Annual report 2017

netcompany

NC TopCo A/S
Grønningen 17, 1270 København K
CVR no: 37 29 67 67

Adopted by the Annual General Meeting on 5 March 2018
Chairman of the meeting: Tine K Boye

We are committed

ADOPTED BY THE GENERAL MEETING ON 5 MARCH 2018

Tine K Boye

Tine K Boye

Chairman of the meeting

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NC TopCo A/S
CVR no. 3729 6767
Hereafter referred to as "Netcompany"

Overview

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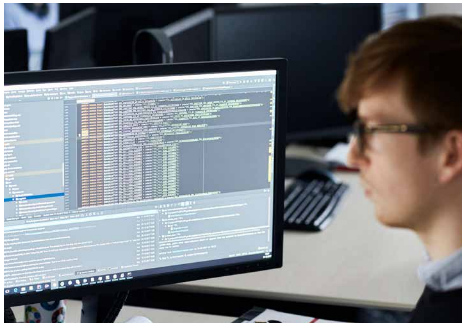

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Our vision

The leading digital challenger in Northern Europe

We help our customers become future digital winners

Netcompany at a glance

2017 HIGHLIGHTS

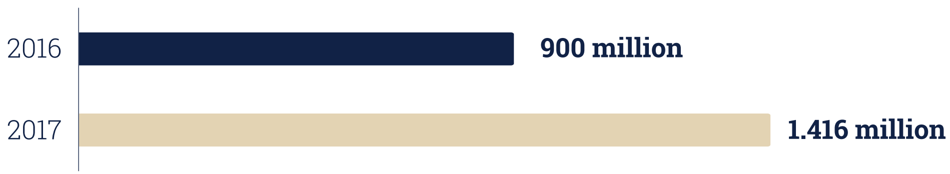
1,700+
Employees at year-end 2017

28.4%
Adjusted EBITA margin

37.0%
Organic growth

76.4%
Cash conversion

Revenue in DKK



Setting the standard for IT development

Netcompany's vision is to become the leading digital challenger in Northern Europe by accelerating digital transformation for private and public customers to support sustainable, strong societies, successful businesses and better lives.

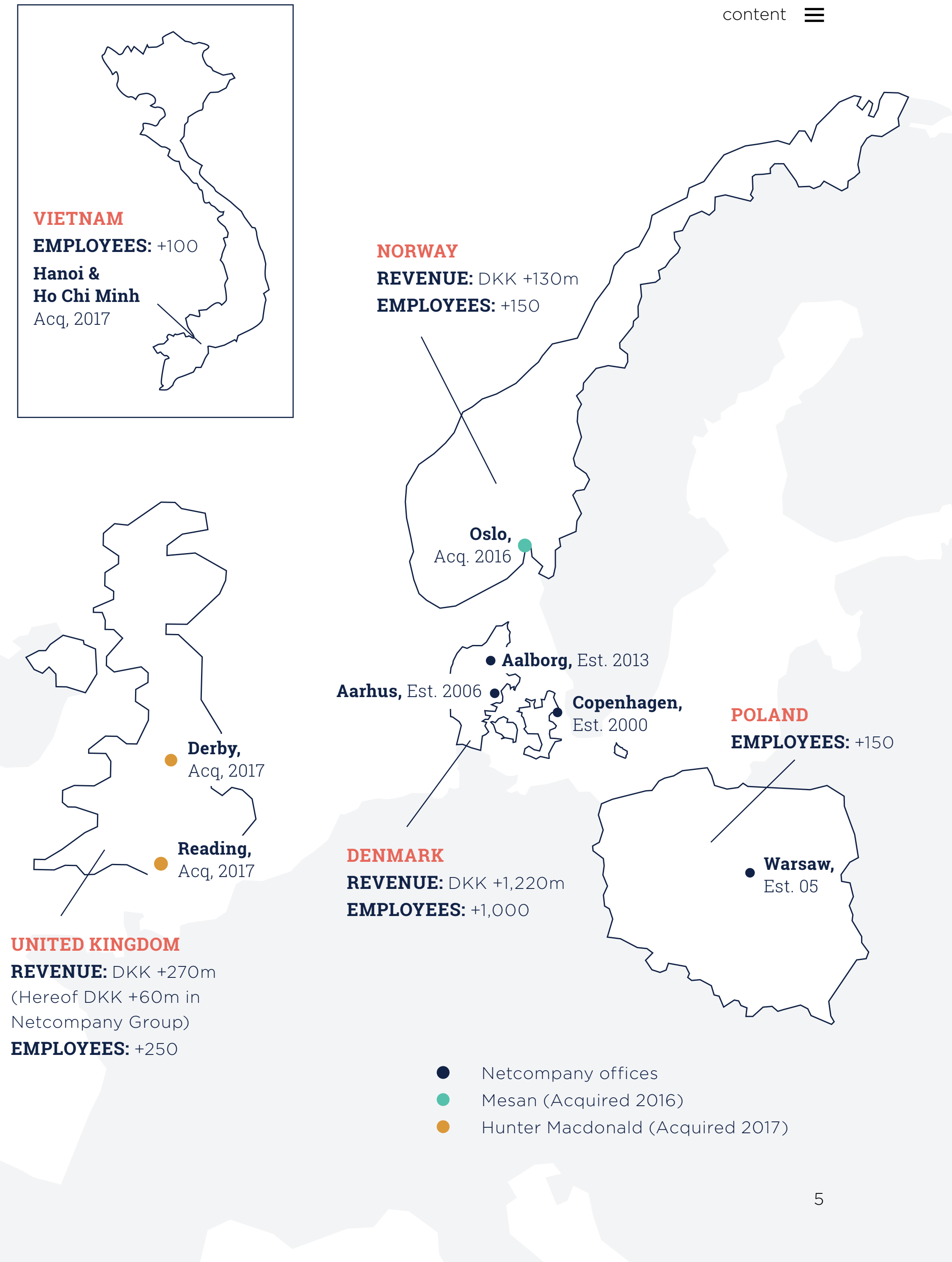
Netcompany is a pure-play next generation IT services company delivering business-critical strategic IT projects that accelerate customers' digital transformations through digital platforms, core systems and infrastructure services in public and private organisations throughout Northern Europe.

Netcompany was founded in 2000 and has its headquarters in Copenhagen, Denmark. Today, the company is an international company with more than 1,700 employees spread across 9 offices in 5 countries.

Through its innovative and institutionalised business model, Netcompany provides end-to-end IT services from development through to maintenance and operations to a diversified customer base, including large and mid-sized Northern European companies from various industries in the private and public sectors.

Netcompany is committed to making its customers successful. A continual track record of high quality IT deliveries at the right time and to the agreed budget speaks for itself. Furthermore, the company's approach to talent and career development focuses on attracting and building top talent through an accelerated merit-based career model and rewards high performance. That combination has made Netcompany the market's most successful IT services company in terms of industry-leading profitable growth and customer loyalty.

Netcompany is a pure-play next generation IT services company delivering business-critical strategic IT projects throughout Northern Europe



Letter from the Chairman

Strong international digitalisation agenda.

Netcompany predicted as far back as the turn of the millennium that the next revolution would be the massive digital transformation of society and businesses. Our mission during the past 17 years has been to deliver business-critical IT solutions that would give our clients an advantage in the digital landscape of the future – Netcompany has built its current market position by continually delivering such market-leading solutions. By steadily consolidating and expanding its market-leading position year after year, Netcompany has achieved an average annual revenue growth (CAGR) of more than 20% during that 17-year period. In the past five years alone, from 2012-2017, revenue growth averaged more than 25%.

ESTABLISHING A STRONG NORTHERN EUROPEAN PRESENCE

Netcompany's strategy is driven by Northern European digitalisation trends and the current industry consolidation, which offer substantial growth opportunities. Acquiring Norwegian IT consultancy Mesan in 2016, for example, was an important milestone for Netcompany – during the course of 2017, Netcompany truly demonstrated the international sustainability and scalability of its business model.

In October 2017, Netcompany announced the acquisition of the UK-based IT services company Hunter Macdonald. Like Netcompany, Hunter Macdonald is one of the fastest growing and most successful IT service providers in Europe. Following the acquisition, Netcompany is not only a Nordic market player, but is also building a strong position in the rapidly growing and significant Northern European market.

