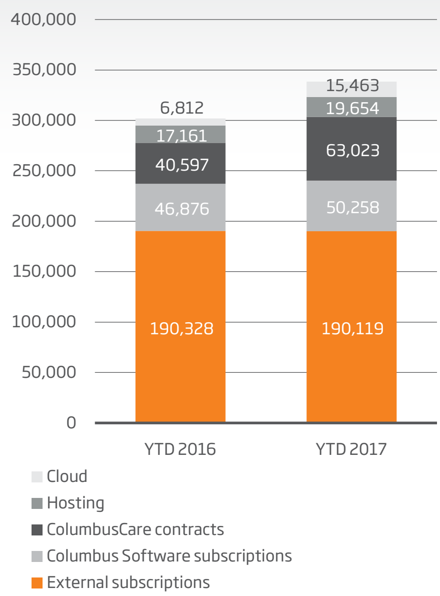
Columbus Software is a strategic focus area for Columbus, as this is a key differentiator in the market. Columbus Software also generates high margin, and therefore growing our software business, especially within cloud revenue is essential.

In 2017, the sale of Columbus Software overall decreased by 9%. Sale of subscriptions increased by 7% due to renewal of software licenses. However, license sales decreased by 37% due to the cloud conversion. Own cloud revenue showed significant growth, constituting DKK 6,2m, a growth of 216%.

Development in the consultancy business



Development in recurring revenue



3. 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 2017, recurring revenue increased by 12% constituting 28% of the total revenue. The increase is primarily driven by a significant growth in Columbus Care, which grew by 43%.

Acquisitions in 2017

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

Tridea Partners, which was founded in 2004, has 29 employees at their office in San Diego. At the time of the acquisition, it was expected that Tridea Partner would contribute with a revenue of DKK 53m and EBITDA of DKK 9m in 2017. These results have been realized in all material aspects.

In November 2017, Columbus submitted a conditional offer to buy 100% of the shares in iStone AB. The acquisition depended on accept from more than 90% of iStone's 238 shareholders representing 73.5% of the share capital. On 2 January 2018 Columbus completed the agreement with 100% accept from the shareholders.

iStone is a Nordic IT services company with global representation and a leading provider of business applications and Commerce solutions. With iStone's 600 employees Columbus will grow its business by approximately 50% over night.

As a supplement to Columbus' expertise within business applications and ITservices, iStone contributes with deep expertise within Commerce and a broader ERP business. Both companies have broad industry knowledge within the manufacturing, retail, distribution and food industries. Besides the common industry focus, iStone comes with a market leading position within ERP solutions for the Swedish manufacturing industry. Combined with Columbus' complete industry solution portfolio for manufacturing companies it opens new opportunities for creating further value for iStone's existing and new customers.

In addition, iStone comes with deep competences and solutions within Infor M3, SAP and Commerce. The combined competencies and solution portfolio expand the Group's global market potential to offer a broader solution portfolio to a larger market.

Columbus and iStone have initiated the integration process "Stronger Together" with the goal of becoming 100% one company by 2021.

	Revenue (DKKm)		EBITDA (DKKm)		Average FTE	
	2017	2016	2017	2016	2017	2016
ISV	59.9	61.7	44.2	49.6	90	80
Western Europe	594.0	568.4	92.4	89.4	520	468
Eastern Europe	140.9	131.0	13.0	11.6	280	277
North America	419.4	431.9	7.0	25.3	262	251
Parent company and elimination	4.6	-0.3	-10.4	-37.3	42	29
Total	**1,218.8**	**1,192.7**	**146.2**	**138.5**	**1,194**	**1,105**

Events after the balance sheet date

On 2 January the offer to acquire iStone was accepted.

At the time of announcement of the iStone acquistion, Columbus expected iStone to deliver revenue in the level of SEK 800m (DKK 600m) and an EBITDA in the level of SEK 41m (DKK 31m) i 2017.

Due to a high activity level and a good final sprint, iStone ended the year better than expected. Thus, the preliminary unaudited financial statements for 2017 for iStone show a revenue of SEK 830m (DKK 623m) and an EBITDA of SEK 56m (DKK 42m).

At closing on 2 January 2018, the total acquisition price for iStone was expected to amount to between SEK 430m (DKK 323m) and SEK 570m (DKK 428m), of which SEK 230m (DKK 173m) was paid at closing. Based on the preliminary result for 2017 and adjusted expectations for 2018, the total acquisition price is expected to increase to between SEK 514m (DKK 386) and SEK 682m (DKK 512m). The increased acquisition price will be paid over the next three years and is expected to be financed by liquidity from operations.

As a consequence of the final sprint and subsequent momentum, iStone is expected to deliver revenue in the level of SEK 840m (DKK 630m) and an EBITDA in the level of SEK 60m (DKK in 45m) in 2018.

As of 1 January 2018, Columbus acquired HiGH Software in Holland with 55 employees. HiGH Software is a market leader within rental and lease management solutions for equipment-driven industries. The acquisition of HiGH Software enables Columbus to drive further innovation and growth within the growing market for equipment rental and leasing across industries. The acquisition is expected to contribute to the Group revenue in the level of DKK 51m in 2018 and EBITDA in the level of DKK 8m.

On 6 February 2018, Columbus sold the Latvia Business Unit to the Latvian company Aston Baltics, and at the same time entered a strategic partnership with Aston Baltics. Columbus' business unit in Latvia did not have the necessary scale, and therefore Columbus entered the partnership with Aston Baltics.

In 2017 revenue after eliminations in Columbus Latvia amounted to DKK 10m and EBITDA amounted to DKK -1m. Consequently, the sale will only have minor impact on the Group revenue and EBITDA.

There have been no further events since 31 December 2017, which could significantly affect the evaluation of the Group's financial position and revenue. Earnings in January and February 2018 are in line with the company's expectations.

	2017 DKKm	2016 DKKm	Development 2016-2017
Columbus Software licenses	27	42	-37%
Columbus Software subscriptions	50	47	7%
Columbus Cloud	6	2	216%
External software licenses	95	86	9%
External software subscriptions	190	190	0%
External Cloud	9	5	90%
Services	823	796	3%
Other	19	24	-19%
Total net revenue	**1,219**	**1,193**	**2%**

Expectations for 2018

2018 will be focused on growing our business organically with retained profitability while ensuring a successful integration of iStone and other acquisitions.

Expectations for growth

The move to cloud will continue in 2018. Many organizations will enter 2018 with the focus on getting real value from their IT solutions, and will increasingly be investing in cloud-based solutions.

Customer experience (CX) will be a major theme in 2018. Organizations are increasingly recognizing CX as a major competitive differentiator, and innovative companies have already started streamlining the businesses to offer a more connected customer journey.

Columbus expects increasing growth within cloud project implementations and related services as well as increased investments in new business applications such as business intelligence and customer experience solutions.

Today, Columbus holds a market leading position within the market for digital transformation, and is among the leaders in cloud technology in our markets. With iStone's market leading position and comprehensive solution portfolio within Commerce and M3, Columbus is well positioned for the emerging demand for cloud-based business applications in the coming years.

Executing Columbus2020

We are now entering the third year of the Columbus2020 strategy. In 2018, we will focus on executing the next steps in the strategy with focus on:

- Improving customer loyalty NPS results
- Creating a consistent customer experience
- Improving maturity in our services business and increase quality
- Improving scale in delivery of Columbus Care
- Maturing Columbus Competencies & Career Framework
- Rolling out Columbus Academy in selected Business Units

Stronger Together: iStone & Columbus

With the acquisition of iStone, Columbus has welcomed 600 new employees as well as a comprehensive new solution portfolio.

The acquisition of iStone and Columbus fits perfectly in Columbus' strategy and it will accelerate the achievement of business goals. Specifically, the combination will have the following strategic advantages:

- Creating a stronger market presence in the Nordic region
- Extending the customer base with Commerce offerings
- Amplifying our common industry focus globally
- Increasing total addressable market and synergies
- Extending life-time relationships with customers
- Realizing financial synergies
- Increase global delivery and reach
- Global Career opportunities for employees
- Unique market positioning within our key markets

iStone is the largest acquisition in Columbus' history, which means that the integration will be more complex and comprehensive than any other acquisition. Immediately after the announcement of the acquisition, Columbus initiated the program "Stronger Together" to ensure that we realize the overall business objectives of acquiring iStone.

The overall objective is that by latest 1 January 2021 Columbus and iStone will operate as one company.

2018 will thus be focused on initiating and executing the integration program "Stronger Together", implying the following objectives:

- One brand
- Realizing financial synergies, including utilizing Columbus' Global Delivery Center
- Common Governance and Risk Management policy
- Common culture and company jargon
- Common IT infrastructure and business applications

- Process Excellence, comprising common processes across value streams
- Common HR cycle, including common contracts and compensation models
- Organizational alignment and simplifying legal structure
- One common headquarter

The Stronger Together program is organized with workstreams across Columbus and iStone. We expect to see strong value of the program during the year.

Growing organically

Columbus' main goal in 2018 is to achieve organic growth with retained profitability. The objective is to introduce new solutions to the marketplace while growing existing business.

In 2018, we will introduce a range of new appealing business applications as well as new services within Application Management and Infrastructure Management.

Recovery of the US Business

In 2018, the management will have high focus on getting the US business back on track.

During 2017, the US business adjusted cost levels to compensate for the decline in sales. We expect the declining sales to continue during the first half of 2018 due to the hesitant market situation. With high focus on improved sales resources and account management, we expect to see progress in our US business during the second half of 2018.

Management priorities for 2018 in summary

- Execute the Columbus2020 strategy
- Integration of iStone
- Grow organically
- Recovery of the US business

Specific targets for 2018

- Revenue in the level of DKK 2bn
- EBITDA[5] in the level of DKK 200m
- Columbus Software in the level of DKK 90m
- 10% dividend on nominal share capital

Expected integration and restructuring costs of DKK 10-15m in relation to the integration of iStone and HiGH Software are included in the expectations to EBITDA* for 2018.

[5] EBITDA before share-based payment

Long-term targets for 2020

Columbus has updated the long-term guidance for the next three years.

With the acquisition of iStone and HiGH Software Columbus has taken a large step in reaching the financial goals for 2020.

Reach average revenue growth of 3-5% per year

With the acquisition of iStone our focus will be to grow the business organically. Our ambition is to grow the business at a compounded average growth rate of 3-5% each year.

Reach EBITDA margin of 11%

In 2017 Columbus realized an EBITDA margin of 12%. With the acquisition of iStone, the EBITDA margin for 2018 is expected to be in the level of 10%.

Columbus maintains long-term guidance of 11% EBITDA margin. As we progress with the integration of iStone and the recovery of the US business we expect to increase the EBITDA margin to 11%.

Increase Columbus Software revenue

We intend to continue the progress with Columbus Software. We will increase the revenue from Columbus Software through accelerating our own product development and by acquiring software that supports our strategy.

