netcompany

Annual Report 2021

Netcompany A/S
Grønningen 17, 1, 1270 Copenhagen K

Central Business
Registration No 14 81 48 33

The Annual General Meeting adopted the annual report on 28 February 2022
Chairman of the General Meeting Tine Kosmider Boye

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Entity details

Entity
Netcompany A/S
Grønningen 17, 1
1270 Copenhagen K, Denmark

Business Registration No: 14 81 48 33
Registered in: Copenhagen, Denmark

Board of Directors
André Rogaczewski, Chairman
Claus Jørgensen
Thomas Johansen
Tine Kosmider Boye

Executive Board
Gustaf Löfberg

Entity Auditors
EY Godkendt Revisionspartnerselskab

Statement by Management on the Annual Report

The Board of Directors and the Executive Board have today considered and approved the Annual Report of Netcompany A/S for the financial year 1 January to 31 December 2021.

The Annual Report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31 December 2021 and of the results of the Entity's operations and cash flows for the financial year 1 January to 31 December 2021.

In our opinion, the management commentary contains a fair review of the development of the Entity's business and financial matters, the results for the year and the Entity's financial position, together with a description of the principal risks and uncertainties that the Entity face.

We recommend the Annual Report for adoption at the Annual General Meeting.

Copenhagen, 28 February 2022

EXECUTIVE BOARD

Gustaf Löfberg
– chief executive officer

BOARD OF DIRECTORS

André Rogaczewski
– chairman

Claus Jørgensen

Thomas Johansen

Tine Kosmider Boye

Independent auditor’s report

To the shareholder of Netcompany A/S

Opinion

We have audited the financial statements of Netcompany A/S for the financial year 1 January – 31 December 2021, which comprise statement of comprehensive income, statement of financial position, statement of changes in equity, cash flow statement and notes, including accounting policies. The 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 financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Statement on the management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the 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's review.

Management’s responsibilities for the financial statements

Management is responsible for the preparation of 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and 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 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 Company'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 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 Company'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 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 Company to cease to continue as a going concern.

→ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Copenhagen, 28 February 2022

EY Godkendt Revisionspartnerselskab
Business Registration No 30 70 02 28

Mikkel Sthyr
State Authorised Public Accountant
mne26693

Morten Weinreich Larsen
State Authorised Public Accountant
mne42791

Management review

Financial highlights and key figures (DKK'000)	2021	2020	2019	2018	2017
Revenue	2,704,742	2,271,634	1,868,306	1,577,161	1,229,413
Gross profit	1,087,043	995,437	818,201	695,489	482,777
Operating profit (EBIT)	758,128	720,773	571,643	491,308	317,646
Net financial income/(costs)	17,988	14,239	6,017	2,870	-2,765
Net profit for the year	583,573	570,944	450,133	426,480	263,889
Total comprehensive income	583,573	570,944	450,133	426,480	263,889
Total assets	2,870,926	2,120,738	1,517,779	1,084,332	781,255
Equity	2,310,692	1,708,540	1,127,091	671,432	418,235
Investments in property, plant and equipment	41,185	20,150	20,112	21,521	12,683
Average number of employees	1,800	1,527	1,309	1,095	810

Ratios					
EBIT margin (%)	28.0%	31.7%	30.6%	31.2%	25.8%
Return on assets (%)	20.3%	26.9%	29.7%	39.3%	33.8%
Return on equity (%)	29.0%	40.3%	50.1%	78.3%	82.1%
Solvency ratio (%)	80.5%	80.6%	74.3%	61.9%	53.5%

Financial highlights are defined and calculated in accordance with "Recommendations & Financial Ratios" issued by the Danish Finance Society. The ratios have been compiled in accordance with the following calculation formulas:

$$\text{EBIT Margin} = \frac{\text{EBIT x 100}}{\text{Revenue}}$$

$$\text{Return on assets} = \frac{\text{Net Profit for the year x 100}}{\text{Total assets}}$$

$$\text{Return on equity} = \frac{\text{Net Profit for the year x 100}}{\text{Average equity}}$$

$$\text{Solvency ratio} = \frac{\text{Equity x 100}}{\text{Total assets}}$$

Primary activities
The Entity's primary activity is to provide IT services as well as any related business.

Development in activities and finances
Revenue for the year amounts to DKK 2,704.7m, and profit after tax amounts to DKK 583.6m. Revenue and profit are considered satisfactory and meet expectations for the year in the light of a high investment level.

Based on this, we expect a satisfactory development in 2022. The Entity provides business critical IT solutions and related consulting services, maintenance and operation. We help our customers capture substantial business advantages and enhance efficiency by using the latest technology. Our priority areas are business applications, portals and system integration, system management and operation, and we cover leading technologies as well as Microsoft.NET and J2EE standard packages, etc. We combine professional workmanship with speed and flexibility. Our broad IT-technical, methodical and business-related competences ensure that our IT solutions are technically solid, are embedded in the organisation and deliver the required financial results. Our deliveries come into existence through a controlled and productive process in cooperation with our customers - and are based on a simple philosophy. With this background, the Entity defended its position as the leading IT company in Denmark in 2021.

The Entity's services include systems for specific tasks, CRM, xRM, e-business and digital marketing, system integration, enterprise architecture, web and portals, process support and collaborative solutions, ECM, BI, ERP, hosting, Cloud computing, the Modulus solution for unemployment funds and trade unions as well as Get-Organized case and file management, etc. Add to this a number of specific and individual business applications as well as solutions for specific customer needs.