Netcompany's goal over the coming years is to expand its business at a controlled pace into two or three additional markets by integrating one market at a time.

Netcompany's goals over the coming years are to continue to focus on organic growth in Denmark as well as in the countries of the recent acquisitions, and further to expand its business at a controlled pace into additional markets - one market at a time. Netcompany's internationalisation is also reflected in the internationalisation of clients, which in turn provides the company with extensive knowledge about the digitalisation readiness of individual markets.

INCREASED FOCUS ON RISK MANAGEMENT AND CORPORATE GOVERNANCE

Growing a business at the pace that Netcompany has done over such a long period requires a lot of discipline. Netcompany has a steadfast principle of delivering on time, on budget, and at the agreed quality. That is why management has a continuous focus on securing the right skills and resources at all levels while also strengthening risk management, as the business grows and becomes more international. In 2017 specifically, Netcompany has set up several board committees and strengthened the management team through a number of key appointments, including a new CFO with a proven track record on corporate governance, the capital markets and investor relations. Netcompany also made changes to its Board of Directors by appointing two new independent members, including myself as Chairman.

ADAPTABILITY IS A COMPETITIVE ADVANTAGE

Netcompany continued to expand its services in 2017, building an even more comprehensive range of digital skills that will help pave the way towards a digital society. Netcompany's extensive experience of working with complex business critical solutions – both in the public sector and in regulated industries within the private sector, gives the company the prerequisites for pursuing its goals, not only as a leading IT partner in Northern Europe but also in terms of establishing a position in the private and public IT sectors.

Hence, looking ahead, I see Netcompany as poised to capitalise on a strong growth platform and fully equipped to navigate in an international environment with globally oriented clients.

Pekka Ala-Pietilä
Chairman of the Board of Directors

Letter from the CEO

Continued growth through knowledge.

Netcompany had yet another record-setting year in 2017 where we reached several significant milestones. Revenue grew by 57,4% of which 37 percentage points were driven by organic growth. While growing at these rates we maintained strict focus on the key pillars of our business model and reported growth in operating profit (EBITA) of more than 73% to DKK 369 million yielding an operating margin of 26%.

In March we passed 1,000 employees in Denmark and became the first Danish company in the last 20 years to grow from "start up" to that size. We have continued to recruit talented young IT professionals in both Denmark, Norway and Poland throughout the year to ensure we continue to deliver on the complex business-critical projects our customers entrust us to solve, and to drive our commitment to being the leader in the digitalisation agenda further.

In October, we entered the UK market by the acquisition of Hunter Macdonald, UK's fastest growing IT services provider company in both 2016 and 2017 and in that process, we welcomed more than 350 highly skilled new colleagues to Netcompany. Hunter Macdonald shares our focus on both public and private sector clients and in addition they are known to be some of the best in the field of secure infrastructure services, and cyber security.

FOCUS ON COMPLEX BUSINESS-CRITICAL IT SOLUTIONS

The world is currently in the middle of one of the most significant changes as the digital transformation is fundamentally changing societies, businesses and the way we live our lives. As trusted strategic partners we help our customers succeed in this transformation and ensure that they develop their businesses and offerings to succeed in the new digital world. Demand for our experience in delivering complex systems that seamlessly integrate and reuse data to achieve a more efficient and citizen relevant public administration is strong in all the geographies we

Netcompany is the employer of choice for talented IT graduates.

Looking ahead to the opportunities 2018 will present, I see another exciting year with continued close cooperation with our clients, partners and employees.

operate in, naturally building on our proven ability to deliver some of the most complex solutions to the public sector in Denmark during the recent years.

In 2017 we completed the first phase of a new public debt collection system for SKAT, the Danish Customs and Tax Administration. In April we delivered a new disbursement platform to ATP Pension. In late summer we were selected to deliver the new communication platform for all students, parents and schools in Denmark – a project called AULA – which will replace the current system in a couple of years.

We also delivered exciting new digital solutions for major private Danish companies allowing them to better connect with their respective end-customers in all parts of their value chains.

OUR BUSINESS MODEL IS SCALABLE AND REPEATABLE

The integration of Mesan AS progressed according to plan in 2017 and we already see the synergies from having a locally anchored unit using the same methodologies and tools as the rest of the Group through knowledge sharing between all units. This has enabled the Norwegian organisation to win new customers keen to benefit from Netcompany´s extensive knowledge of leading public organisations and private companies on their digital journey. During 2017 more than 40 young IT professionals were added to the Norwegian organisation.

For the more recently acquired Hunter Macdonald integration plans are also progressing to plan.

KNOWLEDGE IS A STRATEGIC ASSET

We are at the beginning of the fourth industrial revolution where a substantial digital transformation will change the future for all. The changes will primarily be driven by new technologies. While the digital future is difficult to predict exactly we at Netcompany possess extensive knowledge of how digitalisation impacts public and private organisations. Through our numerous deliveries of complex projects in the area of digitalisation we have already helped some of the largest public and private organisations and enterprises to realise benefits through digitalisation. We see ourselves as a leader in digitalisation – a position we have achieved through continued focus on understanding our customers' real problems and working in partnerships with them to solve these problems by using new technologies together with outstandingly clever IT professionals and deliver solutions on time and budget at agreed scope over and over.

As a knowledge-based organisation, our continued success is dependent on our ability to attract, retain and develop the most talented employees. We are committed to continued investment into our employees in the means of training and education throughout their entire tenure at Netcompany. When I look back at 2017, I do so with great pride. We have welcomed many new employees, who together with the rest of our dedicated and motivated colleagues ensured another record year for Netcompany. Looking ahead to the opportunities that 2018 will present, I see another exciting year with continued close cooperation with our clients, partners and employees.

André Rogaczewski
CEO and Co-Founder

Financial highlights and key figures

DKK million	2017	2016 normalised unaudited	Jan 2016 Netcompany A/S Group	Feb - Dec 2016 NC TopCo A/S Group
Income statement				
Revenue				
Public	730.2	368.3	31.2	337.2
Private	685.9	531.3	39.9	491.4
Revenue by segments, total	1,416.1	899.6	71.1	828.5
Development	769.2	438.4	36.1	402.4
Maintenance	646.9	461.2	35.0	426.2
Revenue by types, total	1,416.1	899.6	71.1	828.5
Organic	1,232.0	887.9	71.1	816.8
Acquisition	184.0	11.7	0.0	11.7
Revenue by growth, total	1,416.1	899.6	71.1	828.5
Special items	-32.9	-35.1	-14.3	-20.8
EBITA	369.0	212.9	2.0	210.9
Adjusted EBITA	402.0	248.0	16.3	231.7
Operating profit (EBIT)	273.2	139.1	2.0	137.0
Net financials	-72.1	-62.7	-4.8	-57.9
Net profit	141.6	32.8	-2.8	35.6
Financial position				
Investments in tangible and intangible assets	27.8	22.2		
Total assets	3,469.5	2,860.4		
Equity	1,643.9	1,260.5		
Dividends paid	0.0	0.0		
Net increase in cash and cash equivalents	137.0	-107.0		
Free cash flow	307.3	213.6		
Employees				
Average number of full-time employees	1,256.0	877.4		

Financial highlights and key figures

DKK million	2017	2016 normalised unaudited	Jan 2016 Netcompany A/S Group	Feb - Dec 2016 NC TopCo A/S Group
Financial ratios				
Gross profit margin	43.3%	41.4%		
EBITA margin	26.1%	23.7%		
Adjusted EBITA margin	28.4%	27.6%		
Operating profit margin	19.3%	15.5%		
Effective tax rate	29.6%	57.1%		
Return on equity	9.8%	5.2%		
Solvency ratio	47.4%	44.1%		
Revenue growth	57.4%	18.7%		
Operating profit margin	19.3%	15.5%		
Return on invested capital (ROIC)	5.5%	2.5%		
Cash conversion ratio	76.4%	91.6%		

Netcompany was originally founded in 2000. For the purpose of this annual report “The Group” is referred to the establishment of the legal structure established 14 December 2015 with the purpose of acquiring the original Netcompany business which was executed on 1 February 2016 where The Group acquired Netcompany A/S. On 22 November The Group acquired Mesan AS (name changed to Netcompany AS) hereafter referred to as Netcompany Norway. To allow for meaningful comparison between the full-year numbers, the two-year financial summary shows the reconciliation between the 11-months reported figures in NC TopCo A/S and the one month of January 2016 to be included as reported in Netcompany A/S which, in total, comprise the Group. On 25 October 2017, the Group acquired Hunter Macdonald Ltd. (name changed to Netcompany UK Ltd.) hereafter referred to as Netcompany UK and thus, 2017 includes financial performance for Netcompany UK from 25 October 2017.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:

Gross profit margin = $\frac{\text{Gross profit x 100}}{\text{Revenue}}$

EBITA margin = $\frac{\text{EBITA x 100}}{\text{Revenue}}$

Adjusted EBITA margin = $\frac{\text{(EBITA-Special items) x 100}}{\text{Revenue}}$

Operating profit margin = $\frac{\text{Operating profit x 100}}{\text{Revenue}}$

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

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

Return on assets = $\frac{\text{Revenue x 100}}{\text{Average operating assets}}$

Return on invested capital (ROIC) = $\frac{\text{Net profit x 100}}{\text{Average invested capital}}$

Free cash flow = EBITDA + Change in networking capital

Cash conversion ratio = $\frac{\text{Free cash flow x 100}}{\text{EBITDA}}$

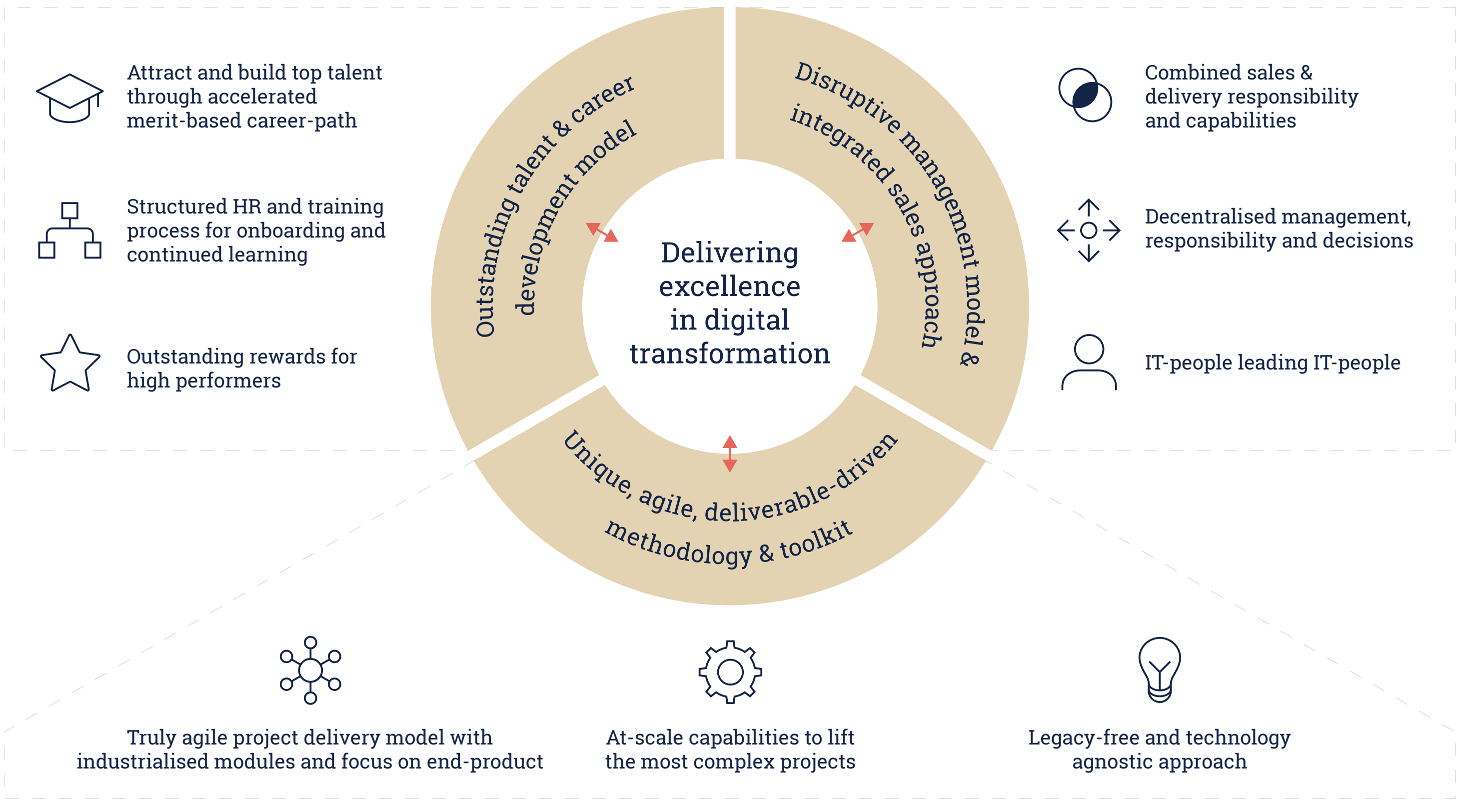
Netcompany's unique, repeatable and scalable business model

Netcompany is a pure-play, full-scale next generation IT service company delivering complex business critical IT solutions to Northern European customers to support their digital transformations. The company develops complex and business critical solutions from development through to maintenance and operations.

Netcompany develops and delivers complex and business-critical bespoke IT solutions across the full IT landscape, from digital front-end to modern back-end systems, including in the areas of digital platforms, core systems and infrastructure. The company's unique business model focusing on delivering projects on time, on budget and in scope is designed around three key pillars: (i) a disruptive management model and integrated sales approach; (ii) an outstanding talent and career development model; and (iii) a unique, agile, deliverable-driven methodology and toolkit.

The business model is repeatable and scalable and Netcompany has begun implementing the business model in its

NETCOMPANY'S BUSINESS MODEL



recently acquired companies in Norway and the United Kingdom.

DISRUPTIVE MANAGEMENT MODEL AND INTEGRATED SALES APPROACH

IT people leading IT people. That's the core of Netcompany's decentralised management model - the ultimate customer responsibility is placed with the partner responsible for delivering the solution. All delivery unit partners and project managers are IT professionals with extensive technical expertise and hence have a deep understanding of the issues and challenges involved with all stages of a given project delivery.

Unlike most IT services providers that maintain separate teams for sales, management and development/operations, Netcompany employs an integrated sales and delivery approach whereby the same individuals responsible for selling solutions to customers are also responsible for the development of the solutions and, in some cases, also their maintenance and operations.

In addition, the company's risk assessment calculation, which is important when pricing and committing to new projects, is based on an operational evaluation by the company's IT professionals who assess the complexity of each new project and can steer the company to only entering into contracts at the right price level and which

they believe the company can successfully execute.

OUTSTANDING TALENT AND CAREER DEVELOPMENT MODEL

Netcompany is dependent on its ability to attract and retain highly skilled IT professionals and a key pillar of the business model is talent and career development. Through its accelerated merit-based career model, top performers are rewarded with accelerated progression through the various career stages from consultant to partner. This, together with a competitive remuneration model, and the opportunity to work on large, complex, business critical projects has earned Netcompany a positive reputation among top performing graduates from top ranked universities.

In addition, the hands-on management by people who are themselves IT professionals allows for continuous feedback and learning for new consultants who, as part of their onboarding programme, are assigned to customer-facing projects alongside more experienced consultants from the day they start.

UNIQUE, AGILE, DELIVERABLE-DRIVEN METHODOLOGY AND TOOLKIT

Netcompany applies the same methodology and toolkit on all projects and throughout the entire project lifecycle, from development to maintenance and operations. The methodology involves

IT people leading IT people. That's the core of Netcompany's decentralised management model

that large complex projects are broken down into smaller and easily manageable work packages that are closely monitored based on output and deliverables in order to provide early indications of progress and to flag any potential delays in real-time, rather than relying on pre-defined milestones and number of hours spent. Project progress and status is made fully transparent and shared with clients at all times through collaborative toolkits, ensuring full customer alignment on project progress and issues.

As all employees are trained in the same standardised methodology and tools Netcompany can scale up and deploy employees at short notice on projects where there might be such a need. The company is legacy free and technology agnostic, which means that its service offering is not limited to a particular technology or platform and it can adapt a specific technology or combination of technologies as needed in order to deliver the right solution for the customer. This allows for not only more flexibility in terms of service offering but also enables more efficient execution as the company is not tied to particular systems or providers.