By extending our offerings, we will be able to expand into new markets and cross and upsell to existing markets.

Increase recurring revenue

With the acquisition of iStone the baseline for recurring revenue was reset from 28% in 2017 of total revenue to 23% of total revenue in 2018. We expect recurring revenue to grow to 25% of total revenue in 2020.

Dividend 10% payout

Columbus dividend policy is to pay out 10% dividend of nominal value each year.

Risk issues

Columbus attaches importance to conducting ongoing risk monitoring and management. The overall goal of risk management is to ensure that the Company is operated with a level of risk, which is in a sensible ratio to the activity level, the nature of business, and the Company's expected earnings and equity.

As a result of our operation, investments and financing, the Group is exposed to changes in currency rates and interest level. 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.

Strategic and operational risks

Columbus' potential to realize the Company's strategic and operational objectives is subject to a number of commercial and financial risks. Columbus is continuously working on identifying and meeting risks that can negatively impact the Company's future growth, activities, financial position and results.

Key risks are considered and reviewed by the Executive Board and presented to the Board of Directors annually or more often if considered relevant.

On page 28 some of the risk factors management considers as being of special importance to the Group are described in no specific order.

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 control 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 and variation from the Company's Authority and Risk Management Rules (CARMR) are discouraged, discovered and corrected should they arise.

Financial risks

Columbus' international activities entail that the Company's earnings and equity are affected by a number of financial risks and it is the Company's policy to identify and cover these risks pursuant to the guidelines set by the Board of Directors and the Executive Board.

The finance policy sets up guidelines for the Group's currency, investments, financing and credit risks in relation to financial counterparts. The overall goal with financial risk management is to reduce the sensitivity of earnings to fluctuations in economic trends. The overall guidelines for the management of the financial and commercial risks are outlined by the Board of Directors annually based on a low risk profile so that currency and interest risks only emerge in commercial conditions.

Columbus attaches importance to conducting ongoing risk monitoring and management. The overall goal of risk management is to ensure that the Company is operated with a level of risk, which is in a sensible ratio to the activity level, the nature of business, and the Company's expected earnings and equity.

Risk issues and actions

Access to Microsoft's products	Columbus' business foundation is to a wide extent based on the development and implementation of customer solutions based on Microsoft Dynamics. Access to the onward sale of Microsoft Dynamics is therefore of crucial importance to the implementation of Columbus' business strategy and Columbus works with focus on retaining the good relationship and the high partner status with Microsoft.
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 clients' 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.

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 from 2018 also 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 has increased significantly. This is due to the fact that revenue and EBITDA from SEK will increase significantly. The agreed contingent payment to the minority shareholders of iStone is expected to be SEK 200m to SEK 368m. This will have significant impact on currency adjustments, however, it has been decided to hedge this particular currency risk 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 4m. 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.
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 and GDPR	Key IT risks are unauthorized attacks and operational dependency and potential non-compliance to personal data regulation including forthcoming General Data Protection Regulations (GDPR). To mitigate these risks Columbus is continuously improving processes and controls in the organization. In 2017 Columbus decided to adopt the ISO 27001 and 27002 framework and use ITIL v3 standards for IT operations to follow a best practice approach to IT service management.

Corporate governance

Columbus is committed to follow the Danish Recommendations for Corporate Governance as implemented on 1 June 2013 by NASDAQ Copenhagen in its Rules for Issuers of Shares. Accordingly, the Board of Directors continuously considers the 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.

Columbus complies with 35 recommendations and does not comply with 12 recommendations. Deviations are all explained in the statutory report on Corporate Governance for 2017 according to the "comply or explain principle".

Each year, in connection with the Annual Report, Columbus A/S publishes a statutory report on Corporate Governance, cf. Section 107b of the Danish Financial Statements Act, using the comply or explain approach.

Management and Board Committees

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 in Columbus A/S consists of four members: Ib Kunøe, Jørgen Leif Cadovius, Sven Madsen and Peter Skov Hansen. 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. One of the members elected by the General Meeting is and independent member, 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 2017, 13 Board meetings were held. 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.

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.

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 38.

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, Thomas Gregers Honoré and 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. The Rules of Procedure for the Executive Board are reviewed and approved annually.

Audit Committee

In April 2009, the Company appointed an Audit Committee, the purpose of which is to consider accounting, audit, risk and controlling issues. The Audit Committee consists of Peter Skov Hansen (Chairman) and Sven Madsen.

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 2017, four meetings were held.

Key developments in 2017

Diversity

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 2016, Columbus 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.

Since 2014, the Board of Directors in Columbus has constituted of four male members. In the period from 2014 to 2017 no changes have been made in the Board, as the Board has so far assessed that the composition and competencies of the Board of Directors with these four Board members has been such that constructive discussions and efficient decision-making process have been ensured during Board meetings. However, the intention is to propose election of a female Board member at the Annual General Meeting in April 2018.

The Board of Directors is therefore maintaining the target to increase the proportion of women in the Columbus Board of Directors to 20%, equivalent to one woman, by the end of 2018.

In 2016, the gender distribution at management level in Columbus A/S constituted 12.5% women and 87.5% men. At the end of 2017, the percentage of women at management level had increased to 14.8%. This increase is due to a number of managers being transferred from a Danish subsidiary to Columbus A/S, as no replacements or new appointments at management level were made in 2017.

Columbus maintains the future target to obtain a minimum of 20% female managers in Columbus A/S by the end of 2020.

Although Columbus has decided only to report progress on target figures and policies for the parent company, Columbus also focuses on increasing the proportion of women at management level in its subsidiaries, and is continuously following up on the progress. By the end of 2017, the percentage of women at Group management level was 27.7% (2016: 27.5%).

Business ethics – whistle-blower scheme

Columbus implemented a whistle-blower scheme globally in March 2016. So far, no cases have been reported through the whistle-blower scheme.

Evaluation of performance

The Chairman of the Board is responsible for conducting an annual evaluation of the performance of the Board of Directors and the Executive Board.

In June 2017, Columbus' Board of Directors performed an evaluation of the competencies of the Board of Directors, the cooperation between the Board of Directors and the Executive Board and the work and results of the Board of Directors and the Executive Board, including the areas operation, finance, strategy, organization and management.

The Board discussed the results of the evaluation. Based on the evaluation, 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 prepared guidelines for incentive programs for members of the Board of Directors and the Executive Board. The principles of the guidelines reflect a lasting and long-term value creation for the Group's shareholders. The guidelines were adopted by the General Meeting in October 2016.

Board of Directors

Members of the Board of Directors receive a fixed annual fee, which is approved at the Annual General Meeting for the previous year, when approving the Annual Report. 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.

The guidelines for incentive programs include share-based incentive programs for the Board of Directors, and the Board of Directors were granted a warrant program in December 2017.

Executive Board

Members of the Executive Board receive an agreed annual base salary, as well as incentive programs consisting of performance and result related bonus

schemes, share-based payment and other benefits.
According to the guidelines, incentive programs may also include retention bonus, loyalty bonus or the like. The Company does not pay termination payments which amount to more than two years' annual remuneration.

The Board of Directors approves the remuneration of the Executive Board.

The total remuneration paid to the Board of Directors and Executive Board appears in note 5 in the Annual Report 2017. Incentive programs are announced in accordance with NASDAQ's disclosure requirements.

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 evaluate the control system of the Group annually. Responsibilities, authorities and procedures relating to essential areas are defined in a Group policy which is approved by the Executive Board.

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.

As part of the risk management, Columbus has established a whistle-blower function for expedient and confidential notification of possible or suspected wrongdoing.

Information and communication

Columbus has implemented a formalized reporting process for monthly, quarterly and annual reporting as well as for budgeting and forecasting.

Columbus's 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.

Further information

The statutory report on Corporate Governance for 2017, cf. section 107b of the Danish Financial Statement Act is available at:
www.columbusglobal.com/Investor/Governance and CSR/Statutory reports on Corporate Governance

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

Guidelines for incentive programs are available at:
www.columbusglobal.com/Investor/Governance and CSR/Guidelines for Incentive Programs

Columbus is committed to follow the Danish Recommendations for Corporate Governance as implemented on 1 June 2013 by NASDAQ Copenhagen in its Rules for Issuers of Shares. Accordingly, the Board of Directors continuously considers the 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.

Corporate social responsibility

Columbus' Corporate Social Responsibility report is prepared in accordance with the Danish Financial Statements Act, section 99 a

1

Transparency and credibility

In Columbus we are committed to being socially and environmentally responsible as well as comply with all relevant laws, standards and guidelines. We maintain a strong corporate governance structure and communicate openly and transparently about our CSR efforts, which are primarily concentrated on human rights, anti-corruption, labour, social commitment and responsible tax practices in the countries we work in as well as environment and climate.

2

Human rights and anti-corruption

Columbus' goal is to influence that our employees and all our business partners respect the Universal Declaration of Human Rights.

To ensure that we have set up a Code of Conduct, to make our position clear to our stakeholders. Our Code of Conduct is our general ethical guidelines for business conduct to ensure that we in Columbus on a global level are dedicated to promote ethical business practices and protect Columbus against corruption and other unethical business behavior, which we believe is incompatible with the operation of a healthy business.

All employees in Columbus have been carefully selected on the basis of professional competencies without regard to religion, race, skin color, gender, age, disability or sexual or political orientation. We regard multiplicity as a strength and we will not tolerate discrimination or harassment.

3

Labour

Columbus' key asset is our employees. Our success depends on our ability to attract and keep the best employees in our industry. It is crucial that we not only comply with human rights, but on top of that ensure attractive working conditions for our employees, in particular in regards to salary, wellbeing and competence development. This applies to all our subsidiaries worldwide. We have decided that our employee's working conditions are the core focus of our CSR effort.

In 2012, Columbus joined the United Nations Global Compact to show internally and externally that Columbus supports and enacts ten general principles of corporate social responsibility.

These principles are based on internationally recognized conventions on human rights, labour standards, environment and anti-corruption.

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

4

Social commitment

Columbus is a global business that operates locally and in close proximity with our customers. We believe it is essential that we are involved in community and charitable activities and therefore we have decided to emphasize these initiatives in our CSR report. Columbus is committed to giving back to our communities. We encourage and support our employees' desire to use their time and talent for charity work. Most of Columbus' subsidiaries engage in local charity.

5

Environment and climate impact

Columbus is a people business. Being mostly office based means that our business' impact on the environment is relatively small. However, Columbus continuously optimizes our offices in order to be energy-efficient and healthy working environments for our employees. Furthermore, we aim to minimize unnecessary travel by plane and instead promote and develop virtual meetings, which also improves the efficiency in our business.

6

Our CSR focus in 2017

In 2017, we continued our focus on employee's well-being with special attention to ensuring a unified and high-learning curve across our organization.

Thus, we introduced Columbus Academy which will synchronize and optimize education, skills and learning across Columbus. Columbus Academy is a virtual training platform with a comprehensive training curriculum that will initially cover all job roles in Columbus.