Guidance for 2022
For 2022, the Entity expects a percentual increase in revenue and profit on par with 2021 due to a solid and satisfactory order book combined with stronger and growing customer relationships and market position. Based on this, we expect a satisfactory development in 2022. For detailed information related to guidance for the Entity for 2022, please refer to the Group's outlook.

Particular risks
Netcompany has over the past two decades continuously delivered growth rates of around 20 to 40% annually. While such growth rates are manageable with few employees they command a diligent and structured approach towards risk management once a certain size of the company has been reached to ensure a strong fundament for continued growth.

In Netcompany, risk management has always been an integral part of doing business. Whether it being entering new business lines, onboarding new customers, embracing new technologies or ensuring that new employees understand and adhere to the company's risk management, its philosophy has always been to anchor responsibility locally with the operational units based on methodology and processes defined centrally.

The growth that Netcompany has enjoyed in particular over the last five years, the expansion into new business segments, and the increased business complexity has raised the natural, inherent risk in the company. Entering into multi-year development contracts, running mission-critical infrastructure increases the need for a more comprehensive risk management framework. Such a framework has been implemented during 2017 and is updated on an ongoing basis.

Intellectual capital resources
In order to be able to continue developing and providing competitive IT solutions, it is decisive that the Entity is able to recruit and retain highly educated employees. The Entity continues to make substantial investments in recruitment, upgrading of skills and certification of both new and experienced consultants and developers. The Entity will focus on maintaining and further developing its competence level within sales, delivery, project management and technical core competences also in 2022.

Corporate social responsibility
Netcompany A/S is a member of the Netcompany Group A/S (Business registration no 39 48 89 14), which have prepared a consolidated report on the coporate social responsibility.

Netcompany is helping customers implement new technologies to futher digitalise their respective businesses and operations and to support sustainable, strong societies, successful businesses and better lives.

Corporate social responsibility (Continued)

With Netcompany's corporate social responsibility strategy, activities and reporting, the company aspires to contribute to a sustainable development and is disclosing how CSR s part of transforming the company and potentially its clients' businesses to the benefit of many stakeholders. Netcompany Group has chosen to disclose its statutory statement on corporate social responsibility, including diversity, cf. sections 99a and 99b of the Danish Financial Statements Act, in the form of a Communication on Progress report to the UN Global Compact, which Netcompany joined in 2013. The report can be found on: https://www.netcompany.com/int/ESG

Report on the underrepresented gender

Netcompany A/S is a member of the Netcompany Group A/S (business registration no 39 48 89 14), which has prepared a consolidated report on the gender composition in Management. The report of the Netcompany Group A/S is included in the Management's commentary in the Annual Report for 2021 of Netcompany Group A/S. The report can be found on: https://www.netcompany.com/int/Investor-Relations/Annual-Report.

Data ethics policy

Netcompany A/S is a member of the Netcompany Group A/S (business registration no 39 48 89 14), which have prepared a consolidated report on the data ethics in accordance with section 99d of the Danish Financial Statements Act. The report can be found on: https://www.netcompany.com/int/ESG.

COVID-19

The COVID-19 pandemic has not had a material effect on the company's financial position or results for the year to date.

Financial statements

Statement of comprehensive income for 2021

DKK'000	Notes	2021	2020
Revenue	4	2,704,742	2,271,634
Cost of services	5	-1,617,698	-1,276,197
Gross profit		**1,087,043**	**995,437**
Sales and marketing costs	6	-19,782	-13,838
Administrative costs	7	-309,133	-260,826
Operating profit (EBIT)		**758,128**	**720,773**
Income/(loss) from investment in joint venture	14	-21,732	-5,035
Financial income	10	28,103	20,942
Financial expenses	10	-10,115	-6,703
Profit before tax		**754,384**	**729,976**
Tax on profit for the year	11	-170,811	-159,032
Profit for the year		**583,573**	**570,944**
Other comprehensive income		**0**	**0**
Comprehensive income for the year		**583,573**	**570,944**

Statement of financial position for 2021

Assets (DKK'000)	Notes	2021	2020
Leasehold improvements	12	14,253	7,037
Equipment	12	34,297	28,719
Right of use assets	12	66,235	35,308
Tangible assets		**114,785**	**71,064**
Investment in subsidiary	13	2,399	2,399
Investment in joint venture	14	103,233	69,965
Other receivables		17,761	15,017
Financial assets		**123,394**	**87,381**
Non-current assets		**238,179**	**158,444**
Trade receivables	15	549,235	369,649
Contract work in progress	16	352,504	413,929
Receivables from Group Entities		1,513,840	913,697
Receivables from joint venture		7,311	8,260
Other receivables		4,157	3,005
Prepayments		56,963	36,931
Receivables		**2,484,010**	**1,745,471**
Cash	17	**148,738**	**216,823**
Current assets		**2,632,748**	**1,962,293**
Assets		**2,870,926**	**2,120,738**

Equity and liabilities (DKK'000)	Notes	2021	2020
Share capital	18	16,000	16,000
Share-based remuneration		36,327	17,747
Retained earnings		2,258,366	1,674,793
Equity		**2,310,692**	**1,708,540**
Lease liability		40,469	20,546
Other payables	19	0	90,136
Deferred tax liability	11	12,070	25,935
Non-current liabilities		**52,539**	**136,617**
Lease liability		26,988	15,868
Prebilled invoices	16	71,006	37,729
Trade payables		49,245	30,235
Payables to Group Entities		26,239	14,167
Other payables	19	149,452	124,227
Provisions	20	0	0
Income tax payable	11	184,766	53,355
Current liabilities		**507,696**	**275,581**
Liabilities		**560,234**	**412,198**
Equity and liabilities		**2,870,926**	**2,120,738**