Attracting and retaining the best IT people

Netcompany's succes is driven by our unique talent and career development model.

Netcompany operates in growing markets with an increasingly sophisticated need for highly qualified IT professionals. In the company's core market, Denmark, it is expected that the demand for such IT professionals will increase over the coming years at a faster pace than the education institutions can provide IT graduates. For Netcompany, this is not a new situation. Since the company was founded in 2000, it has had as a key part of its strategy to attract and retain the best, young IT people. Today, Netcompany is the employer of choice for talented IT graduates. With a focus on graduate and diploma students, the Company has defined a set of stringent hiring criteria to ensure, that the new employees fit the company's performance culture.

Once hired by the company, the companany's unique talent and career development model ensures that employees are constantly growing and progressing professionally, developing new skills, and taking on more responsibility.

CAREER DEVELOPMENT PROGRAMME

The company's career development programme is designed to continuously monitor and develop each employee's professional and personal skills. The overall aim is to push and facilitate each employee to keep growing, develop new skills, take on more responsibility, and perform even better. Through performance appraisals and mentoring schemes, new areas of professional and personal development are constantly identified, leading to new and more complex tasks, assignments and responsibilities.

> **Netcompany is the employer of choice for talented IT graduates.**

Through its talent and career development model, Netcompany contributes significantly to the professionalised IT workforce needed at national, regional and global levels.

NETCOMPANY ACADEMY

The Academy is Netcompany's dedicated and highly specialised employee training programme. It is designed to support rapid and focused career and skill development from consultant through senior and manager roles, to principal and ultimately partner.

All Netcompany Academy training courses are designed and developed by experienced company executives, managers and systems architects. The courses are continuously evaluated and updated to reflect changes in technologies, methodologies and tools. Employee feedback provides continuous input from projects and maintenance teams and the instructors who teach Netcompany Academy courses are typically seniors or managers with extensive hands-on experience.

The mandatory courses ensure that all employees receive uniform training, tailored exactly to the company's project management model and methodology. Optional training sessions, external courses and conferences are also offered at manager level to complement the mandatory element of the Netcompany Academy, which also offers all employees the opportunity to participate in industry, vendor, or methodology certification programmes.

Through its talent and career development model, Netcompany contributes significantly to the professionalised IT workforce needed at national, regional and global levels.

Netcompany's strategy - Accelerating customers' digital transformation

Being the leading disrupter in the Danish IT services sector, Netcompany has over the last two decades deployed simple metrics, "on time, in scope and on budget" to deliver value to its customers – private as well as public.

Over the last four to five years in particular, Netcompany has been at the forefront of delivering strategic solutions that enable its customers to succeed in becoming among the front runners in the era of digitalisation. Initially, the company's focus was primarily on Denmark as its home market, but as the world has become more globally interconnected, it is clear that the ability to deliver solutions built on an international, scalable framework has become even more relevant to local and global customers. Netcompany's strategy of becoming a Northern European leader with a global foot print addresses these needs.

At Netcompany it is believed that the digital transformation will substantially change how people work, do business, and how society is structured and operates. There will be a shift from "old world IT spend" focusing on legacy and enterprise systems to run the business towards "new world IT spend" with strategic focus on growing the business. The digitalisation agenda will be dominant in the years to come leading to a change in spend in IT costs from older traditional ERP implementations to investing in developing IT services that provide a competitive advantage and address immediate end-customer challenges.

STRATEGIC OBJECTIVE

Netcompany is firmly committed to claim the space as the Northern European market leader within IT services. The company aims to continue to grow organically in line with recent years' performance. In addition, Netcompany expects to expand through international acquisitions.

GLOBAL SHIFT IN DEMAND FOR IT SERVICES

Old world IT	New world IT
Most spend on 'running the business'	More spend on 'growing the business'
IT is back office enabler and cost center	IT is core to strategy and operations
Large corporate monolithic systems and islands of disconnected, inflexible data assets	Smaller and flexible architecture for seamless experiences and advanced analytics
Slow, long lead times, Clearly articulated scope, and extended release cycles	Agile ways of working that deliver smaller functionality to market

The company's current strategy provides multiple levers to drive sustainable long-term growth, both organic and acquisitive:

- Grow market share in high-growth market segments
- Continue successful export of business model
- Utilising synergies and cross-selling

1 GROW MARKET SHARE IN HIGH-GROWTH MARKET SEGMENTS

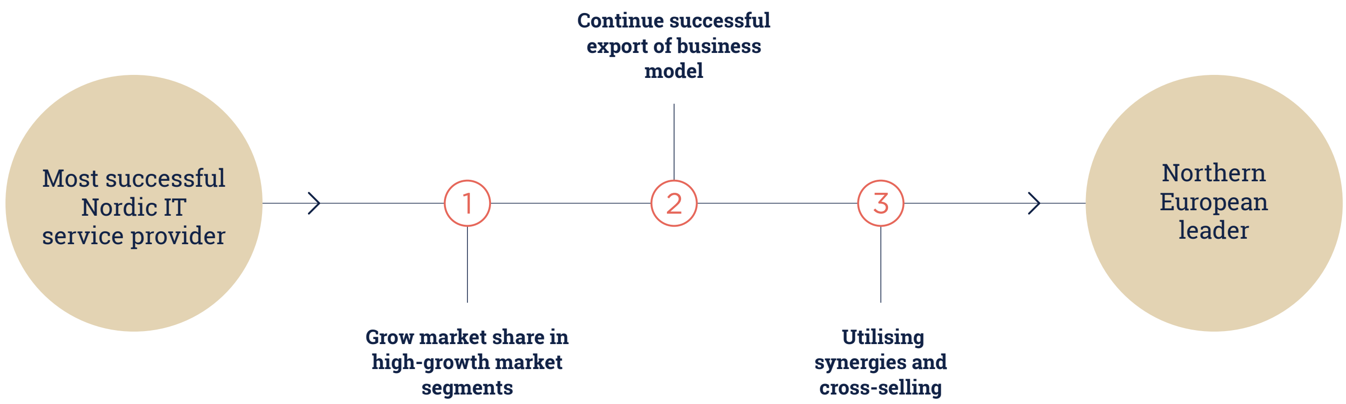
Netcompany will continue to focus on growing organically in its core market by delivering additional solutions to current customers as well as attracting new customers. Netcompany's primary segmentation is based on two types of customers – Private and Public.
In total, these market segments are expected to grow at around 10% annually in relevant spend over the coming years driven by digital transformation.

Netcompany benefits from the "tailwind" that typically follows increased private spend on innovation and differentiation. Even more importantly, Netcompany's business model fits perfectly with the current shift in the IT services market from large, long term project in monolithic systems implementation, to more agile and flexible ways of working that delivers functionality faster to market.

2 CONTINUE SUCCESSFUL EXPORT OF BUSINESS MODEL

Netcompany is at the forefront of the digitalisation trend sweeping Europe, and is well positioned to roll out its unique and industrialised business model outside its current market focus of Denmark, UK, and Norway.