In 2017, we piloted the first part of the curriculum for business consultant role in four Business Units, and are now ready to roll it out across Columbus.

Columbus Academy plays an important role in attracting, developing and retaining the best employees in the industry.

Notifications to NASDAQ Copenhagen

2017		
1	9 January	Columbus acquires US IT service company
2	10 January	Futher information about Columbus acquisition of US IT service company
3	16 January	Columbus upgrades earnings expectations for 2016
4	13 March	Invitation to Columbus webcast and conference call 16 March 2017
5	16 March	Columbus Annual Report 2016
6	16 March	Columbus delivers 37% growth in EBITDA
7	21 March	Notice to convene annual general meeting
8	31 March	Columbus issues new shares as a result of warrant exercise
9	31 March	Subscription for shares by exercising of warrants
10	31 March	Capital increase registered - new articles of associations
11	4 April	Transactions by members of senior management in shares issued by Columbus and related securities
12	4 April	Correction regarding subscription for shares by exercising of warrants
13	12 April	Transactions by members of senior management in shares issued by Columbus and related securities
14	21 April	Invitation to Columbus webcast and conference call 25 April 2017
15	25 April	Interim management statement for Q1 2017
16	25 April	Passing of Columbus Annual General Meeting and subsequent constitution of the Board of Directors
17	28 April	Amendment of Articles of Association
18	22 August	Invitation to Columbus webcast and conference call 24 August 2017
19	24 August	Columbus AS Interim Report 2017
20	24 August	Columbus maintained momentum in first half 2017
21	2 November	Invitation to Columbus webcast and conference call 2 November 2017
22	2 November	Interim management statement for Q3 2017
23	30 November	Columbus makes offer to buy shares in iStone
24	30 November	Invitation to Columbus webcast and conference call 30 November 2017
25	4 December	Incentive scheme
26	4 December	Transactions by members of senior management and Board of Directors in shares issued by Columbus A/S and related securities
27	4 December	Amendment of Articles of Association
28	5 December	Financial calendar 2018

Financial calendar 2018	
Annual Report 2017	15 March 2018
Interim Management Statement Q1 2018	24 April 2018
Annual General Meeting	24 April 2018
Interim Report H1 2018	23 August 2018
Interim Management Statement Q3 2018	7 November 2018

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			297
Subsidiaries				
Western Europe				
Columbus NSC A/S	Denmark	100	100	0
MW data A/S	Denmark	100	100	0
R H ApS	Denmark	100	100	0
Columbus Norway AS	Norway	100	100	59
Columbus Global (UK) Ltd.	England	100	100	143
Omnica Ltd.	England	100	100	0
Cambridge Online Systems Ltd	England	100	100	57
To-Increase B.V.	Netherlands	100	100	90
To-Increase Holding	Netherlands	100	100	0
Eastern Europe				
AO Columbus	Russia	100	100	129
000 Columbus Global	Russia	100	100	7
Columbus Global Ukraine	Ukraine	100	100	1
Columbus Global Kazakhstan	Kazakhstan	100	100	2
UAB Columbus Lietuva	Lithuania	100	100	55
Columbus Eesti AS	Estonia	51	51	65
Columbus IT Partner SIA*	Latvia	33	33	21
North America				
Columbus US Inc.	USA	100	100	141
Business Microvar Inc.	USA	100	100	123
Asia				
Columbus Global Services India Pvt. Ltd.	India	100	100	4**

Note: The overview only contains the Group's operative companies.
* Columbus Eesti AS owns 64% of Columbus IT Partner SIA. Columbus A/S is controlling shareholder in Columbus IT Partner SIA by indirect disposal of the voting right through control of the majority of the ownership of Columbus Eesti AS.
** 131 employees in Columbus Global Services India Pvt. Ltd. are allocated to the other individual subsidiaries.

The Board of Directors and Executive Board

Board of Directors

Ib Kunøe
Born 1943
Chairman of the Board
Member of the Board since 2004,
re-elected in 2017, term expires 2018
Holds an HD Graduate Diploma in Organisation 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 Bagsværdlund K/S, Komplementarselskabet Åbyhøj ApS, Sparresholm Jagtselskab ApS and Freemantle Ltd.

Member of the Board for:
Atrium Partner A/S

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

Jørgen Leif Cadovius
Born 1945
Deputy Chairman of the Board
Member of the Board since 2005,
re-elected in 2017, term expires 2018
Solicitor
Does not fulfill the Committee of Corporate Governance definition of independency

Chairman of the Board for:
Frese Holding ApS and its three subsidiaries, Fil de Fer A/S, Inter Express Transport A/S, Rosenkæret ApS, J. K. C. Trading & Invest ApS, Theodor Lund & Petersen Holding A/S and Liisberg Hus A/S.

Member of the Board for:
Jørgen Schultz Holding A/S, Carliis ApS and Monark Automotive GmbH.

Special competencies:
General management, legal and company law.

Sven Madsen

Born 1964
Member of the Board since 2007,
re-elected in 2017, term expires 2018
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, DAN-Palletiser Holding A/S and DAN-Palletiser Finans A/S.

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 2017, term expires 2018
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

Member of the Board for:
X-Yachts A/S, Netop Solutions A/S and Robotek Gruppen A/S

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

Executive Board

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

Hans Henrik Thrane
Born 1968
Joined as CFO in July 2010

Direct and indirect ownership in Columbus A/S	Number of shares	Changes in fiscal years, shares	Total number of warrants 1 January 2017	Number of warrants exercised in 2017	Number of warrants granted in 2017	Total number of warrants 31 December 2017
Consolidated Holdings A/S	56,538,055	0				
Board of Directors						
Ib Kunøe	180,000	0	180,000	0	90,000	270,000
Jørgen Leif Cadovius	510,000	40,000	180,000	60,000	90,000	210,000
Sven Madsen	588,529	0	180,000	0	180,000	360,000
Peter Skov Hansen	220,000	0	180,000	0	90,000	270,000
Executive Board						
Thomas Gregers Honoré	1,536,197	-44,800	1,455,200	1,005,200	270,000	720,000
Hans Henrik Thrane	678,800	170,000	620,000	170,000	270,000	720,000

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 Small Cap index. As of 2 January 2018, Columbus A/S has changed segment and is now included in the Mid Cap index.

At the end of 2017, the price of the Columbus A/S share was DKK 14.80, while at the end of 2016 it was DKK 10.70 – an increase of 38.32% (2016: 59.70%)[6].

In 2017, a total of 58.2m shares were sold corresponding to 48.5% of the total number of shares at the end of 2017 (2016: 56.00%). The average revenue per business day in 2017 was DKK 3.19m (2016: DKK 2.35m)[6].

The Company's market value amounted to DKK 1,774m at the end of 2017 against DKK 1,243m at the end of 2016.

Share capital

At the end of 2017 the share capital in Columbus A/S comprised of 119,865,632 shares at DKK 1.25 corresponding to nominal share capital of DKK 149,832,040 (2016: 116,197,772 shares at DKK 1.25, corresponding to nominal share capital of DKK 145,247,215).

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 2017 Columbus A/S had 6,172 registered shareholders, who together owned 95.77% of the total share capital.

Members of Columbus A/S' Board of Directors and Executive Board owned in total 50.27% of the share capital at the end of 2017.

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.

Share price development in 2017[6]:

[6] Source: NASDAQ Copenhagen A/S

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	56,538,055	47.17
Ib Kunøe	180,000	0.15
Total	56,718,055	47.32 *

* Due to shareholder voting agreements, Consolidated Holdings A/S holds 48.15% of the voting rights.

The Board of Director proposes that the Annual General Meeting adopts ordinary dividends to shareholders of 10% of the nominal value in line with the dividend policy.

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.

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 CFO handles the daily contact with investors and analysts:

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

General Meeting

The Company's Annual General Meeting will be held on
24 April 2018 at 10.00 a.m. on the Company's address at:
Lautrupvang 6, 2750 Ballerup.

Development in share capital

Development in share capital in Columbus A/S since 1 January 2017	Capital increase (DKK nom.)	Total share capital (DKK nom.)	No. of shares of DKK 1.25 (nom.)
Capital increase 31 March*	4,584,825	149,832,040	119,865,632

* 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 3.93 for 1,535,200 shares, DKK 5.45 for 840,000 shares, DKK 5.60 for 709,160 shares and DKK 7.84 for 583,500 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 01.01.2017 - 31.12.2017.

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 31.12.2017 and of the results of their operations and cash flows for the financial year 2017.

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, 15 March 2018

Executive Board

Thomas Gregers Honoré
CEO & President

Hans Henrik Thrane
Corporate CFO

Board of Directors

Ib Kunøe
Chairman

Jørgen Leif Cadovius
Deputy Chairman

Peter Skov Hansen

Sven Madsen

Independent Auditors Reports

To the shareholders of Columbus A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Columbus A/S for the financial year 01.01.2017 - 31.12.2017, 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 31.12.2017, and of the results of their operations and cash flows for the financial year 01.01.2017 - 31.12.2017 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 19 years up to and including the financial year 2017.

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 01.01.2017 – 31.12.2017. 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 10 in the consolidated financial statements. At 31 December 2017 the carrying value of the Group's goodwill was DKK 439.3 million and other intangible assets was DKK 27.7 million. Annually, an impairment test is performed in relation to goodwill and other intangible assets with indefinite useful economic lives. At 31 December 2017, the CGU "Value Added Reseller (VAR)" and "Independent Software Vendor (ISV)" had a carrying value of DKK 439.3 million of which DKK 399.2 million related to VAR and DKK 40.2 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 2018 and financial forecasts for 2019-2021, 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.
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 14 in the consolidated financial statements. At 31 December 2017 the carrying value of the Group's work in progress amounted to a net asset of DKK -4.2 million or recognised assets of DKK 7.6 million and liabilities of DKK 11.8 million corresponding to the contract value of work in progress of DKK 27.8 million and progress billing of DKK 31.9 million. Recognised consultancy revenue based on the stage of completion method amounted to DKK 841.6 million in 2017. 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.	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 2017 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. For the selected contracts, we tested and challenged Management's assumptions for determining stage of completion including their assessment of risk provisions

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.	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 10 in the consolidated financial statements At 31 December 2017, the net book value of the Group's completed development projects was DKK 68.9 million and development projects in progress was DKK 5.6 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, 15.03.2018

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Christian Sanderhage
State-Authorised Public Accountant
MNE no 23347