Statement of changes in equity for 2021

DKK'000	Share capital	Share-based remuneration	Retained earnings	Total
Equity at 1 January 2021	**16,000**	**17,747**	**1,674,792**	**1,708,539**
Profit of the year	0	0	583,573	583,573
Total comprehensive income	**16,000**	**0**	**583,573**	**583,573**
Share-based remuneration	0	18,580	0	18,580
Total transactions with owners	**0**	**18,580**	**0**	**18,580**
Equity at 31 December 2021	**16,000**	**36,327**	**2,258,366**	**2,310,692**
Equity at 1 January 2020	**16,000**	**7,243**	**1,103,848**	**1,127,091**
Profit of the year	0	0	570,944	570,944
Total comprehensive income	**16,000**	**0**	**570,944**	**570,944**
Share-based remuneration	0	10,504	0	10,504
Total transactions with owners	**0**	**10,504**	**0**	**10,504**
Equity at 31 December 2020	**16,000**	**17,747**	**1,674,792**	**1,708,539**

Cash flow statement for 2021

DKK'000	Notes	2021	2020
Operating profit (EBIT)		758,128	720,773
Depreciation	9	54,731	42,152
Non-cash		18,720	10,727
Working capital changes	21	-151,021	-72,558
Total		**680,559**	**701,093**
Income taxes paid		-53,266	-116,328
Financial income received		22,535	19,252
Financial expenses paid		-3,254	-3,528
Cash flows from operating activities		**646,574**	**600,489**
Acquisition of tangible assets		-41,185	-20,150
Investment in joint venture		-55,000	-75,000
Other receivables (deposits)		-2,745	-1,687
Cash flows from investing activities		**-98,930**	**-96,836**
Net loan from Group Entities *		-588,071	-266,944
Repayment of leasing debt		-27,659	-24,378
Cash flows from financing activities		**-615,729**	**-291,322**
Increase/decrease in cash and cash equivalents		**-68,085**	**212,331**
Cash and cash equivalents at 1 January		216,823	4,492
Cash and cash equivalents at 31 December		**148,738**	**216,823**

Reconciliation of liabilities arising from financing activities (DKK'000)	Lease liabilities 2021	Inter-company 2021	Lease liabilities 2020	Inter-company 2020
Opening balance at 1 January	**36,414**	**899,530**	**49,598**	**632,586**
Intercompany loan movements	0	562,007	0	249,274
Intercompany interest and exchange rates	0	26,064	0	17,670
Leasing repayment	-27,659	0	-24,378	0
Leasing (non-cash)	58,702	0	11,194	0
Closing balance at 31 December	**67,457**	**1,487,604**	**36,414**	**899,530**

* Excess cash flows from operating activities are transferred to other Group entities and for the purposes of the cash flow statement presented as cash flow relating to financing activities as these fund transfers are considered being part of the Netcompany Group's centralised cash and financing management.

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Accounting policies

Netcompany A/S presents the financial statements in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for financial statements governing reporting class C (large) enterprises, see the Danish Executive Order on IFRS issued according to the Danish Financial Statements Act. Netcompany A/S is a company with its registered office in Denmark. The financial statements are presented in DKK, which is considered the functional currency of the Entity's activities.

Consolidation

Pursuant to section 112(1) of the Danish Financial Statements Act, the Entity has not prepared any consolidated financial statements. Reference is made to the consolidated financial statement of Netcompany Group A/S, which includes Netcompany A/S and its subsidiary.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognised in the statement of comprehensive income as financial income or financial expenses. Non-current assets and other non-monetary assets that have been purchased in foreign currencies and are measured based on historical costs are translated using historical rates.

STATEMENT OF COMPREHENSIVE INCOME

Revenue

Revenue is measured based on the consideration to which the Entity expects to be entitled in a contract with a customer and excludes amounts collected in behalf of third parties. The Entity recognises revenue from a contract when (or as) it fufils an execution engagement by passing a promised asset or service to a client. An asset is transferred when (or as) the customer acquires control of that asset. The customer acquires control of a service when it can direct its use and receive virtually all the remaining benefits from it.

In recognising revenue, the Entity apply the five-step-model in IFRS 15. The Entity's primary service offerings include information technology consulting services and operations solutions. These services are characterised by being deliveries which in nature are negotiated contracts based on consumption and typically comprise advisory, design and development activities, thus being complex in nature. Each contract is divided into separate performance obligations whether this means unbindling contracts or combining contracts.

Consulting services are generally provided on either a time-and-material basis or on a fixed-price contract basis. Revenue from time-and-material contracts is recognised as hours are delivered and direct expenses are incurred.

Revenue from fixed-price contracts is recognised under the percentage-of-completion method, whereby revenue is recognised based on hours incurred to data as a percentage of the total estimated costs of hours to fulfil the contract. Reference to cost is assessed to be the most appropriated method as incurred hours are the value driver for the projects.