MULTIPLE LEVERS TO DRIVE SUSTAINABLE LONG-TERM GROWTH



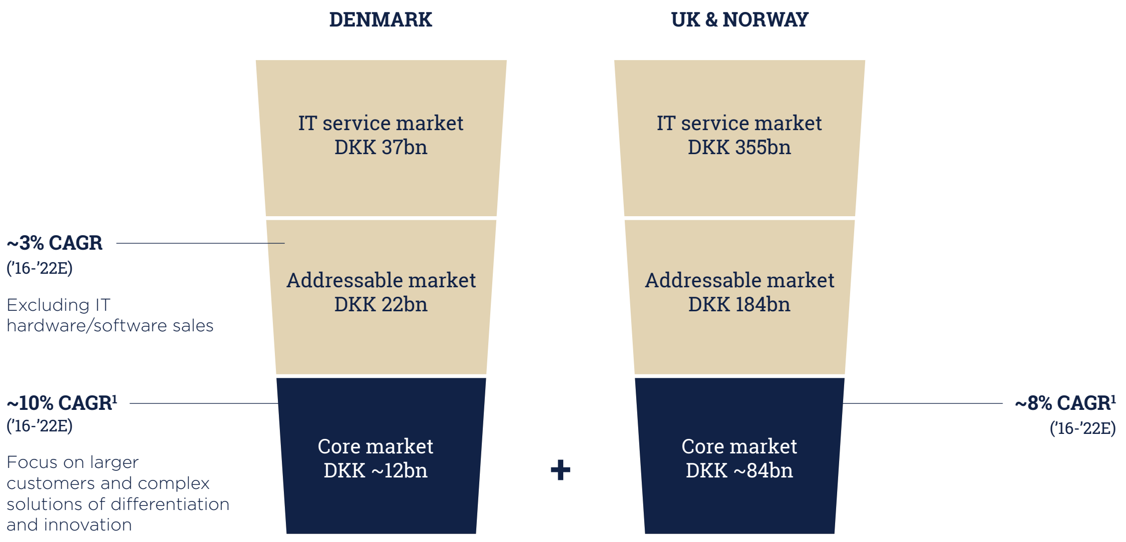
The company pursues selective acquisitions in markets that, like Denmark, have an advanced digitalisation agenda, including Northern European countries such as Sweden, Finland, and the Netherlands. In pursuing acquisition opportunities, the company focuses on ensuring that potential targets have access to the strategic customers that Netcompany targets, and are agile companies with a strong talent pool.

Implementing the company's unique business model in acquired companies is a key priority to ensure that the company is always able to deliver its customers' solutions on time, on budget and within scope, also while integrating new business or entering new markets.

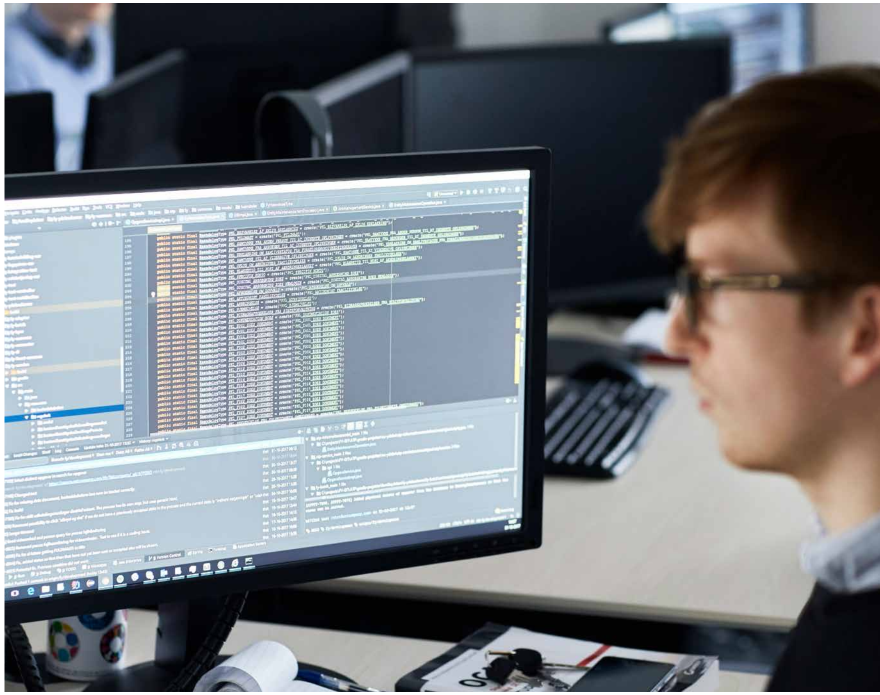
3 UTILISING SYNERGIES AND CROSS-SELLING

International expansion within IT services by organic entry is often blocked by regional market conditions, such as state controlled preferred vendor lists. Organic growth from "greenfield" to a meaningful sized organisation would typically take 5-7 years. Netcompany's strategy is to acquire a bridgehead in a given country, which gives access to local references and networks, and enables the company to focus on selling and delivering projects while developing the new organisation instead of slowly building scale from the ground up. In this way Netcompany "kick-starts" organic growth in other markets. This approach has already proven its worth in Norway, where Netcompany has won large public tenders,

STRONG GROWTH OUTLOOK ACROSS ALL MARKETS WHERE NETCOMPANY IS PRESENT



[1]Based on Gartner's market analysis



by utilising the company's proven track record in Denmark as validation.

During the first year of the ownership by Netcompany, focus in the acquired company will be on integration and implementation of the Netcompany business model – both from an administrative perspective but also from a delivery perspective – to ensure that the acquired company is able to further develop its organisational delivery capabilities when it comes to world class innovative solutions in line with the newest digital transformations. This often means that some types of projects will be discontinued and replaced with more traditional Netcompany projects over a period of 3-5 years. It is the expectation that over a 3-5 year period following an acquisition the company acquired will have implemented the Netcompany business model and then start to deliver on financial metrics as the Netcompany Group in general.

CONTINUE TO ENHANCE TALENT POOL AND MAINTAIN NETCOMPANY CULTURE

The company's IT professionals are critical to the success of Netcompany's business. Its ability to grow and continue to capitalise on the company's key strengths will depend on its ability to continue to attract, retain and develop young, highly skilled individuals. The company expects to continue to be able to capitalise on its reputation in recruiting top graduates from top universities. Continued development of such professionals through the company's career development model based on an accelerated merit-based approach and competitive remuneration models are a key component of the company's strategy.

> The company's IT professionals are critical to the success of Netcompany's business.

Increasing demands for international IT solutions

Based on the acquisitions of Mesan in Norway and Hunter Macdonald in the UK, Netcompany is well positioned to continue to grow in the highly fragmented Northern European market.

The pace of digitalisation, convergence of technologies and internationalisation of economic, political and social life is disrupting almost every industry in every country. It creates challenges for businesses that can best be addressed though application of next-generation IT solutions.
The Northern European IT services is a large and growing market undergoing rapid change, and Netcompany is well-positioned to gain from these changes as customers across the region change their IT spend from asset-heavy infrastructure and back-office solutions to strategic core business enablers.

More and more of Netcompany's clients demand modern IT solutions that cover their needs in an international setting, and Netcompany's experiences in one country may be a strong reference when bidding for contracts in another, such as is the case in Norway and the UK.

Netcompany´s M&A approach is standardised and institutionalised. This means, that the company applies standard diligence and integration templates to evaluate the acquisition target in light of the company's strategy and gradually implement the Netcompany business model into the acquired company. This enables an efficient and timely integration. Generally, Netcompany expects acquired companies to generate margins in line with the group in 3-5 years.

RATIONALE OF RECENT INTERNATIONAL EXPANSIONS

MESAN / NETCOMPANY NORWAY

Attractive market with similar characteristics as Danish home market

Organic entry too slow – proven track record is an important selection criterion

Mesan is known for innovative IT solutions

Highly competent employees

Proven track record as validation in contract bids

Application of Netcompany sales and delivery model to increase growth and margins

Complex and innovative IT solutions address private sector demands

Achievements following the acquisition of Mesan, which were previously out of reach

HUNTER MACDONALD / NETCOMPANY UK

Huge and attractive IT services market

Fastest growing UK IT services company

Complementary secure infrastructure offering

Highly competent employees

Proven sourcing setup (Vietnam)

Increased overall scale facilitates access to larger contract wins

Utilisation of Netcompany public sector references

Increased addressable share of public market, including anticipated Brexit-related tenders

Stronger value proposition in all markets based on new capabilities within technical infrastructure and security

2017 Financial performance and outlook for 2018

The Group delivered record-high revenue growth of 57.4% in 2017, organic revenue growth of 37.0%, and an adjusted EBITA margin of 28.4%. During 2017, the Group acquired Hunter Macdonald Ltd., Netcompany UK, progressed the integration of Mesan AS, Netcompany Norway, according to plan and won a substantial amount of large public tenders in Denmark and Norway. More than 700 employees were added to the Group in 2017 of which 350 employees were onboarded from Netcompany UK.

Revenue growth, reported as well as organic, was significantly above the expectations for the full-year at the beginning of 2017 and yielded an organic growth of 37.0%.
The growth in revenue was driven by strong performance in both the private segment and in the public as well, with a win ratio of more than 85% of the public tenders in which Netcompany chose to participate.

OUTLOOK FOR 2018

The Group expects organic revenue in local currencies to grow between 20-25% and EBITA margin in reported currency (DKK) to be between 23-26%. The Group expects reported revenue growth in DKK and reported margins in DKK to be negatively impacted by currency at around 0.5-1.0 percentage point respectively.