Financial Statements 2017

Statement of comprehensive income

		Group		Parent Company	
DKK ´000	**Note**	**2017**	**2016**	**2017**	**2016**
Net revenue	4	1,218,762	1,192,707	310,458	229,424
External project costs		-267,455	-264,601	-82,732	-58,816
Gross profit		**951,307**	**928,106**	**227,726**	**170,608**
Staff expenses and remuneration	5	-659,790	-631,675	-183,431	-149,549
Other external costs		-150,335	-158,982	-31,492	-34,789
Other operating income	6	7,380	6,685	30,661	31,451
Other operating costs		-52	-64	0	-236
EBITDA before share-based payment		**148,510**	**144,070**	**43,464**	**17,485**
Share-based payment	5	-2,302	-5,524	4,867	346
EBITDA		**146,208**	**138,546**	**48,331**	**17,831**
Depreciation/amortization	10, 11	-39,479	-33,275	-6,644	-2,820
Operating profit (EBIT)		**106,729**	**105,271**	**41,687**	**15,011**
Results in subsidiaries		0	0	16,164	16,893
Financial income	7	909	2,674	6,022	11,095
Financial expense	7	-6,008	-642	-6,750	-744
Profit before tax		**101,630**	**107,303**	**57,123**	**42,255**
Corporate tax	8	-5,501	-25,824	3,744	1,959
Profit after tax		**96,129**	**81,479**	**60,867**	**44,214**
Items that may be reclassified subsequently to profit and loss:					
Foreign exchange adjustments of subsidiaries		-22,300	4,521	-18,703	0
Other comprehensive income		**-22,300**	**4,521**	**-18,703**	**0**
Total income for the period		**73,829**	**86,000**	**42,164**	**44,214**
Allocated to:					
Shareholders in Columbus A/S		95,127	80,902		
Minority interests		1,002	577		
		96,129	**81,479**		
Total comprehensive income allocated to:					
Shareholders Columbus A/S		72,823	85,433		
Minority interests		1,006	567		
		73,829	**86,000**		
Earnings per share of DKK 1.25 (EPS)	9	0.80	0.70		
Earnings per share of DKK 1.25, diluted (EPS-D)	9	0.78	0.67		

Balance sheet

DKK ´000	Note	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
ASSETS					
Goodwill	10	439,342	415,152	110,240	80,832
Customer base	10	27,674	30,562	10,373	3,810
License rights	10	1,173	17	1,167	8
Development projects finalized	10	68,934	59,354	1,433	710
Development projects in progress	10	5,558	8,491	0	0
Property, plant and equipment	11	12,645	17,142	3,254	4,609
Investments in subsidiaries	12	0	0	415,257	273,659
Deferred tax assets	8	23,786	17,053	9,971	3,948
Other receivables		5,162	3,955	2,199	1,911
Total non-current assets		**584,274**	**551,726**	**553,894**	**369,487**
Inventories		27	205	0	0
Trade receivables	13	148,900	151,475	55,097	40,237
Contract work in progress	14	7,577	8,994	2,363	1,151
Receivables from subsidiaries		0	0	34,127	174,897
Corporate tax receivables	8	3,397	11,531	0	4,865
Deferred tax assets	8	3,194	7,500	3,000	0
Other receivables		3,217	4,201	236	87
Prepayments		12,942	7,206	6,428	2,291
Receivables		**179,227**	**190,906**	**101,251**	**223,528**
Cash		88,235	94,669	36,364	17,288
Total current assets		**267,489**	**285,780**	**137,615**	**240,816**
TOTAL ASSETS		**851,763**	**837,506**	**691,509**	**610,303**

Balance sheet

DKK ´000	Note	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
EQUITY AND LIABILITIES					
Share capital		149,832	145,247	149,832	145,247
Reserves on foreign currency translation		-28,779	-6,475	-18,703	0
Retained profit		428,059	331,041	334,870	279,058
Group shareholders equity		**549,112**	**469,813**	**465,999**	**424,305**
Minority interests		3,031	1,774	0	0
Equity		**552,143**	**471,587**	**465,999**	**424,305**
Deferred tax	8	17,808	10,614	0	0
Provisions	16	6,943	11,532	604	4,286
Debt to credit institutions		607	0	0	0
Non-current liabilities		**25,358**	**22,146**	**604**	**4,286**
Debt to credit institutions		8,810	29,091	0	23,117
Debt to subsidiaries		0	0	141,079	92,373
Client prepayments		18,149	26,043	4,727	1,418
Trade payables		65,956	66,211	24,805	12,997
Corporate tax payables	8	2,266	24,177	0	0
Other liabilities	17	130,316	157,228	46,512	48,243
Accruals		48,765	41,023	7,783	3,564
Current liabilities		**274,262**	**343,773**	**224,906**	181,712
Total liabilities		**299,620**	**365,919**	**225,510**	**185,998**
TOTAL EQUITY AND LIABILITIES		**851,763**	**837,506**	**691,509**	**610,303**

Statement of changes in equity - Group

DKK ´000	Share capital	Reserves on foreign currency translation	Retained profits	Minority interests	Equity
	Shareholders in Columbus A/S				
Group 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, cf. note 15	4,585	0	14,572	251	19,408
Share-based payment cf. note 5	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**
Group 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, cf. note 15	3,124	0	4,079	0	7,203
Share-based payment, cf. note 5	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**

Statement of changes in equity – Parent company

DKK ´000	Share capital	Reserves on foreign currency translation	Retained profits	Equity
Parent 2017				
Balance at 1 January 2017	**145,247**	**0**	**279,058**	**424,305**
Profit after tax	0	0	60,867	60,867
Currency adjustments of investments in subsidiaries	0	-18,703	0	-18,703
Total comprehensive income	**0**	**-18,703**	**60,867**	**42,164**
Capital increase, cf. note 15	4,585	0	14,572	19,157
Share-based payment cf. note 5	0	0	2,302	2,302
Payment of dividend	0	0	-14,983	-14,983
Other adjustments	0	0	-6,946	-6,946
Balance at 31 December 2017	**149,832**	**-18,703**	**334,870**	**465,999**
Parent 2016				
Balance at 1 January 2016	**142,123**	**0**	**238,785**	**380,908**
Profit after tax	0	0	44,214	44,214
Capital increase, cf. note 15	3,124	0	4,079	7,203
Share-based payment cf. note 5	0	0	5,524	5,524
Payment of dividend	0	0	-14,526	-14,526
Other adjustments	0	0	982	982
Balance at 31 December 2016	**145,247**	**0**	**279,058**	**424,305**

Cash flow

		Group		Parent Company	
DKK ´000	**Note**	**2017**	**2016**	**2017**	**2016**
Operating profit (EBIT)		106,729	105,271	41,687	15,011
Non-recurring income and expenses from acquisitions		-6,815	-5,594	-3,516	236
Depreciations and amortizations	10, 11	39,479	33,275	6,644	2,820
Cost of incentive scheme	5	2,302	5,524	2,302	5,524
Changes in net working capital	23	-23,695	3,415	-18,981	-21,808
Cash flow from primary activities		**118,000**	**141,891**	**28,136**	**1,783**
Interest received, etc.		909	1,904	6,022	6,603
Interest paid, etc.		-691	-642	-2,499	-744
Corporate tax paid		-14,510	-18,445	1,279	0
Cash flow from operating activities		**103,708**	**124,708**	**32,938**	**7,642**
Net increase in development projects	10	-30,859	-28,260	-662	-731
Acquisition of tangible assets	11	-5,106	-8,799	-936	-1,903
Acquisition of intangible assets	10	-1,206	-166	-1,200	0
Disposal of tangible assets	11	225	335	2	0
Disposal of intangible assets	10	0	388	0	0
Acquisition of subsidiaries and activities		-58,663	-94,044	-8,287	-36,591
Capital increase in affiliated companies		0	0	-121	-22,030
Dividends received from subsidiaries		0	0	16,285	24,993
Cash flow from investing activities		**-95,609**	**-130,546**	**5,081**	**-36,262**
Proceeds from capital increase/warrants exercised	24	19,292	7,203	19,157	7,203
Overdraft facilities	24	-19,674	28,670	-23,117	23,117
Dividends paid	24	-14,983	-15,892	-14,983	-14,526
Cash flow from financing activities		**-15,365**	**19,981**	**-18,943**	**15,794**
Total cash flow		**-7,266**	**14,143**	**19,076**	**-12,826**
Cash funds at the beginning of the year		94,669	82,294	17,288	30,115
Exchange rate adjustments		832	-1,768	0	0
Cash funds at the end of the period		**88,235**	**94,669**	**36,364**	**17,288**

Notes

Notes

Note 1 - Significant accounting principles

The financial statements for 2017 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 according to 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 29.

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.

Columbus A/S acquired Columbus NSC A/S as of 01.05.2017. The transaction is a Group internal asset purchase, no historical figures have been changed in the Parent Company. The book value method has been applied to account for the Group internal transaction.

The effect of new accounting standards

All new and revised standards, which entered into force with effect from fiscal periods beginning at January 1st 2017, and interpretations that are relevant to the Columbus Group are used in preparing the financial statements.

Adoption of new and revised standards and interpretation contributions have not resulted in changes in the financial statements 2017 or previous years, however, new requirements to IAS7, has resulted in a new disclosure in note 24. The Groups accounting principles are unchanged compared to 2016.

New standards effective from 2018

IFRS 9 "Financial Instruments" will be effective from 1 January 2018. Columbus has assessed and evaluated the new standard and concluded that it will not result in significant changes in the financial statements for Columbus.
For non-financial companies, IFRS 9 mainly require changes regarding hedge accounting and a new model for expected losses of financial assets.

Since Columbus does not have hedge accounting, IFRS 9 will only impact regarding impairment of financial assets. The new standard is based on a three stage impairment model for expected losses:

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

Columbus' existing accounting principles includes provision for stage no. 2 and 3, which will be unchanged. Columbus has historical losses of approximately 0.15% of the total revenue, and the new standard will bring forward a provision to counter these losses.

IASB has issued accounting standard IFRS 15 "Revenue from Contracts with Customers" to be effective from 1 January 2018. During 2017, Columbus assessed and evaluated the new standard and concluded that the new revenue recognition standard, will not result in significant changes in the financial statements for Columbus.
The standard requires the Columbus Group to determine when control transfers for distinct licenses of intellectual property, based on the nature of the promise to the customer. The standard distinguish between "Right to access" and "Right to use". Since the licenses does not meet all the criteria for "Right to access", the "Right to use" is applied for revenue recognition of licenses. The "Right to use" is applicable on sales of standard licenses and allow recognition of revenue immediately when the license is granted, which is in compliance with Columbus' existing's accounting principles.

According to IFRS 15 revenue recognition of service contracts should be "a point in time" or "over time". All Service contracts delivery creates or enhances an asset that the customer controls, which determine recognition "over time". This procedure is unchanged compared to Columbus' existing's principles.

Notes

In case we have combined service and license contract the delivery obligation is separated in the contract and therefor handled individually according to above.

IASB has issued accounting standard IFRS 16 "Leases" to be effective from 1 January 2019. 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 installments on the lease obligation, and interest expense classified as financial items. During 2017, Columbus started the assessments and evaluation of the new standard. Columbus expect to finalize the analysis with expected impact on Columbus' financial statement during 2018.

Notes

Note 2 - Significant accounting estimates and assessments

By applying the Group's accounting principles as described in note 29, 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 the "Risk Issues", cf. page 26.

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.