A contract modification is a change to an exisiting contract. A contract modification might change the contract's scope, price or both. A contract modification exists when the parties to the contract approve the modification. An assessment is often needed to determine whether changes to existing rights and obligations should have been accounted for as part of the original contract, or as a separate contract. Contract modifications is accounted for either as a seperate contract, prospectively, or as a catch-up adjustment. The nature of the modification determines the way it is accounted for.

Revenue from operating solutions is recognised in the period the solutions are provided, which will either be based on output measures or using the straight-line method over the term of the contracts.

Cost of services

Project costs comprise external consultants, subscriptions etc. Staff costs included in cost of service comprise wages and salaries for consultants incurred to achieve revenue.

Depreciation comprise depreciation and impairment losses relating to property, plant and equipment used for projects that are directly incurred to achieve revenue for the year. Costs of services are recognised as the projects progresses.

Accounting policies (continued)

Notes

Sales and marketing costs

Sales and marketing costs comprise expenses incurred for sale of the Entity's projects.
Staff costs included in sales and marketing costs comprise wages and salaries for sales staff. In addition, sales and marketing costs comprise advertising costs, travelling and similar expenses, etc. as well as depreciation and impairment losses relating to property, plant and equipment attached to the sales and marketing function.

Administrative costs

Total administrative costs comprise costs incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, it-cost as well as depreciation and impairment losses relating to property, plant and equipment used for administration of the Entity.

Financial income and expenses

These items comprise interest income and expenses, realised and unrealised capital gains and losses on foreign currency transactions.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement for the year by the portion attributable to the income statement for the year and recognised directly in other comprehensive income or equity by the portion attributable to entries recognised directly in other comprehensive income or equity.
Current tax payable and current tax receivable are recognised in the balance sheet, calculated as tax on taxable income for the year, adjusted for prepaid tax.

On calculation of current tax, the tax rates and rules applicable at the balance sheet date are used. Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities using the balance sheet liability method. Deferred tax is calculated on the basis of the planned use of each asset and the settlement of each liability, respectively. Deferred tax is measured using the tax rates and tax rules which – based on acts in force or acts actually in force at the balance sheet date – are expected to apply when the deferred tax is expected to crystallise as current tax. Changes in deferred tax

Accounting policies (continued)

Notes

Income taxes (continued)
resulting from changed tax rates or tax rules are recognised in the income statement unless the deferred tax is attributable to transactions previously recognised directly in equity or other comprehensive income. In the latter case, such changes are also recognised directly in equity or other comprehensive income.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets to be set off against future positive taxable income.

At each balance sheet date, it is considered whether sufficient taxable income is likely to arise in the future for the deferred tax asset to be used.

The Entity is part of a joint taxation arrangement with Netcompany Group A/S as the administrative company. The current income tax is allocated among the jointly taxed companies in proportion to their taxable income ("full allocation method").

STATEMENT OF FINANCIAL POSITION

Equipment and leasehold improvements
Equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation. The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the estimated useful lives of the assets, which is 3-5 years.

Depreciation methods, useful lives and residual values are reviewed annually. Gains and losses from the sale of equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Gains or losses are recognised in the income statement in the functions to which the assets relate.

Right of use assets
Right of use assets are measured at cost less accumulated depreciation and impairment losses adjusted for any remeasurements of the lease liability where initial cost is equal to the initial amount of the related lease liability. Depreciation is straight-line on basis of the underlying contracts up to 10 years.

Investments in subsidiaries
Investments in subsidiaries are recognised and measured at cost. Dividend is recognised as income when the right to receive payment is established. The carrying amount of investments in subsidiaries is examined at the balance sheet date in order to determine if there is any indication of impairment.

Investment in joint venture
The joint venture is recognised using the equity method so that the carrying amount of the joint venture constitutes the Entity's proportional share of the net assets of the enterprise less internal profit. Profit after tax of the joint venture has been recognised as a seperate line in the statement of comprehensive income. Joint venture with negative net asset value are included without any value.

The carrying amount of investment in joint venture is examined at the balance sheet date in order to determine if there is any indication of impairment.

Impairment tests are performed if indications of impairment are present. If the carrying amount is found to be greater than the implied fair value, then impairment has occurred and the book value of the joint venture is written down to its recoverable amount. The recoverable amount is the higher of the net selling price and value in use.

Contract work in progress
Contract work in progress is maeasured at the selling price of the work carried out less prepayments received at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources. For some projects where the consumption of resources cannot be applied as a basis, the ratio between completed and total sub-activities of the individual projects has been

Accounting policies (continued)

Contract work in progress (continued)

applied. If the selling price of a project cannot be made up reliably, it is measured at the lower of the costs incurred and net realisable value. If prepayments received exceed the selling price on a contract by contract basis, the excess amount is recognised as a liability in the "Prebilled invoices".

Receivables

Receivables include receivables from sale of services and other receivables. Receivables are measured at fair value on initial recognition and subsequently at amortised cost, usually equalling nominal value less write-downs for expected credit losses.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Share-based remuneration

In connection with the IPO of the ultimate parent company, a long-term incentive program was established. The parent company is granting RSUs (Restricted Stock Units), in the operating entities. This effects all companies in the Group. The cost associated herewith is expensed over the vesting period. Cost related to RSUs recognised in 2021 is recognised directly within equity. The numbers of shares granted is determined by the stock price on the current day, measured against the value of grant for each person. The share-based incentive program based on RSUs will continue in 2021.