FINANCIAL PERFORMANCE 2017	Actual performance 2017
Revenue growth in reported currencies	57.4%
Organic revenue growth in reported currencies	37.0%
EBITA margin	26.1%

Performance overview

DKK million	2017	2016 normalised unaudited	% change (reported)	Netcompany AS (Netcompany Norway) Non-organic impact	Netcompany UK Ltd. (Netcompany UK) Non-organic impact
Revenue	1,416.1	899.6	57.4%	13.6pp	6.9pp
Cost of services	-803.4	-527.0	52.4%	14.3pp	8.7pp
Gross profit	**612.7**	**372.6**	**64.4%**	**12.5pp**	**4.4pp**
Gross profit margin	*43.3%*	*41.4%*	*1.9pp*	*-0.5pp*	*-0.8pp*
Sales and marketing costs	-9.7	-3.7	160.6%	20.9pp	14.9pp
Administrative costs	-201.0	-120.9	66.3%	14.1pp	2.8pp
Special items	-32.9	-35.1	-6.3%	0.0pp	0.0pp
EBITA	**369.0**	**212.9**	**73.3%**	**13.6pp**	**5.8pp**
EBITA margin	*26.1%*	*23.7%*	*2.4pp*	*-0.2pp*	*-0.3pp*
Amortisation	-95.9	-73.8	29.9%	10.7pp	1.4pp
Operating profit (EBIT)	**273.2**	**139.1**	**96.4%**	**15.1pp**	**8.2pp**
Operating profit margin	*19.3%*	*15.5%*	*3.8pp*	*-0.2pp*	*0.0pp*
Net financials	-72.1	-62.7	15.1%	0.1pp	0.0pp
Profit before tax	**201.0**	**76.4**	**163.2%**	**27.4pp**	**14.8pp**
Tax	-59.4	-43.6	36.2%	7.7pp	0.0pp
Effective tax rate	29.6%	57.1%	-27.6pp	-3.9pp	-1.3pp
Net profit	**141.6**	**32.8**	**332.4%**	**53.6pp**	**34.6pp**

Revenue increased to DKK 1,416.1m in 2017 from DKK 899.6m in 2016 corresponding to a growth of 57.4%. The revenue growth was based on a 98.2% growth in the public segment and 29.1% in the private segment. The acquisition of Netcompany Norway contributed with 13.6 percentage points and the acquisition of Netcompany UK contributed with 6.9 percentage points. The organic growth was 37.0%, primarily driven by a high activity level in the public segment in Denmark, with a win ratio of more than 85% of the public tenders, in which Netcompany decided to participate.

Cost of services increased by 52.4% to DKK 803.4m in 2017 compared to DKK 527.0m in 2016. The increase was driven by revenue growth and the acquisition of Netcompany Norway and the acquisition of Netcompany UK.

Gross profit increased to DKK 612.7m in 2017 from DKK 372.6m in 2016 corresponding to an increase of 64.4%. Gross profit margin increased from

Operating profit before amortisation (EBITA) increased to DKK 369.0m in 2017 from DKK 212.9m in 2016 corresponding to an increase of 73.3%.

41.4% in 2016 to 43.3% in 2017 primarily driven by lower business development cost compared to 2016. The increase in gross profit margin was diluted by the acquisition of Netcompany UK, which diluted gross profit margin by 0.8 percentage points, as Netcompany UK has a significantly higher share of cost to serve from hiring contractors compared to Netcompany's other business areas. In addition, Netcompany Norway diluted the gross profit margin by 0.5 per-centage points primarily driven by a lower than company-average utilisation rate.

Sales and marketing costs increased to DKK 9.7m in 2017 from DKK 3.7m in 2016 corresponding to an increase of 160,6%. The increase in marketing and sales costs was primarily driven by the purchases of Netcompany Norway and Netcompany UK. Both acquisitions increased sales and marketing costs in 2017 due to change in company names, websites, merchandise and branding towards customers.

Administrative costs increased to DKK 201.0m in 2017 from DKK 120.9m in 2016 corresponding to an increase of 66.3%. The increase was mainly driven by costs related to the implementation of a new corporate ERP-system, recruitment costs, and an increase in lease costs related to an expansion of office space in Denmark to accommodate the expansion of the work force in 2017. The increase in administrative costs was slightly offset by economies of scale in office space relative to FTEs, and the rollout of the new ERP-system in Netcompany Norway and Netcompany UK.

Special items decreased to DKK 32.9m in 2017 from DKK 35.1m in 2016 corresponding to a decrease of 6.3%. In 2017, DKK 17.4m related to strategic considerations regarding the future of the Group and DKK 15.5m related to M&A transactions. In 2016, DKK 29.4m related to the transaction with FSN Capital GP IV Limited and DKK 5.7m related to the purchase of Netcompany Norway.

EBITA increased to DKK 369.0m in 2017 from DKK 212.9m in 2016 corresponding to an increase of 73.3%. This led to an EBITA margin of 26.1%, compared to 23.7% in 2016. The increase in EBITA margin was primarily driven by the improved gross profit margin and a lower level of special items.

Operating profit (EBIT) increased to DKK 273.2m in 2017 from DKK 139.1 in 2016 corresponding to an increase of 96.4%. This led to an operating profit margin of 19.3% compared to 15.5% in 2016. The improved operating profit margin was primarily driven by an increase in EBITA margin, as well as a relatively lower increase in amortisation compared to the increase in revenue.

Net financials in 2017 were negative with DKK 72.1m, which was an increase of 15.1% compared to net financial costs in 2016 of DKK 62.7m. The increase in net financials was primarily driven by the financing of the purchase of Netcompany Norway, which had full financial effect in 2017. In addition, the purchase of Netcompany UK, partly financed with additional borrowings, contributed to the increase in net financials as well as foreign exchange adjustments.

Profit before tax increased to DKK 201.0m in 2017 from DKK 76.4m in 2016 corresponding to an increase of 163.2%. The increase in profit before tax was primarily driven by the increase in operating profit before financial items.

The effective tax rate in 2017 was 29.6%, compared to 57.1% in 2016. The high tax rate in 2016 was due to the interest deduction limitation rules. In 2017, the Group was less impacted by the interest deduction limitation rules, hence the effective tax rate was lower than in 2016.

Net profit increased to DKK 141.6m in 2017 from DKK 32.8m in 2016, which was an increase of 332.4%. The increase was driven by the factors explained above.

Business segments – public

PUBLIC

DKK million	2017	2016 normalised unaudited	% change (reported)	Non-organic impact from Netcompany AS (Netcompany Norway)	Non-organic impact from Netcompany UK Ltd. (Netcompany UK)
Revenue	730.2	368.3	*98.2%*	13.6pp	8.4pp
Costs	-593.0	-302.8	*95.9%*	13.2pp	8.2pp
EBITA	**137.2**	**65.6**	**109.1%**	**15.4pp**	**9.4pp**
EBITA margin	*18.8%*	*17.8%*	*1.0pp*	*0.1pp*	*0.1pp*
Amortisation	-53.7	-32.5	65.4%	9.8pp	1.5pp
Operating profit	**83.4**	**33.1**	**152.0%**	**20.9pp**	**17.1pp**
Operating profit margin	*11.4%*	*9.0%*	*2.4pp*	*0.2pp*	*0.3pp*

Revenue in the public segment increased by 98.2% in 2017 to DKK 730.2m from DKK 368.3m in 2016. The increase in revenue was primarily from the effect of the large number of public tenders won by Netcompany in 2016 and 2017, such as;

- SKAT – A new common debt collection system
- AULA – A new communication platform for all children in primary school collaborating with parents and teachers
- Various project wins under KOMBIT
- Various project wins under ATP

In addition, several of the large current customers in the public segment prolonged framework agreements and some also expanded previously contracted framework agreements. In Netcompany Norway, a couple of large public tenders, were won as a result of a joint bid with employees from Netcompany in Denmark.

EBITA, increased by 109.1% to DKK 137.2m in 2017 from DKK 65.6m in 2016, leading to an EBITA margin in the public segment of 18.8% in 2017 compared to 17.8% in 2016, driven by the factors explained in the consolidated section above.