Impairment of goodwill	Note 10
Impairment of intangible assets	Note 10
Revenue recognition	Note 14
Deferred tax asset	Note 8

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 2017, the carrying value of goodwill is DKK 439,342k. For a detailed description of discount factors, etc. see note 10.

Recoverability and intangible assets generated internally in the Group

The management's assessment regarding completed development projects that are amortized over a 3 to 5-year useful life, is that no impairment indicators exist in excess of the amortization made.

At the annual impairment test of ongoing development projects, or when there is indication of impairment, an estimate is made of how the parts of the business (cash-generating units) that ongoing development projects are related to will be able to generate sufficient cash flows in the future to support the value of ongoing development projects and other net assets in the relevant part of the business. Management closely monitors developments in the ongoing development projects, and will make adjustments to the carrying amounts if required as a result of the development.

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 profits. At 31 December 2017, the carrying value of recognized tax was DKK 26,980k, 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.

		Consultancy				
DKK ´000	**ISV**	**Western Europe**	**Eastern Europe**	**North America**	**HQ, GDC and Eliminations**	**Total**
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 profit (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
Asset 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 - Segment data continued

DKK ´000	ISV	Consultancy Western Europe	Consultancy Eastern Europe	Consultancy North America	HQ, GDC and Eliminations	Total
2016						
Columbus Software licenses	34,934	14,833	2,541	3,319	-13,416	42,212
Columbus Software subscriptions	40,961	14,407	1,350	6,182	-16,024	46,876
Columbus cloud	2,207	14	0	0	-245	1,975
External licenses	0	24,875	11,825	50,269	-474	86,495
External subscriptions	0	69,808	23,179	98,660	-1,321	190,328
External cloud	0	210	0	4,628	0	4,837
Services	14,215	452,383	92,833	261,584	-24,614	796,401
Other	1,156	10,504	1,697	9,967	260	23,583
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 profit (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	231,316	37,145	269,947	-93,770	551,726
Asset 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 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 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 2017	Net revenue from external customers 2016	Non-current assets 2017	Non-current assets 2016
Denmark	337,701	333,592	118,058	105,128
Norway	60,113	58,363	8,211	8,435
United Kingdom	199,142	176,136	84,800	88,023
USA	419,377	431,939	278,752	262,415
Russia	70,137	61,739	1,514	366
The rest of the world	132,292	130,938	92,940	87,358
Total	**1,218,762**	**1,192,707**	**584,274**	**551,726**

Notes

Note 4 - Net revenue

	Group		Parent Company	
DKK ´000	**2017**	**2016**	**2017**	**2016**
Sale of products				
Columbus Software licenses	26,673	42,212	5,900	6,631
Columbus Software subscriptions	50,258	46,876	7,773	4,242
Columbus Cloud	6,248	1,975	1,123	0
External licenses	94,629	86,495	27,026	8,481
External subscriptions	190,119	190,328	39,263	31,902
External Cloud	9,215	4,837	1,051	0
Total sale of products	**377,142**	**372,723**	**82,136**	**51,256**
Sale of services				
Sales value of finished projects	854,127	789,496	249,357	175,994
Change in contract work in progress	-31,576	6,905	-24,559	-938
Other services	19,069	23,583	3,524	3,112
Total sale of services	**841,620**	**819,984**	**228,322**	**178,168**
Total net revenue	**1,218,762**	**1,192,707**	**310,458**	**229,424**
Contract work in progress, beginning of period	-59,380	-52,475	-37,713	-38,651
Contract work in progress, end of period	27,804	59,380	13,154	37,713
Total change in contract work in progress	**-31,576**	**6,905**	**-24,559**	**-938**

Notes

Note 5 - Staff expenses and remuneration

	Group		Parent Company	
DKK ´000	**2017**	**2016**	**2017**	**2016**
Staff expenses				
Salary and wages	590,916	564,857	174,796	141,506
Other social security costs	45,435	44,084	1,388	1,220
Other staff expenses	23,439	22,734	7,248	6,823
Staff costs before share-based payment	**659,790**	**631,675**	**183,431**	**149,549**
Share-based payment	2,302	5,524	-4,867	-346
Staff expenses	**662,092**	**637,199**	**178,564**	**149,203**
Average number of employees	1,194	1,105	290	213

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

DKK ´000	Executive Board	Board of Directors	Other senior employees
2017			
Salary and wages	7,001	675	21,573
Share-based payment	354	445	856
	7,355	**1,120**	**22,430**
2016			
Salary and wages	6,758	375	21,172
Share-based payment	905	955	2,098
	7,663	**1,330**	**23,270**

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 essentially 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 2,836,393. 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.

The development in outstanding warrants can be specified as follows:

	Number of warrants		Avg. exercise rate per warrant	
	2017	**2016**	**2017**	**2016**
Outstanding 1 January	8,964,360	7,848,560	6.18	4.33
Granted during the period	2,430,000	3,780,000	13.15	7.84
Lost due to termination of employment	-90,000	0	6.41	0.00
Exercised during the period	-3,667,860	-2,499,200	5.22	2.88
Expired during the period	0	-45,000	0.00	2.14
Annulled during the period	-60,000	-120,000	6.41	7.84
Outstanding end of period	**7,576,500**	**8,964,360**	**8.87**	**6.18**

	2017	2016
Number of warrants which can be exercised at balance sheet date	736,500	1,070,360
Weighted average exercise rate	7.26	4.55

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 2017	Share price at grant date (DKK per share)	Exercise price (DKK per share)	Estimated volatility (%)*	Risk free interest (%)	Estimated return rate (%)	Expiry (number of years)
Granted November 2015	5.45	5.45	23.7%	0.0%	0.0%	1.3
Granted July 2016	7.84	7.84	29.2%	0.0%	0.0%	1.3
Granted December 2017	13.15	13.15	22.1%	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.

	Group		Parent Company	
DKK ´000	**2017**	**2016**	**2017**	**2016**
Expensed share-based payment related to equity instruments	2,302	5,524	-4,867	-346

Notes

Note 6 – Other operating income

	Group		Parent Company	
DKK ´000	**2017**	**2016**	**2017**	**2016**
Non-recurring income from acquisitions	6,815	5,594	3,516	0
Central cost allocation Columbus Group	0	0	27,145	27,502
Other services	565	1,091	0	3,949
Total other operating income	**7,380**	**6,685**	**30,661**	**31,451**

Note 7 - Financial income and expenses

	Group		Parent Company	
DKK ´000	**2017**	**2016**	**2017**	**2016**
Financial income				
Interest income from subsidiaries	0	0	5,965	5,319
Interest income on bank deposits, etc.	100	42	0	0
Other interest income	63	96	57	0
Interest income on financial assets not measured at fair value in the result	**163**	**138**	**6,022**	**5,319**
Foreign exchange gains	746	2,536	0	5,776
Total financial income	**909**	**2,674**	**6,022**	**11,095**
Financial expenses				
Interests expense to subsidiaries	0	0	1,564	301
Interest expense on bank loans	664	602	572	443
Other interest expense	27	40	0	0
Interest expense from financial liabilities that are not measured at fair value in the result	**691**	**642**	**2,136**	**744**
Foreign exchange loss	5,317	0	4,614	0
Total financial expenses	**6,008**	**642**	**6,750**	**744**

Notes

Note 8 - Corporate tax

	Group		Parent Company	
DKK ´000	**2017**	**2016**	**2017**	**2016**
Tax on result for the year				
Current tax	6,786	17,854	0	-4,865
Change in deferred tax	801	6,588	-3,924	2,169
Adjustment to previous years	-2,086	1,382	180	737
	5,501	**25,824**	**-3,744**	**-1,959**
Tax on result for the year explained as follows				
Calculated 22% on pre-tax earnings on continuing operations	22,359	23,607	8,453	9,297
Tax effect of:				
Adjustment to tax concerning previous years	-2,086	1,382	180	737
Adjustment to tax rates in foreign subsidiaries relative to 22%	-254	975	0	0
Non-capitalized tax value of losses	-7,502	-1,070	0	0
Effect of reduced corporate tax rate	783	0	0	0
Not taxable income	-1,790	-3,377	0	-6,179
Not taxable expenses	397	3,329	143	1,791
Other temporary differences	-5,199	268	-3,708	277
Other permanent differences	-1,207	710	-8,812	-7,882
	5,501	**25,824**	**-3,744**	**-1,959**
Effective tax rate (%)	**5.41**	**24.07**	**-9.74**	**-4.64**
Corporate tax receivable (net)				
Balance at 1 January	12,647	10,267	-4,865	0
Currency adjustment	29	2,215	0	0
Adjustment to previous years	-654	-300	0	0
Current tax for the year	6,786	17,854	0	-4,865
Tax paid on account for the year	-5,441	-7,555	4,865	0
Corporate tax paid during the year	-14,498	-9,834	0	0
Balance at 31 December	**-1,131**	**12,647**	**0**	**-4,865**
Corporate tax receivable	-3,397	-11,531	0	-4,865
Corporate tax payable	2,266	24,177	0	0
	-1,131	**12,647**	**0**	**-4,865**

The effective tax rate for 2017 is extraordinary low, corresponding to 5.41%. This is mainly due to:
- A legal restructuring in Denmark, leading to utilization of a non-capitalized tax loss
- An significant tax deductibility from exercised warrants in Denmark
- Activation of a research scheme in our Dutch Software company leading to tax refund for previous years.

Notes

Note 8 - Corporate tax, continued

	Group		Parent Company	
DKK ´000	**2017**	**2016**	**2017**	**2016**
Deferred tax assets				
Balance at 1 January	24,553	26,451	3,948	6,854
Deferred tax assets 1 January	**24,553**	**26,451**	**3,948**	**6,854**
Currency adjustments	-1,639	3,975	0	0
Additions due to acquisitions during the year	0	2,202	5,288	0
Adjustment to previous years	-228	640	0	0
This year's change in deferred tax	4,293	-8,715	3,735	-2,906
Balance at 31 December	**26,980**	**24,553**	**12,971**	**3,948**
Deferred tax assets relates to				
Intangible assets	4,239	-6,432	5,121	-1,037
Tangible assets	2,784	3,436	2,737	2,872
Current assets	1,226	4,924	652	-385
Loss carryforward	18,731	22,625	4,461	2,498
	26,980	**24,553**	**12,971**	**3,948**

Based on the management's assessment of future income short-term tax assets are expected to be DKK 3.2m and the total tax assets are expected to be utilized within a 5-year period.

	Group		Parent Company	
DKK ´000	**2017**	**2016**	**2017**	**2016**
Deferred tax liabilities				
Balance at 1 January	10,614	6,454	0	0
Effect of reduced corporate tax rate	0	0	0	0
Adjusted defered tax liabilities 1 January	**10,614**	**6,454**	**0**	**0**
Currency adjustment	-11	-110	0	0
Additions due to acquisitions during the year	0	607	0	0
This year's change in deferred tax	7,205	3,663	0	0
Balance 31 December	**17,808**	**10,614**	**0**	**0**
Deferred tax liabilities relates to				
Intangible assets	14,950	10,614	0	0
Tangible assets	444	0	0	0
Current assets	2,928	0	0	0
Loss carryforward	-514	0	0	0
	17,808	**10,614**	**0**	**0**

The Group's non-capitalized tax assets amount to DKK 30m (2016: DKK 58m).