Financial liabilities

Financial liabilities comprises of trade payables and payables to Group Entities, which are measured at amortised cost, which usually corresponds to nominal value.

Other payables

Other payables are measured at net realisable value and comprises short and long term, hence part of the holiday pay obligation was classified and presented as long term in 2020 due to the new Danish Holiday Act.

Provisions

Provisions represent potential commitments for onerous contracts or legal claims. An onerous contract is considered to exist when the Entity has a contract under which the unavoidable costs of meeting the obligation under the contract exceed the economic benefits to be received from the contract, hence the recognised provision represents the Entity's best estimate of the unavoidable loss to complete its contract obligations for the related contracts. Legal claims covers legal demnads or assertion related to existing as well as aldready delivered projects.

CASH FLOW STATEMENT

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes as well as financial income, financial expenses and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition of divestment of enterprises and investment of joint venture, as we as dividends received from and divestment of enterprises, as well as dividends received from subsidiary.

Cash flows from financing activities comprise changes in the size or composition of the Entity's share capital and related costs as well as the raising of loans, instalments on interest-bearing debt and dividends paid to the shareholder. Cash and cash equivalents comprise bank deposits.

Significant accounting estimates, assumptions and uncertainties

When applying the Entity's accounting policies, Management has to make judgements and estimates of and assumptions about the carrying amount of assets and liabilities that cannot be directly derived from other sources. Such estimates and assumptions are based on historical experience and other relevant factors. The actual results may deviate from such estimates.

Estimates made and the underlying assumptions are reassessed on a regular basis. Any changes in the accounting estimates made are recognised in the accounting period in which the change was made as well as in future accounting periods if the change affects the period in which it was made as well as subsequent accounting periods. In the financial statements for 2021, it is particularly important to note the following assumptions and uncertainties:

ESTIMATES

Contract work in progress

Contract work in progress for fixed price contracts is measured at the balance sheet date, and the selling price is calculated on the basis of contracted income and the determined stage of completion. Stage of completion is determined making estimates of future hours and other project costs. Netcompany A/S reviews its contract portfolio on a regular basis. if circumstances arise that change the original estimates of the selling price of the contracts or costs, revisions to estimates are made.

These revisions may result in increases or decreases in estimated revenues or costs, and such revisions are reflected in the income statement in the period in which the circumstances giving rise to the revisions become known by Netcompany A/S. See note 16.

Provisions

As part of its regular review of the contract portfolio, the Entity may identify contracts where the completion of a contract most likely will result in a negative contribution. In these circumstances, the Entity will record a provision to cover the unavoidable loss. The estimates of the provision may be subject to significant Management judgement and uncertainty depending on project complexity and on whether there are any disputes with the customers in relation to project performance, claims and counter claims, contract interpretation and alike.

JUDGEMENTS

Joint venture

The classification of the joint venture is based on an assessment of the contractual and operational relationship between the parties. This includes assessing the conditions in shareholder agreements, contracts etc. Consideration is also given to the extent to which each party can govern the financial and operating policies of the entity, how the operation of the entity is designed, and which party possesses the relevant knowledge and competences to operate the entity.

Another factor relevant to this assessment is the extent to which each of the parties can direct the activities and affect the returnes, for example by means of rights, reserved matters, or casting votes.

Contract work in progress

The number of performance obligations (deliveries) of the contracts is decided by performing a judgement on each delivery with a judgement on whether a contract should be unbundled into seperate performance obligations or more contracts should be combined and seen as one performance obligations.

3

Effect of the change in accounting policies

The Entity has adopted relevant new or amended standards (IFRS) and interpretation (IFRIC) as adopted by the EU and which are effective for the financial year 1 January - 31 December 2021. The Entity has assessed that the new or amended standards and interpretations have not any material impact on the Entity's Annual Report in 2021.

As the date of authorisation of these financial statements, the Entity has assessed the new and revised standards (IFRS) that have been issued but are not yet effective. Based on the current business setup and level of activities, none of the new standards or interpretations are expected to have a material impact on the Entity's Annual Report.

4

Segment information

Strategic business areas (DKK'000)	Public 2021	Private 2021	Total 2021
Development, Revenue	790,822	746,524	1,537,346
Maintenance, Revenue	735,505	317,501	1,053,005
Total external revenue	**1,526,327**	**1,064,025**	**2,590,351**
Revenue to other Group entities			114,390
Total revenue			**2,704,742**

Strategic business areas	Public 2020	Private 2020	Total 2020
Development, Revenue	689,786	484,481	1,174,267
Maintenance, Revenue	705,331	320,266	1,025,598
Total external revenue	**1,395,117**	**804,747**	**2,199,865**
Revenue to other Group entites			71,769
Total revenue			**2,271,634**

Business segments have been identified as operating segments, which are consistent with the internal reporting to Executive Management and Board of Directors. Netcompany considers Executive Management to be the operating decision making body, as all significant decisions regarding business development are taken in that forum.

Netcompany's strategic business areas consists of public and private. The public business area covers public authorities or companies acting as a public company. The private business area covers all other types of customers. Netcompany A/S is geographically represented in Denmark and Poland.