The EBITA margin in the public segment is impacted by a relatively higher proportion of public engagements being in the development phase rather than in the maintenance phase.

EBIT increased by 152.0% to DKK 83.4m in 2017 from DKK 33.1m in 2016, primarily driven by the increase in EBITA and a lower increase in amortisation compared to the increase in revenue. EBIT margin in the public segment increased to 11.4% in 2017 compared to 9.0% in 2016.

Business segments – private

PRIVATE

DKK million	2017	2016 normalised unaudited	% change (reported)	Non-organic impact from Netcompany AS (Netcompany Norway)	Non-organic impact from Netcompany UK Ltd. (Netcompany UK)
Revenue	685.9	531.3	*29.1%*	13.6pp	5.8pp
Costs	-454.0	-383.9	*18.3%*	14.7pp	6.4pp
EBITA	**231.9**	**147.4**	**57.4%**	**10.6pp**	**4.2pp**
EBITA margin	*33.8%*	*27.7%*	*6.1pp*	*-1.4pp*	*-0.7pp*
Amortisation	-42.1	-41.3	*1.9%*	11.4pp	1.2pp
Operating profit	**189.8**	**106.0**	**79.0%**	**10.3pp**	**5.4pp**
Operating profit margin	*27.7%*	*20.0%*	*7.7pp*	*-1.5pp*	*-0.4pp*

The increase in private segment revenue of 29.1% to DKK 685.9m in 2017 from 531.3m in 2016 was driven by an increase in organic revenue growth of 9.7 percentage points, an increase in revenue from the purchase of Netcompany Norway of 13.6 percentage points and 5.8 percentage points gained from the recent purchase of Netcompany UK. Several of the large Danish and Norwegian customers in the private segment renewed their engagements with Netcompany in 2017.

EBITA increased by 57.4% to DKK 231.9m in 2017 from DKK 147.4m in 2016 and EBITA margin increased to 33.8% in 2017 from 27.7% in 2016.

EBIT increased by 79.0% to DKK 204.8m in 2017 from DKK 106.0m in 2016 and EBIT margin increased to 27.7% in 2017 from 20.0% in 2016.

Revenue types

DKK million	Public	Private	Total	Non-organic impact from Netcompany AS (Netcompany Norway)	Non-organic impact from Netcompany UK Ltd. (Netcompany UK)
2017					
Revenue					
Development	440.4	206.5	646.9	13.6	30.9
Maintenance	289.8	479.4	769.2	108.6	30.9
Revenue by types, total	**730.2**	**685.9**	**1,416.1**	**122.2**	**61.9**
% development	*60.3%*	*30.1%*	*45.7%*		
% maintenance	*39.7%*	*69.9%*	*54.3%*		
2016					
Revenue					
Development	166.7	271.8	438.4	3.5	0.0
Maintenance	201.7	259.5	461.2	8.2	0.0
Revenue by types, total	**368.4**	**531.2**	**899.6**	**11.7**	**0.0**
% development	45.2%	57.4%	48.7%		
% maintenance	54.8%	42.6%	51.3%		

The relative shares of development and maintenance revenues in total changed slightly towards a higher proportion of maintenance in 2017 than the previous year. Development revenue decreased to 45.7% in 2017 from 48.7% in 2016 and maintenance revenue increased to 54.3% in 2017 from 51.3% in 2016. This development was primarily driven by more engagements in the private segment turning from development to maintenance.

The relatively high amount of development revenue in the public segment was a result of the large number of public tenders won in 2016 and 2017. These engagements will turn into maintenance over time.

Revenue **visibility**

The Group measures revenue visibility on a 12-month rolling basis, based on two main input parameters, which is defined as total value of committed engagements, which comprise of fixed price engagements and service agreements, while ongoing time and material engagements with a high likelihood of conversion and/or prolongation are defined as total value of planned continued engagements.

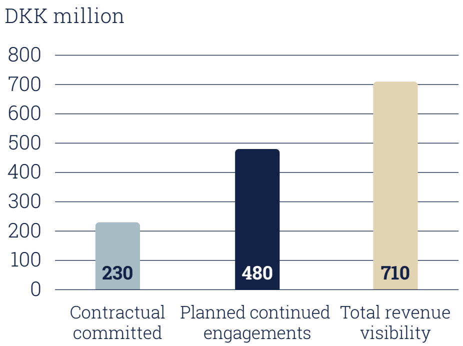
The public segment has a high degree of visibility from already known tenders and is typically driven by long, multi-year tender contracts with a significant share of maintenance and operations revenue. In contrast, private segment contracts typically have a duration of approximately 12 to 18 months reflecting a fundamental difference in the purchasing pattern for private sector segment customers compared to public sector segment customers. In 2017 repeat spend from customers who where also customers in 2016 was above 90% leading to a higher proportion of revenue, by definition, being maintenance-based, which is also different from the dynamics in the public segment.

The public segment has a high degree of visibility from already known tenders and is typically driven by long, multi-year tender contracts with a significant share of maintenance and operations revenue.

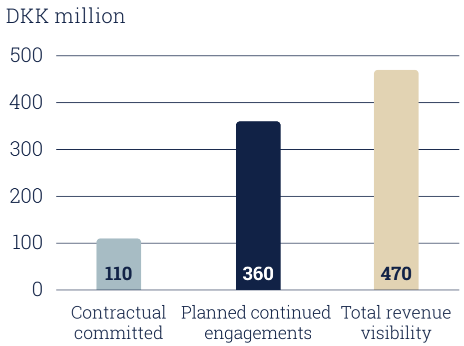
On December 31, 2017 revenue visibility for the 2018 revenue in the public segment amounted to DKK 710m. Of this, contractual committed revenue amounted to DKK 230m and planned continued engagements amounted to DKK 480m.

On December 31, 2017 revenue visibility in the private segment amounted to DKK 470m. Of this, contractual committed revenue amounted to DKK 110m and planned continued engagements amounted to DKK 360m.

REVENUE VISIBILITY PUBLIC SEGMENT



REVENUE VISIBILITY PRIVATE SEGMENT



Cash flow and liquidity and other significant balance sheet items

WORK IN PROGRESS, PREBILLED INVOICES AND TRADE RECEIVABLES

As a result of the increased activity level in 2017, the value of work in progress, prebilled invoices and trade receivables increased significantly. While the increase in monetary terms was large, the increase as a percentage of total revenue remained at a level of around 38%, which is in line with previous years.

FREE CASH FLOW AND CASH CONVERSION RATIO

In 2017, Netcompany generated a free cash flow of DKK 307.3m, which led to a cash conversion ratio of 76.4% for 2017 compared to a cash conversion ratio of 91.6% in 2016. A number of large accounts receivables was paid in early January 2018. Had they been paid according to plan cash conversion ratio would have been close to 100%. The decrease in cash conversion ratio from 2016 to 2017 was primarily driven by a lower increase in other payables relative to the increase in operating profit before depreciation and amortisation (EBITDA) in 2017 compared to 2016.

FUNDING AND LIQUIDITY

The Group has secured sufficient and adequate funding through committed bank facilities to support the Group´s continued growth plans. Based on the expectations for the year related to organic revenue growth and margins, the Group expects to generate sufficient free cash flows from operations to meet all covenants related hereto.

The Group has secured sufficient and adequate funding through committed bank facilities to support the Group´s continued growth plans.

Corporate Governance

MANAGEMENT STRUCTURE

Netcompany has a two-tier management structure, which is comprised of the Board of Directors and the Executive Management. The division of responsibility between the Board of Directors and the Executive Management is set out in the applicable rules of procedure. The Board of Directors supervises the work of the Executive Management and is responsible for the overall and strategic management and proper organisation of the company's activities, while the Executive Management is responsible for the company's day-to-day management.

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The Board of Directors of Netcompany currently consists of six members elected by the shareholders. The Board appoints a Chairman and a Deputy Chairman among its members. Each member is elected for a one-year term, and members may be re-elected. The composition of the Board of Directors is intended to ensure that the Board of Directors has a diverse competency profile enabling the Board of Directors to perform its duties in the best possible manner.

The Board of Directors meets at least 5 times a year and holds extraordinary meetings when required.

The Board of Directors: Pekka Ala-Pietilä (Chairman), Thomas Broe-Andersen (Vice-chairman), Bo Rygaard, Carsten Krogh Gomard, Juha Christen Christensen and Pernille Fabricius.