Notes

Note 9 - Earnings per share

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

	Group	
DKK ´000	**2017**	**2016**
Result for the year	96,129	81,479
Minority interests' share of the result for the year	1,002	577
Result used for calculating earnings per share, diluted	**95,127**	**80,902**
Average number of shares listed on NASDAQ OMX Copenhagen (pcs.)	119,100,640	115,627,608
Number of shares used to calculate earnings per share (pcs.)	**119,100,640**	**115,627,608**
Average dilutive effect on outstanding subscription rights (pcs.)	3,574,915	4,654,705
Number of shares used to calculate earnings per share, diluted (pcs.)	**122,675,555**	**120,282,313**
Earnings per share of DKK 1.25 (EPS)	0.80	0.70
Earnings per share of DKK 1.25, diluted (EPS-D)	0.78	0.67

Notes

Note 10 - Intangible assets

DKK ´000	Goodwill	Customer base	License rights	Development projects finalized	Development projects in progress	Total
Group 2017						
Balance at 1 January 2017	491,415	43,580	4,023	145,259	8,491	692,768
Foreign currency translation, year-end exchange rate	-22,078	-2,569	-64	-626	12	-25,325
Additions	0	0	1,206	767	30,092	32,065
Additions relating to acquisitions	45,937	4,966	0	0	0	50,903
Disposal for the year	0	0	-29	0	0	-29
Development projects, finalized	0	0	0	33,037	-33,037	0
Balance at 31 December 2017	**515,274**	**45,977**	**5,136**	**178,437**	**5,558**	**750,382**
Amortization and depreciation at 1 January 2017	76,263	13,018	4,006	85,904	0	179,191
Foreign currency translation, year-end exchange rate	-331	-928	-64	-675	0	-1,998
Amortization/depreciation	0	6,213	50	24,274	0	30,537
Reversal of amortization/depreciation	0	0	-29	0	0	-29
Amortization and depreciation at 31 December 2017	**75,932**	**18,303**	**3,963**	**109,503**	**0**	**207,701**
Carrying amount at 31 December 2017	**439,342**	**27,674**	**1,173**	**68,934**	**5,558**	**542,681**

Except for goodwill, economic life of all intangible assets is expected to be limited.

Notes

Note 10 - Intangible assets, continued

DKK ´000	Goodwill	Customer base	License rights	Development projects finalized	Development projects in progress	Total
Group 2016						
Balance at 1 January 2016	406,595	40,751	0	222,575	2,065	671,986
Foreign currency translation, year-end exchange rate	940	564	-590	-151	-7	756
Additions	0	166	0	897	27,363	28,426
Additions relating to acquisitions	130,470	14,005	91	878	0	145,444
Disposal for the year	-35,829	-581	-6,803	-99,870	0	-143,083
Development projects, finalized	0	0	0	20,930	-20,930	0
Reclassification of previous years	-10,761	-11,325	11,325	0	0	-10,761
Balance at 31 December 2016	**491,415**	**43,580**	**4,023**	**145,259**	**8,491**	**692,768**
Amortization and impairment at 1 January 2016	87,346	19,147	0	165,578	0	272,071
Foreign currency translation, year-end exchange rate	-322	209	-414	38	0	-489
Amortization/depreciation	0	4,973	41	20,158	0	25,172
Amortization/depreciation relating to acquisitions	0	0	65	0	0	65
Reversal of amortization/depreciation	0	-203	-6,793	-99,870	0	-106,866
Reclassification of previous years	-10,761	-11,108	11,108	0	0	-10,761
Amortization and depreciation at 31 December 2016	**76,263**	**13,018**	**4,006**	**85,904**	**0**	**179,191**
Carrying amount at 31 December 2016	**415,152**	**30,562**	**17**	**59,354**	**8,491**	**513,575**

Except for goodwill, economic life of all intangible assets is expected to be limited.

Notes

Note 10 - Intangible assets, continued

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

DKK ´000	Country	Segment	31 December 2017	31 December 2016
Columbus A/S	DK	VAR	110,239	80,832
Columbus NSC A/S	DK	VAR	0	29,407
ZAO Columbus	RU	VAR	30,944	30,944
Columbus US Inc.	US	VAR	130,371	94,902
Business Microvar Inc.	US	VAR	70,861	80,508
Columbus Norway AS	NO	VAR	7,603	7,857
UAB Columbus Lietuva	LT	VAR	4,698	4,691
Columbus Global (UK) Ltd.	UK	VAR	16,773	17,357
Cambridge Online Systems Ltd.	UK	VAR	23,512	24,330
Columbus Eesti AS	EE	VAR	54	54
Columbus CoMakeIt India Pvt Ltd.	IN	VAR	4,130	4,130
Total consultancy			**399,185**	**375,012**
To-Increase B.V.	NL	ISV	40,157	40,140
Total ISV segment			**40,157**	**40,140**
			439,342	**415,152**

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 2017.

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 2016 to 2017 relates to acquisition of Tridea Partners LLC. However, also impact from exchange rate adjustments primarily linked to the US and UK operations.

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 and expected revenue and 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 and 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%, growth in terminal period with 1% and changes in discount rate with 1%. The analysis did not identify any indication of impairment.

Notes

Note 10 - Intangible assets, continued

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 9.1% and 12.1% after tax, representing 9.1% and 12.1% pretax. The reason for the insignificant difference between after tax and pre-tax discount rates is due to a very 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 also 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 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.

DKK ´000	Goodwill	Customer base	License rights	Development projects finalized	Total
Parent 2017					
Balance at 1 January 2017	81,816	8,979	787	22,056	113,638
Additions	0	0	1,200	662	1,862
Additions relating to acquisitions	29,408	10,000	0	1,278	40,686
Balance at 31 December 2017	**111,224**	**18,979**	**1,987**	**23,996**	**156,186**
Amortization and depreciation at 1 January 2017	984	5,169	779	21,346	28,278
Amortization/depreciation	0	2,127	41	752	2,920
Amortization/depreciation relating to acquisitions	0	1,310	0	465	1,775
Amortization and depreciation at 31 December 2017	**984**	**8,606**	**820**	**22,563**	**32,973**
Carrying amount at 31 December 2017	**110,240**	**10,373**	**1,167**	**1,433**	**123,213**

Notes

Note 10 - Intangible assets, continued

DKK ´000	Goodwill	Customer base	License rights	Development projects finalized	Total
Parent 2016					
Balance at 1 January 2016	45,987	9,513	0	21,764	77,264
Additions	0	0	0	731	731
Additions relating to acquisitions	35,829	5,000	46	0	40,875
Disposal for the year	0	-1,914	-2,879	-439	-5,232
Reclassification of previous years	0	-3,620	3,620	0	0
Balance at 31 December 2016	**81,816**	**8,979**	**787**	**22,056**	**113,638**
Amortization and depreciation at 1 January 2016	984	9,513	0	21,764	32,261
Amortization/depreciation	0	0	0	21	21
Amortization/depreciation relating to acquisitions	0	1,190	38	0	1,228
Reversal of depreciation	0	-1,914	-2,879	-439	-5,232
Reclassification of previous years	0	-3,620	3,620	0	0
Amortization and depreciation at 31 December 2016	**984**	**5,169**	**779**	**21,346**	**28,278**
Carrying amount at 31 December 2016	**80,832**	**3,810**	**8**	**710**	**85,360**

Notes

Note 11 - Tangible assets

DKK ´000	Land and buildings	Leasehold improvements	Fixtures and equipment	Total
Group 2017				
Balance at 1 January 2017	2,273	1,725	55,180	59,178
Foreign currency translation, year-end exchange rate	-76	-7	-2,843	-2,926
Additions	0	0	5,106	5,106
Disposals	0	-611	-4,197	-4,808
Reclassification of previous years	0	-251	724	473
Balance at 31 December 2017	**2,197**	**856**	**53,970**	**57,023**
Depreciation and write-downs at 1 January 2017	34	1,007	40,996	42,037
Foreign currency translation, year-end exchange rate	-2	0	-2,479	-2,481
Depreciation	56	123	8,753	8,932
Reversed depreciation on disposals	0	-577	-4,006	-4,583
Reclassification of previous years	0	32	441	473
Depreciation at 31 December 2017	**88**	**585**	**43,705**	**44,378**
Carrying amount at 31 December 2017	**2,109**	**271**	**10,265**	**12,645**
Group 2016				
Balance at 1 January 2016	0	2,617	82,704	85,321
Foreign currency translation, year-end exchange rate	0	-3	164	161
Additions	2,202	350	6,247	8,799
Additions relating to acquisitions	71	681	6,278	7,030
Disposals	0	-1,819	-37,288	-39,107
Disposals relating to divestments	0	-101	-2,925	-3,026
Balance at 31 December 2016	**2,273**	**1,725**	**55,180**	**59,178**
Depreciation and write-downs at 1 January 2016	0	2,522	70,169	72,691
Foreign currency translation, year-end exchange rate	-1	-2	252	249
Depreciation	35	216	7,852	8,103
Additions relating to acquisitions	0	178	2,614	2,792
Reversed depreciation on disposals	0	-1,819	-37,122	-38,941
Reversed depreciation on disposals relating to divestments	0	-88	-2,769	-2,857
Depreciation at 31 December 2016	**34**	**1,007**	**40,996**	**42,037**
Carrying amount at 31 December 2016	**2,239**	**719**	**14,184**	**17,142**

Notes

Note 11 - Tangible assets, continued

DKK ´000	Leasehold improvements	Fixtures and equipment	Total
Parent 2017			
Balance at 1 January 2017	101	22,471	22,572
Additions	0	936	936
Additions relating to acquisitions	725	3,024	3,749
Disposals	0	-160	-160
Reclassification of previous years	-340	812	472
Balance at 31 December 2017	**486**	**27,083**	**27,569**
Depreciation and write-downs at 1 January 2017	88	17,875	17,963
Depreciation	91	4,717	4,808
Additions relating to acquisitions	119	1,111	1,230
Reversed depreciation on disposals	0	-158	-158
Reclassification of previous years	1	471	472
Depreciation at 31 December 2017	**299**	**24,016**	**24,315**
Carrying amount at 31 December 2017	**187**	**3,067**	**3,254**
Parent 2016			
Balance at 1 January 2016	1,034	40,269	41,303
Additions	0	1,903	1,903
Additions relating to acquisitions	101	2,925	3,026
Disposals	-1,034	-22,626	-23,660
Balance at 31 December 2016	**101**	**22,471**	**22,572**
Depreciation and write-downs at 1 January 2016	1,034	34,970	36,004
Depreciation	0	2,800	2,800
Additions relating to acquisitions	88	2,731	2,819
Reversed depreciation on disposals	-1,034	-22,626	-23,660
Depreciation at 31 December 2016	**88**	**17,875**	**17,963**
Carrying amount at 31 December 2016	**13**	**4,596**	**4,609**

Notes

Note 12 - Investments in subsidiaries

	Parent Company	
DKK ´000	**2017**	**2016**
Balance at 1 January	359,540	305,009
Additions	141,719	62,631
Disposal	0	-8,100
Balance at 31 December	**501,259**	**359,540**
Amortization and write-down at 1 January	-85,881	-85,881
Write-down	-121	0
Amortization and write-down at 31 December	**-86,002**	**-85,881**
Carrying amount 31 December	**415,257**	**273,659**

Additions of investments in subsidiaries in 2017 relate to registration of R H ApS (Denmark), restatement of intercompany loan with Columbus US and share capital increase in Columbus IT Partner SIA (Latvia). Write-down in 2017 relates to Columbus IT Partner SIA (Latvia).