5

Cost of services

DKK'000	Notes	2021	2020
Project costs		420,572	317,257
Staff costs	7	1,172,917	943,164
Depreciation	8	24,209	15,777
Total cost of services		**1,617,698**	**1,276,197**

6

Sales and marketing costs

DKK'000	Notes	2021	2020
Sales and marketing costs		15,545	10,234
Staff costs	7	4,237	3,604
Total sales and marketing costs		**19,782**	**13,838**

7

Administrative costs

DKK'000	Notes	2021	2020
Administrative costs		175,539	148,052
Staff costs	7	103,072	86,398
Depreciation	8	30,522	26,375
Total administrative costs		**309,133**	**260,826**

8

Staff costs

DKK'000	2021	2020
Salary and wages	1,241,014	999,119
Pension contributions	2,044	1,867
Other social security costs	13,048	10,291
Other staff costs	5,541	11,386
Share-based remuneration	18,580	10,504
Total staff costs	**1,280,226**	**1,033,166**

Staff costs enclosed under following account balances:

Cost of services	1,172,917	943,164
Sales and marketing costs	4,237	3,604
Administrative costs	103,072	86,398
Total staff costs	**1,280,226**	**1,033,166**
Average number of employees	**1,800**	**1,527**

Remuneration to management (DKK'000)	2021	2020
Short term remuneration	3,295	3,374
Long term remuneration (Share-based remuneration)	486	300
Total remuneration to management	**3,781**	**3,674**

Members of the Board of Directors are not being compensated for their work related to the Board.

In 2021, a total of 36,827 RSUs (48,839 RSUs) were granted to Executive Management and other employees. The granted shares are shares in the ultimate parent Netcompany Group A/S.

The fair value of the RSUs at grant date was DKK 21.2 million (DKK 17.2 million)

9 Depreciation

Depreciation (DKK'000)	2021	2020
Depreciation of leasehold improvements	3,230	3,863
Depreciation of equipment	25,160	15,339
Depreciation of right of use assets	26,340	22,950
Total depreciation	**54,731**	**42,152**

Depreciation enclosed under following account balances:		
Cost of services	24,209	15,777
Administrative costs	30,522	26,375
Total depreciation	**54,731**	**42,152**

10 Financial income and expenses

Financial income (DKK'000)	2021	2020
Exchange rate adjustments	2,048	2,798
Intra-group interest income	26,030	18,123
Other interest income	25	21
Total financial income	**28,103**	**20,942**

Financial expenses		
Interest expenses, leasing	1,434	1,709
Exchange rate adjustments	4,627	3,947
Intra-group interest expenses	0	4
Other interest expenses	4,053	1,043
Total financial expenses	**10,115**	**6,703**

Tax

Current tax (DKK'000)	2021	2020
Current tax	184,677	153,355
Change in deferred tax	-13,865	8,430
Adjustments prior year	0	-2,754
Total current tax	**170,811**	**159,032**

Profit before tax	754,384	729,976
Tax at a rate of 22 %	165,965	160,595
Tax-based value of non-taxable income	0	1,194
Tax-based value of non-deductible expenses	4,852	0
Adjustments prior year	0	-2,754
Effect of different tax rates of subsidiaries	-6	-2
Total current tax	**170,811**	**159,032**
Effective tax rate	**22.6%**	**21.8%**

Tax payable and tax receivable

Tax payable at January 1, net	53,355	19,082
Payment relating to prior years	-53,266	-16,328
Prior year adjustment	0	-2,754
Current tax for the year	184,677	153,355
Payments relating to the current year*	0	-100,000
Tax payable at December 31, net	**184,766**	**53,355**

Current tax is recognised as follows in the statement of the financial position:

Tax payable	184,766	53,355
Tax payable at December 31	**184,766**	**53,355**

Deferred tax has been presented as follows in the statement of financial position: (DKK'000)	2021	2020
Deferred tax liability	12,070	25,935
Deferred tax	**12,070**	**25,935**

Deferred tax

Non-current assets	-8,791	-6,283
Work in progress	28,852	36,122
Share-based remuneration	-7,992	-3,904
Total deferred tax	**12,070**	**25,935**

Deferred tax liabilities/assets in relation to:	Opening balance	Recognised in profit/ loss	Closing balance
Tangible assets	-6,040	-2,482	-8,522
Right of use assets	-243	-26	-269
Intangible assets	0	0	0
Work in progress	36,122	-7,270	28,852
Share-based remuneration	-3,904	-4,088	-7,992
Total deferred tax liabilities 2021	**25,935**	**-13,865**	**12,070**
Tangible assets	-4,383	-1,657	-6,040
Right of use assets	-182	-61	-243
Intangible assets	0	0	0
Work in progress	23,663	12,459	36,122
Share-based payments	-1,593	-2,311	-3,904
Total deferred tax liabilities 2020	**17,505**	**8,430**	**25,935**

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Property, plant and equipment

DKK'000	Leasehold improvements	Equipment	Right of use assets	Total
Cost at 1 January 2021	**19,017**	**81,042**	**76,733**	**176,792**
Correction	0	545	0	545
Remeasurement	0	0	36,395	36,395
Additions	10,446	30,739	20,873	62,058
Disposals	-93	-124	-35,699	-35,916
Cost at 31 December 2021	**29,370**	**112,202**	**98,302**	**239,874**
Depreciation at 1 January 2021	**-11,980**	**-52,323**	**-41,425**	**-105,728**
Correction	0	-545	0	-545
Depreciation for the year	-3,230	-25,160	-26,340	-54,730
Disposals	93	124	35,699	35,916
Depreciation at 31 December 2021	**-15,118**	**-77,905**	**-32,067**	**-125,087**
Carrying amount at 31 December 2021	**14,253**	**34,297**	**66,235**	**114,785**