Additions of investments in subsidiaries in 2016 relate to the acquisition of SystemHosting A/S and share capital increase in Columbus Norway AS. Disposal in 2016 relates to liquidation of MW Solutions A/S.

Notes

Note 13 – Trade receivables

DKK ´000	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
Receivables (gross) at 31 December	**157,793**	**167,941**	**58,064**	**41,987**
Provisions for bad debt at 1 January	16,466	6,991	1,750	5
Change in provisions for bad debt during the period	-3,597	15,151	1,458	1,745
Loss realized during the period	-3,975	-5,676	-241	0
Provisions for bad debt 31 December	**8,893**	**16,466**	**2,967**	**1,750**
Carrying amount at 31 December	**148,900**	**151,475**	**55,097**	**40,237**

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.

DKK ´000	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
Age of receivables that are past due but not impaired:				
0-30 days	49,803	47,555	16,117	11,821
30-60 days	7,446	3,198	831	952
61-90 days	4,370	501	1,052	452
91-180 days	1,302	890	633	147
181-270 days	119	249	177	84
Total	**63,039**	**52,393**	**18,809**	**13,455**

DKK ´000	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
Age of impaired receivables:				
30-60 days	1,370	4,797	162	0
61-90 days	1,457	2,790	752	0
91-180 days	3,037	3,559	211	17
181-270 days	1,065	2,242	177	82
271-360 days	1,238	2,528	950	1,652
Over 360 days	726	550	716	0
Total	**8,893**	**16,466**	**2,967**	**1,750**

Note 14 – Contract work in progress

DKK ´000	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
Contract work in progress	27.804	59.380	13.154	37.713
On account billing and prepayments	-31.982	-60.232	-15.518	-37.980
	-4.179	**-852**	**-2.364**	**-267**
The net value is included in the balance as follows:				
Contract work in progress (assets)	7.577	8.994	2.363	1.151
Client prepayments (liabilities)	-11.755	-9.846	-4.727	-1.418
	-4.179	**-852**	**-2.364**	**-267**

Notes

Note 15 - Share capital

The share capital consists of 119,865,632 shares of DKK 1.25, corresponding to DKK 149,832k (nom.). The shares are not divided into classes, and no shares have any special rights. The share capital is fully paid up.

In 2017 the Company increased the capital by 3,667,860 shares of DKK 1.25, corresponding to DKK 4,585k (nom.) as a result of exercised warrant programs.

In 2016 the Company increased the capital by 2,499,200 shares of DKK 1.25, corresponding to DKK 3,124k (nom.) as a result of exercised warrant programs.

	Parent Company	
	2017	2016
Number of shares at the beginning of the year	116,197,772	113,698,572
Capital increase	3,667,860	2,499,200
Number of shares at the end of the year	**119,865,632**	**116,197,772**

Note 16 – Provisions

	Group		Parent Company	
DKK ´000	2017	2016	2017	2016
Contingent consideration	6,339	11,049	0	3,803
Other provisions	604	483	604	483
	6,943	**11,532**	**604**	**4,286**

Note 17 - Other liabilities

	Group		Parent Company	
DKK ´000	2017	2016	2017	2016
Payroll cost, payroll tax, retirement benefit obligations etc.	34,512	41,521	8,236	8,582
Holiday pay etc.	42,708	42,780	26,851	20,064
VAT payable	15,427	17,036	4,489	4,680
Other liabilities	23,222	31,837	5,133	5,105
Contingent consideration	14,447	24,054	1,803	9,812
	130,316	**157,228**	**46,512**	**48,243**

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.

Notes

Note 18 - Contingent liabilities and commitments for expenditures

Group

Contractual obligations
Group companies have entered into various housing lease agreements, and the total lease obligation in the interminable part of the lease period amounts to DKK 50.0m (2016: DKK 55.1m).

Further, various leasing agreements (primarily cars) have been entered into in relation to operating equipment, and total liabilities amount to DKK 8.2m (2016: DKK 10.6).

Parent Company

Contractual obligations
Parent company have entered into various housing lease agreements, and the total lease obligation in the interminable part of the lease period amounts to DKK 10.8m (2016: DKK 12.1m).

Further, various leasing agreements (primarily cars) have been entered into in relation to operating equipment, and total liabilities amount to DKK 1.6m (2016: DKK 1.4m).

Contingent liabilities
The Company is jointly VAT registered with Columbus NSC A/S and is jointly and severally liable for VAT.

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 at 31 December 2017 the maximum liability is DKK 1.424k (2016: DKK 5.974k).

The Company's shares in subsidiaries are provided as security for the parent company's arrangement with the main bank, total amount DKK 21.0m. (2016: DKK 21.0m)

Notes

Note 18 - Contingent liabilities and commitments for expenditures, continued

Rental and lease commitments

Future rental and lease commitments corresponding to current contracts are as follows:

DKK ´000	2017			2016		
Group	Buildings	Fixtures and operating equipment	Total	Buildings	Fixtures and operating equipment	Total
Less than 1 year	22,504	4,270	26,774	20,192	4,692	24,884
Between 1 and 5 years	48,022	3,905	51,926	45,459	5,850	51,309
More than 5 years	4,355	0	4,355	6,644	0	6,644
	74,881	**8,175**	**83,055**	**72,295**	**10,542**	**82,837**

The Group leases operating equipment and inventory on operational lease agreements. The lease period is usually between 2 and 7 years with the possibility of renewal on expiry. None of the lease agreements include conditional rental.

DKK ´000	2017			2016		
Parent Company	Buildings	Fixtures and operating equipment	Total	Buildings	Fixtures and operating equipment	Total
Less than 1 year	4,202	740	4,943	3,722	737	4,459
Between 1 and 5 years	17,551	849	18,400	13,444	665	14,109
More than 5 years	0	0	0	4,928	0	4,928
	21,753	**1,589**	**23,343**	**22,094**	**1,402**	**23,496**

The Parent company leases operating equipment and inventory on operational lease agreements. The lease period is usually between 2 and 7 years with the possibility of renewal on expiry. None of the lease agreements include conditional rental.

Notes

Note 19 – Business combinations

Acquisition of companies in 2018

The Group has per 1 January 2018 acquired 100% of the shares in HiGH Software.
As of 2 January 2018 the Group acquired 100% of the shares in iStone AB.

Name	Primary activity	Date of control gained	Acquired ownership	Acquired voting rights	Total consideration DKK '000
HiGH Software	Development and distribution of software.	1st January	100%	100%	61,798
iStone AB	Distribution and implementation of standardised business solutions.	2nd January	100%	100%	541,402
Total					**603,199**

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. 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.

DKK ´000	HiGH Software	iStone AB	Total
Tangible fixed assets	997	12,393	13,390
Financial fixed assets	0	213	213
Other intangible assets	13,611	47,098	60,709
Other receivables	0	482	482
Deferred tax assets	0	2,321	2,321
Total non-current assets	**14,608**	**62,507**	**77,115**
Trade receivables	13,834	148,132	161,967
Work in progress	0	3,153	3,153
Tax receivables	0	9,843	9,843
Prepayments	0	18,540	18,540
Other receivables	908	4,014	4,922
Cash	8,647	31,402	40,049
Total current assets	**23,390**	**215,084**	**238,474**
Trade payables	-4,376	-30,219	-34,595
Debt to credit institutions	0	-22,442	-22,442
Corporation tax and deferred tax	-2,887	-18,700	-21,588
Deferred income	0	-6,817	-6,817
Accruals	-10,210	-73,714	-83,924
Other debt	-447	-42,366	-42,812
Total current debt	**-17,920**	**-194,258**	**-212,178**
Net assets acquired	**20,078**	**83,333**	**103,411**
Goodwill	41,719	458,069	499,789
Total consideration	**61,798**	**541,402**	**603,199**
Acquired cash funds	-8,647	-8,960	-17,607
Contingent consideration	-18,605	-344,459	-363,064
Cash consideration on acquisition date	**34,545**	**187,983**	**222,528**

Notes

Note 19 – Business combinations, continued

After recognition of identifiable assets, liabilities and contingent liabilities at fair value, goodwill in relation to the acquisition was assessed to DKK 500m. The opening balance for HiGH Software and iStone AB is a preliminary statement and changes can occur.

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

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 iStone AB is DKK 344m. The contingent consideration is determined by EBITDA thresholds in 2018, 2019 and 2020.The consideration is recognized as if these thresholds will be met.

DKK ´000	HiGH Software	iStone AB	Total
Fair value assessment of trade receivables			
Trade receivables, gross amount	13,834	154,843	168,677
Trade receivables, not expected to be collected	0	-6,710	-6,710
Trade receivables, fair value	**13,834**	**148,132**	**161,967**

The expected impact from HiGH Software for 2018 is a revenue of DKK 51m and an EBITDA in the level of DKK 8m. The expected impact from iStone AB for 2018 is a revenue of DKK 630m and an EBITDA in the level of DKK 45m.

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 19 – 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

Note 19 – 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 has per 1 December 2016 acquired 100% shares in Cambridge Online Systems Ltd.

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.	1st February	100%	100%	40,600
Client Strategy Group LLC	Distribution and implementation of standardised business solutions.	15th July	100%	100%	43,662
Cambridge Online Systems Ltd	Distribution and implementation of standardised business solutions.	1st 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 19 – 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 Columbus Care 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 operating 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 and 2017 has consequently not been stated.

Notes

Note 20 - 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 47.17% 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 (48.15 %) 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 principles 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 2017 Columbus paid tax to Consolidated Holdings A/S for 8.6m DKK (2016: DKK 2.7m)

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.

Netop Solutions A/S (Netop, Bregnerødvej 127, 3460 Birkerød)
Transactions with the company are made on an arm's length basis. Consolidated Holdings A/S has controlling interest in Netop Solutions A/S, and certain dual roles in the management are filled by the same persons in Netop Solutions A/S and the Columbus Group.