DKK'000	Leasehold improvements	Equipment	Right of use assets	Total
Cost at 1 January 2020	**13,225**	**66,685**	**74,601**	**154,511**
Transfer	4,063	-4,063	0	0
Remeasurement	0	0	1,667	1,667
Additions	1,730	18,420	7,818	27,968
Disposals	0	0	-7,353	-7,353
Cost at 31 December 2020	**19,017**	**81,042**	**76,733**	**176,792**
Depreciation at 1 January 2020	**-8,118**	**-36,984**	**-25,828**	**-70.930**
Transfer	-1,243	1,243	0	0
Depreciation for the year	-2,620	-16,582	-22,950	-42,152
Disposals	0	0	7,353	7,353
Depreciation at 31 December 2020	**-11,980**	**-52,323**	**-41,425**	**-105,728**
Carrying amount at 31 December 2020	**7,037**	**28,719**	**35,308**	**71,064**

The Entity has entered into leasing contracts regarded as low-value and short-term, all expiring within 6 months. Total commitments relating to the non-cancelling period is DKK 0.9 million (DKK 0.2 million). All other lease contracts are recognised on the balance sheet according to IFRS 16.

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Investment in subsidiary

DKK'000	2021	2020
Cost at 1 January	2,399	2,399
Cost at 31 December	2,399	2,399
Carrying amount at 31 December	**2,399**	**2,399**

Subsidiary (DKK'000):	Form of enterprise	Ownership	Equity 2020	Result 2020
Netcompany Poland	Sp.Zo.o.	100%	20,828	7,974

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Investment in joint venture

DKK'000	2021	2020
Cost at 1 January	**75,000**	**0**
Additions	55,000	75,000
Cost at 31 December	**130,000**	**75,000**
Revaluation at 1 Janaury	-5,035	0
Net profit/loss for the year	-4,061	-399
Calculated elimination of unrealised internal profit	-17,671	-4,636
Revaluation at 31 December 2021	**-26,767**	**-5,035**
Carrying amount at 31 December	**103,233**	**69,965**

Joint venture (DKK'000):	Form of enterprise	Ownership	Equity	Result
Smarter Airport A/S, Copenhagen, Denmark	A/S	50%	251,080	-8,121

*The final and audited financial figures for 2020/21 are not yet published by Smarter Airports A/S.

Smarter Airports A/S was founded by Netcompany and Københavns Lufthavn A/S on 9 October 2020. Netcompany has agreed that the initial DKK 12 million of dividends will be distributed as preferred dividends to the other shareholder of Smarter Airports A/S.

Financial Information for Smarter Airports (DKK'000)	2021
Financial income and expense	-264
Tax on profit of the year	2,291
Non-current assets (Asset under construction)	197,538
Current assets	58,594
Current assets (cash)	56,512
Non-current liabilities	0
Current liabilities (excluding trade payables)	4,143

The information disclosed reflects the amounts presented in Smarter Airports A/S and not Netcompanys share of those amounts.

No comparative figures have been included as no public data is available for 2020 due to the period of business in Smarter Airports A/S only being 9 October 2020 until 31 December 2020 as well as limited activities in the period.

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Trade receivables

DKK'000	2021	2020
Trade receivables	**549,235**	**369,469**

The carrying amount of the trade receivables is assumed to approximate the fair value. For description of credit risk please refer to note 22.

At 31 December 2021, the Entity has recognised expected credit loss of DKK 0 (DKK 5.8 million), and credit losses of DKK 5.8 million have been recognised during the year (DKK 0).

Aging of receivables that are not impaired

Trade receivables, Not overdue	414,929	255,757
Trade receivables, 0-30 days overdue	105,303	88,369
Trade receivables, 31-60 days overdue	8,004	9,125
Trade receivables, 61-90 days overdue	8,885	9,529
Trade receivables, Over 90 days overdue	12,115	12,701
Total trade receivables excl. expected credit loss	**549,235**	**375,480**
Expected credit loss	0	-5,831
Total trade receivables	**549,235**	**369,649**

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Contract work in progress

DKK'000	2021	2020
Selling price of work performed on fixed projects	1,267,287	949,140
Invoiced amount on fixed price projects	-985,789	-572,940
Total contract work in progress	**281,498**	**376,200**

Net value – calculated on a contract-per-contract basis - is presented in the balance sheet as follows

Contract work in progress	352,504	413,929
Prebilled invoices	-71,006	-37,729
Total contract work in progress	**281,498**	**376,200**

Expected revenue recognition of future performance obligations (DKK'000)

Within 1 year	149,214	191,179
Between 1 and 5 years	50,394	164,832
After 5 years	380	0
Total	**199,988**	**356,011**

Revenue recognised

Revenue recognised in the financial year that was included in the contract portfolio at the beginning of the period amounts to DKK 533.6 million (DKK 350.3 million). The recognition of revenue is to some extent impacted by management estimates and judgement for contract work in progress in relation to determining stage of completion and expected profitability of the individual projects, and hence, revenue recognised in subsequent years may be impacted by changes in estimates to the revenue recognised in previous years. Though, revenue recognised from contract work in progress in 2021 and 2020 has not been impacted by any significant changes to the revenue recognised in previous years.