Dan-Palletiser A/S (Borgergade 17, 4241 Vemmelev)
Transactions with the company are made on an arm's length basis. Consolidated Holdings A/S has controlling interest in Dan-Palletiser A/S, and certain dual roles in the management are filled by the same persons in Dan-Palletiser A/S and the Columbus Group.

Maatschap de Baksteen (T.a.v de heer R. Hardeman, Utrechtseweg 28, 3927AV Renswoude, Holland)
Transactions with the company are made on an arm's length basis. In 2017 the Columbus Group bought services related to office rent. The company is a related party to the Columbus Group as an executive in the Columbus Group is a part owner of the company.

DKK ´000	2017	2016
Net sales		
Atea	5,158	3,573
Netop Solutions A/S	36	31
Dan-Palletiser	219	874
Total	**5,413**	**4,478**
Net purchase		
Atea	-7,979	-5,850
Maatschap de Baksteen	-885	-871
Total	**-8,864**	**-6,721**
Trade receivables		
Atea	904	2,206
Dan-Palletiser	123	0
Total	**1,027**	**2,206**
Trade payables		
Atea	-2,088	-1,693
Total	**-2,088**	**-1,693**

Notes

Note 20 - 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	2017	2016
Purchase from subsidiaries	-23,748	-22,641
Sold to subsidiaries	42,649	42,462

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, aswell 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 7. Payment terms for regular outstanding accounts are invoiced month + 30 days.

Note 21 - Fee to the Group's auditor elected by the annual general meeting

	Group		Parent Company	
DKK ´000	2017	2016	2017	2016
Auditor elected by the annual general meeting				
Statutory audit	1,200	1,200	468	447
Tax and VAT advisory services	0	15	0	0
	1,200	**1,215**	**468**	**447**
Other auditors				
Statutory audit	257	280	0	0
Other assurance agreements	0	126	0	0
Tax and VAT advisory services	157	70	0	0
Other services	41	50	0	0
	455	**526**	**0**	**0**
Total audit fee	**1,654**	**1,740**	**468**	**447**

Notes

Note 22 - 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 2017				
Financial assets				
Trade receivables	148,900	0	0	148,900
Contract work in progress	7,577	0	0	7,577
Corporate tax receivables	3,397	0	0	3,397
Other receivables	3,217	0	5,162	8,379
Prepayments	12,942	0	0	12,942
Cash and bank balances	88,235	0	0	88,235
Total financial assets	**264,268**	**0**	**5,162**	**269,430**
Financial liabilities				
Debt to credit institutions	8,810	607	0	9,417
Client prepayments	18,149	0	0	18,149
Trade payables	65,956	0	0	65,956
Corporate tax payables	2,266	0	0	2,266
Other liabilities	130,316	0	0	130,316
Accruals	48,765	0	0	48,765
Provisions	0	6,943	0	6,943
Total financial liabilities	**274,262**	**7,550**	**0**	**281,812**
Ratio	**0.96**			**0.96**

Notes

Note 22 - Financial risks and financial instruments, continued

DKK ´000	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Group 2016				
Financial assets				
Trade receivables	151,475	0	0	151,475
Contract work in progress	8,994	0	0	8,994
Corporate tax receivables	11,531	0	0	11,531
Other receivables	4,201	0	3,955	8,157
Prepayments	7,206	0	0	7,206
Cash and bank balances	94,669	0	0	94,669
Total financial assets	**278,075**	**0**	**3,955**	**282,030**
Financial liabilities				
Debt to credit institutions	29,091	0	0	29,091
Client prepayments	26,043	0	0	26,043
Trade payables	66,211	0	0	66,211
Corporate tax payables	24,177	0	0	24,177
Other liabilities	157,228	0	0	157,228
Accruals	41,023	0	0	41,023
Provisions	0	11,532	0	11,532
Total financial liabilities	**343,773**	**11,532**	**0**	**355,305**
Ratio	**0.81**			**0.79**

Financing facilities

	Group	
DKK ´000	**2017**	**2016**
Cash and bank balances	88,235	94,669
Unused credits	113,178	79,741
	201,413	**174,410**

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.

Fluctuations in foreign exchange rates have an effect on the Group's equity, results and revenue. As approx. 61% of the revenue comes from NOK, 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.

Notes

Note 22 - Financial risks and financial instruments, continued

Equity exchange rates sensitivity

	Group	
DKK ´000	**2017**	**2016**
Affect of 10% decrease in USD	-13,589	-12,518
Affect of 10% decrease in GBP	-5,149	-3,454
Affect of 10% decrease in NOK	-1,263	-1,238
Affect of 10% decrease in RUB	-945	-1,062

Profit after tax exchange rates sensitivity

	Group	
DKK ´000	**2017**	**2016**
Affect of 10% decrease in USD	1,301	-874
Affect of 10% decrease in GBP	-2,925	-2,849
Affect of 10% decrease in NOK	-127	-211
Affect of 10% decrease in RUB	-452	-39

Revenue exchange rates sensitivity

	Group	
DKK ´000	**2017**	**2016**
Affect of 10% decrease in USD	-41,938	-43,194
Affect of 10% decrease in GBP	-19,914	-17,614
Affect of 10% decrease in NOK	-6,011	-5,836
Affect of 10% decrease in RUB	-7,014	-6,174

Interest rates
Fluctuations in interest rates have a limited effect on the Group's financial instruments. By the end of 2017 an increase in interest rates of half a percentage point would increase the Group's financial liabilities by DKK 47k (2016: DKK 59k). The financial liabilities included in the sensitivity analysis include long-term and short-term debt to credit institutions.

The Group uses no derivative financial instruments.

Credit risks
The Group's credit risks primarily derive from trade receivables. Trade receivables are distributed between many customers and geographical areas. A systematic credit rating is performed of all customers in the individual companies, and possible provisions for bad debt are performed based on this credit rating. Payment terms offered to the individual customers are also based on these credit ratings.

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, financial leasing, corporation tax payable, cash and equity, including share capital, reserves for foreign exchange adjustments and profit/loss carried forward.

Breach of loan agreements
The Group has neither in the financial year 2017 nor in 2016 failed to perform or defaulted on any loan agreements.

Notes

Note 23 - Changes in working capital

	Group		Parent Company	
DKK ´000	**2017**	**2016**	**2017**	**2016**
Change in receivables and contract work in progress	721	22,706	-29,080	-32,090
Change in inventories	179	1,141	0	0
Change in trade payable and liabilities	-1,537	-4,265	10,099	10,282
Change in other liabilities	-23,058	-16,167	0	0
Cash flow from changes in working capital	**-23,695**	**3,415**	**-18,981**	**-21,808**

Note 24 - Cash flow from financing activities

			Non-cash changes		
DKK ´000	**Balance at 1 January 2017**	**Cash flows**	**New finance leases**	**Foreign exchange movements**	**Balance at 31 December 2017**
Proceeds from capital increase	0	19,292	0	0	19,292
Dividends paid to shareholders	0	-14,983	0	0	-14,983
Long term lease liabilities	0	0	607	0	607
Short term lease liabilities	0	0	96	0	96
Short term borrowings	29,091	-19,661	0	-716	8,714
Total liabilities from financing activities	**29,091**	**-15,352**	**703**	**-716**	**13,726**

Note 25 - Board of Directors and Executive Board

See section "The Board of Directors and Executive Board" in the Management's Report, page 38.

Note 26 - Shareholder information

See section "Shareholder information" in the Management's Report, page 41.

Notes

Note 27 - Events after the reporting period

The Board of Directors have after preparing this Annual Report proposed an ordinary dividend to the shareholders of DKK 0.125 per share of DKK 1.25 (nom) to be approved at the Annual General Meeting on 24 April 2018. The dividend has not been included as a liability in these consolidated financial statements.

There have been no other events since 31 December 2017 which could significantly affect the evaluation of the Group's financial position and revenues at 31 December 2017. Earnings in January and February 2018 are in line with the Company's expectations.

Note 28 - Approval of publication of the Annual Report

On the Board meeting on 15 March 2018 the Board of Directors approved publication of the Annual Report 2017. The Annual Report 2017 will be submitted for approval by the shareholders of Columbus A/S on the Annual General Meeting on 24 April 2018.

Notes

Note 29 – Accounting principles

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

The 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.

Notes

If at the time of acquisition there is an uncertainty about the identification or 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.

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 deviate 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 in the income statement when delivery and transfer of ownership has taken place before year-end, if the income can be reliably measured and payment is expected to be received. Revenue is recognized net of VAT, taxes etc. collected on behalf of third parties and discounts.

Income from subscription agreements, where the Group must fulfill a service is recognized on a straight-line basis over the subscription period, while external subscriptions are recognized at the time of customer acceptance thus transfer of ownership.

Professional service fees on time and material contracts are recognized 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 and it is probable that the economic benefits including payments will flow to the Group.

Compound contracts

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.

Notes

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 are recognized separately in accordance with the above practices.

Compound contracts are contracts where price and other essential items are negotiated together and cannot be disassembled. These types of contracts are recognized jointly by the practices that are applicable to the main element of the contract, which is typically the consultancy.

Royalty

Royalty is recognized on a straight line basis over the period during which the royalty agreement covers.

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 includes 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 finance 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

Notes

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 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 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.

For financial leased assets, cost is the lower of the fair value or the present value of the future minimum lease payments. In calculating the present value of leases, the internal interest rate of the leasing agreement or the incremental borrowing rate is applied as the discount rate.

Fixtures and equipment are depreciated over 3 to 5 years, equal to the assets' 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.

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

Notes

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.

Impairment losses are calculated based on an individual assessment of each receivable.

Contract work in progress
Contract work in progress is 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 work in progress is recognized in the balance sheet under current assets or liabilities, depending on whether net value is a receivable or liability.

Costs of sales work and securing contracts are recognized in statement of comprehensive income as incurred.

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).

Notes

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.

Leasing
Lease obligations are operating leases. Lease payments under operating leases are recognized in the statement of comprehensive income over the lease term

Deferred income
Deferred income recognized under liabilities comprises payments received 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 realign 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

Notes

deviate 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 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

$$\frac{\text{Result after tax and excl. minority interests}}{\text{Equity excl. minority interests}}$$

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)

$$\frac{\text{Result after tax and excl. minority interests}}{\text{Average number of shares}} \text{ x f}$$

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

Service EBITDA

Service EBITDA is defined as Earnings Before Interest Depreciations and Amortization from the Columbus Service business.

The purpose is to inform about the performance in Columbus Service business which is the largest activity in the Columbus group.

Service EBITDA is defined as:
Total Service Revenue
- Total operating expenses including HQ cost (except staff cost to sale and marketing, presale consultancy, and other external sale and marketing cost)

= Service EBITDA

Columbus will discontinue Service EBITDA, as an Alternative Performance Measure with the acquisition of iStone and HiGH Software as these companies do not use this dimension in their reporting.

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 caracteristics 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.

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.

Columbus® Once you know how...

For more information on Columbus, visit

www.columbusglobal.com