Future performance obligations

Future performance obligations represent contractual values less revenue recognised at 31 December 2021 for the Group's contract portfolio at year-end. As of 31 December 2021, the Group has future performance obligations of DKK 200 million out of a contract portfolio of DKK 1,467.3 million (DKK 356 million out of DKK 1,305.2 million). The assessment of the timing of expected revenue recognised from the future performance obligations is subject to some uncertainty. However, the Group expects – in all material respects - to recognise the revenue as noted in the table to the left.

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Cash and equivalents

DKK'000	2021	2020
Deposits at bank	148,738	216,823
Total cash and equivalents	**148,738**	**216,823**

The carrying amounts for cash and cash equivalents assumed to equal the fair value. The Entity's cash and cash equivalents consist of deposits in well-reputed banks. Therefore, cash and cash equivalents are not subject to credit risk.

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Share capital

The share capital equals DKK 16,000,000 divided into shares of DKK 1 each or multiples hereof. The shares have not been divided into classes. There have been no change in the share capital in the past five years.

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Other payables

(DKK'000)	2021	2020
Wages and salaries, payroll taxes, etc payable	41,937	33,377
Holiday pay obligation	47,545	120,472
VAT and duties	59,924	39,693
Other costs payable	45	20,821
Total other payables	**149,452**	**214,364**

Notes

20 Provisions

DKK'000	2021	2020
Onerous contracts at 1 January	0	3,525
Decrease in the year	0	-3,525
Provisions for the year	0	0
Onerous contracts at 31 December	**0**	**0**

Based in the current project portfolio including monitoring of deliveries on projects, no particular provisions for specific customer cases have been considered applicable at 31 December 2021 (DKK 0).

21 Working capital changes

DKK'000	2021	2020
Change in receivables	-138,396	-92,859
Change in trade payables, etc.	-12,625	20,300
Total working capital changes	**-151,021**	**-72,558**

Financial risks and financial instruments

Categories of financial instruments (DKK'000)	2021	2020
Trade receivables	549,235	369,649
Receivables from Group entites	1,513,840	913,697
Receivables from joint venture	7,311	8,260
Other receivables	4,157	3,005
Financial assets measured at amortised cost	**2,074,543**	**1,294,611**
Cash	148,738	216,823
Financial assets measured at fair value through P&L	**148,738**	**216,823**
Lease liability	67,457	36,414
Trade payables	49,245	30,235
Payables to Group entities	26,239	14,167
Other payables	149,452	214,364
Financial liabilities measured at amortised cost	**292,393**	**295,179**

Policy for management of financial risks

The Entity's objective at all times is to limit the Entity's financial risks. The Entity manages the financial risks and coordinates cash management and management of interest rate and currency risks based on financial risk policies agreed with the Board of Directors of the ultimate parent company.

Liquidity risks

The Entity is part of the Group's credit facility. At 31 December 2021, the Group has unutilised credit facilities of a total of DKK 183.3 million (DKK 699.9 million), which the Entity has the option to use.

Credit risks

In 2021, the Entity realised its first credit loss of DKK 5.8 milliom, which was recognised as a provision in 2020. Based on the customer composition and past history with limited credit losses, the credit risk is assessed to be limited and at 31 December 2021, the Entity made a provision og DKK 0 million (DKK 5.8 million) for expected credit losses.

Currency risks

The Entity is only to a limited extent exposed to foreign currency risks. The main part of the Entity's transactions are in DKK.

Optimisation of the capital structure

The Entity regularly assesses whether its capital structure is in accordance with the Entity's and the Group's interests. The overall objective is to ensure a capital structure that supports long term growth whilst maximising returns for the Entity's owner by optimising the ratio between equity-to-debt ratio.

Financial risk and financial instruments

The fair value at 31 December 2021 and 2020 of the Entity's financial instruments was measured in accordance with level 2 in the fair value hierarchy (IFRS 13).

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Related parties

Notes

Related parties with a controlling interest

Name of company	Registered office	Basis of control
NC TopCo A/S	Copenhagen	Immediate parent
Netcompany Group A/S	Copenhagen	Ultimate parent and controlling shareholder

Transactions with related parties

Related parties with significant influence are the Entity's Executive Management, Board of Directors and their related parties. Furthermore, related parties are companies in which the above persons have significant interests, as well as joint venture to the Entity. All transactions with related parties are made on arm's length terms.

In 2021, the Entity recognised revenue from Smarter Airports A/S of DKK 101.6 million (DKK 20.5 million).

There were no other transactions with memners of Executive Management or member of the Board of Directors, other tham remuneration, and futhermore, no loans were granted to the Board of Directors or Executive Management in 2021 or 2020.

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Collateral provided and contingent liabilities

The Entity is part of a Group credit facility, the total carrying amount at 31 December 2021 is DKK 2,275.8m (DKK 760.6m). The Entity provides full guarantee for the credit facility.

The Entity is part of a National Danish joint taxation with Netcompany Group A/S as the administrative company. As a consequence, the Company is liable, as of 07.06.2018, for any obligation to withhold tax on interest, royalties and dividends for jointly taxed companies. The liability only constitutes an amount to the share of the capital in the company, which is owned directly or indirectly by ultimate parent.

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Consolidation

Netcompany A/S and its subsidiary are included in the consolidated financial statements of Netcompany Group A/S, Business Registration No. 39 48 89 14.

Events after the balance sheet date

We are not aware of events subsequent to 31 December 2021, which are expected to have a material impact on the Entity's financial position.

Material disruptions to the Entity's business, if any, will be reported by the ultimate parent Netcompany Group A/S through 2022.