BOARD COMMITTEES

In order to support the Board of Directors, Netcompany has in 2017 established three board committees: Audit Committee, Remuneration Committee and Nomination Committee.

The committees perform preparatory tasks and make recommendations to the Board of Directors, who in turn will take the final decision on subjects at hand. The main tasks and duties for each committee are set out in separate committee charters. The charters are reviewed, and if deemed appropriate updated, and approved by the Board of Directors annually.

The members of the board committees, including the committee chairman, are appointed by the Board of Directors amongst its members.

AUDIT COMMITTEE

The Audit Committee consists of three members of the Board of Directors, Pernille Fabricius, Thomas Broe-Andersen and Carsten Gomard and its purpose is to assist the Board of Directors with the oversight of the financial and statutory audit matters and internal control and risk management systems of the Netcompany company. Further, the Audit Committee supervises the whistleblowing procedures and complaints, the external auditor's independence and the procedure for election of external auditor.

The Audit Committee meets at least four times a year.

REMUNERATION COMMITTEE

The Remuneration Committee consists of three members of the Board of Directors, Juha Christensen, Bo Rygaard and Pekka Ala-Pietilä and its purpose is to assist the Board of Directors by preparing and presenting proposals and recommendations on matters related to the remuneration of the company's Board of Directors and Executive Management.

The Remuneration Committee meets at least two times a year.

NOMINATION COMMITTEE

The Nomination Committee consists of two members of the Board of Directors, Thomas Broe-Andersen and Pekka Ala-Pietilä and its purpose is to assist the Board of Directors by preparing and presenting decision proposals and recommendations on matters related to the composition of the company's Board of Directors and Executive Management, including the nomination of candidates.

The Nomination Committee meets at least two times a year.

Risk management

High growth rates delivered with high comfort.

Netcompany has over the past two decades continuously delivered growth rates of between 20 and 30% annually.

Netcompany has over the past two decades continuously delivered growth rates of between 20 and 30% 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, and expanding coverage to two other countries – four when including sourcing capacities – naturally increases the need for a more comprehensive risk management framework. Such a framework has been implemented during 2017.

The following pages gives an overview of Netcompany's key risks, including root causes and mitigating actions taken throughout the company. The key risks are reported on a regular basis to the Board of Directors who oversees the overall risk level for the company and ensures that Executive Management implements mitigating actions and continuously oversees the net risk exposure to the company.

RISKS OVERVIEW

Risk / Root cause	Lack of quality in deliveries	Competitive landscape	Market changes / global economic trends	Hacking / cybercrime	Complex contract regimes	Mitigating actions
Not able to attract and retain talent	○	○	○			
Loss of existing clients	○	○		○		
Unable to generate new business	○	○			○	
Running the business inefficiently	○			○	○	
Currency exposure			○			

NOT ABLE TO ATTRACT AND RETAIN TALENT		
Risk	**Root cause**	**Mitigating actions**
Netcompany is built on talent and as an IT-services company, future growth is directly linked to the ability to continuously attract, develop and retain talent. Failure to continue to grow the employee base will limit the growth opportunities. Further, the progression of newly hired consultants to become managers, principals and eventually partners represents an equally high risk as the continued development of the hierarchy which is also a prerequisite for future growth.	Loosing the close relationship with universities and other institutions may lead to a less favorable perception of Netcompany among graduates thereby reducing the applicant pool for new hires. In addition, a discontinuation of the Netcompany Academy for one reason or another may lead to fewer new applicants wanting to apply as career progression would be perceived limited. Further, the lack of ongoing development of talented people may lead to loss of more experienced consultants, which in turn will have a negative impact on Netcompany's ability to hire new graduates as the senior and manager level in the career pyramid is crucial for continued growth.	• Continued building and maintaining relationships with leading universities in both Denmark, Poland and Norway – and in the future also the UK and Vietnam. • Continued funding for the Netcompany Academy. In case of potential short-term declines in revenues, the Academy will be the one of the last resorts for spending cuts as it is a key pillar for continued growth.

LOSS OF EXISTING CLIENTS

Risk	Root cause	Mitigating actions
More than 80% of Netcompany's business is generated by existing customers at the beginning of the year. Maintaining the current level of repeat customer revenue is thus a prerequisite for the continued growth for Netcompany.	Failure to continue to deliver projects at agreed scope, time and price may lead to increased dissatisfaction with Netcompany and existing customers may choose to leave Netcompany. Delivered systems could break down post implementation leading to significant "down time" for Netcompany's customers with increased costs as a consequence.	• Ongoing measurement of the customer satisfaction via NPS surveys and executive sponsorships with set meeting agendas to ensure ongoing alignment with customers. • All development and maintenance work is managed via the Netcompany "tool-kit" where both the customers and Netcompany have access to the same status, updated on all ongoing work ensuring that only one common version of the truth related to status and deadlines exists. • Ongoing certification of people and processes related to operations to ensure the highest standards and quality in the uptime of the solutions delivered.

UNABLE TO GENERATE NEW BUSINESS

Risk	Root cause	Mitigating actions
While Netcompany has a high degree of repeat customers generating a solid foundation for its annual revenues, the continued successful addition of new costumers is also an important growth factor. New customers in new segments and new markets is an integral part of Netcompany's growth strategy.	Failing to meet the target of being "on time, on budget and in scope" may lead to loss of reputation in the market place hindering Netcompany to win new customers. Inability to answer to tenders and business request due to resource constraints may lead to a perception in the market that Netcompany is not able to deliver on the committed obligations committed to	• Ensuring that projects are monitored and assessed on an ongoing basis so that potential issues and problems are identified before they escalate. • Continued allocation of sufficient time for senior staff to conduct "business development" and allowing time to be used for answering tenders and business requests to ensure that a healthy pipeline is maintained at all time.

RUNNING THE BUSINESS INEFFICIENTLY		
Risk	**Root cause**	**Mitigating actions**
Above market standard margins is achieved via running Netcompany in an efficient manner. If that is lost the ability to continue to grow, to enter new markets or to oversee timely and orderly delivery of projects to customers may be jeopardized, hindering the achievement of Netcompany's longer term financial targets.	The high inflow of new employees may impact the onboarding process negatively which could lead to reduced efficiency on projects as more hours would be spent on non-billable work.	• Netcomany has an institutionalised business model that includes structured onboarding of new consultants. • Project teams are organised in smaller units of typically 8 persons – 7 consultants to one manager. • A mentoring programme and continuous detailed evaluation and feedback of all consultants ensure high efficiency and quality in the projects delivered.

CURRENCY EXPOSURE		
Risk	**Root cause**	**Mitigating actions**
Netcompany reports its operating results in DKK. However, a proportion of revenue and costs are derived in other currencies and hence reported results will be impacted by currency fluctuations. The main net currency exposures are PLZ, NOK and GBP.	Underlying changes to macro and political environments outside of Netcompany's control in the UK and Norway could impact Netcompany's net earnings and ability to for example distribute dividends.	• Netcompany has implemented a treasury policy stipulating that no net currency exposure shall be allowed to impact EBITA margins by more than 2 percent points at a 10 percent change in the individual currency exchange rate. • Net currency exposures are measured on an ongoing basis and currency exposures violating the treasury policy are hedged.

Corporate social responsibility

Netcompany's vision is to become the leading digital challenger in Northern Europe by accelerating digital transformations for private and public customers to support sustainable, strong societies, successful businesses and better lives.

With Netcompany's corporate social responsibility strategy, activities and reporting, the company aspires to contribute to a sustainable development and is disclosing how CSR is part of transforming the company and potentially its clients' businesses to the benefit of many stakeholders.

Netcompany 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 Communication on Progress can be found on www.netcompany.com

Financial statements

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Entity details

ENTITY

NC TopCo A/S
Grønningen, 17, 1
1270 Copenhagen K, Denmark

Central Business Registration No:
37 29 67 67

Registered in: Copenhagen, Denmark

EXECUTIVE BOARD

André Rogaczewski
Chief Executive Officer

Claus Jørgensen
Chief Operating Officer

Thomas Johansen
Chief Financial Officer

BOARD OF DIRECTORS

Pekka Ala-Pietilä
Chairman

Thomas Broe-Andersen
Vice-Chairman

Pernille Fabricius

Juha Christen Christensen

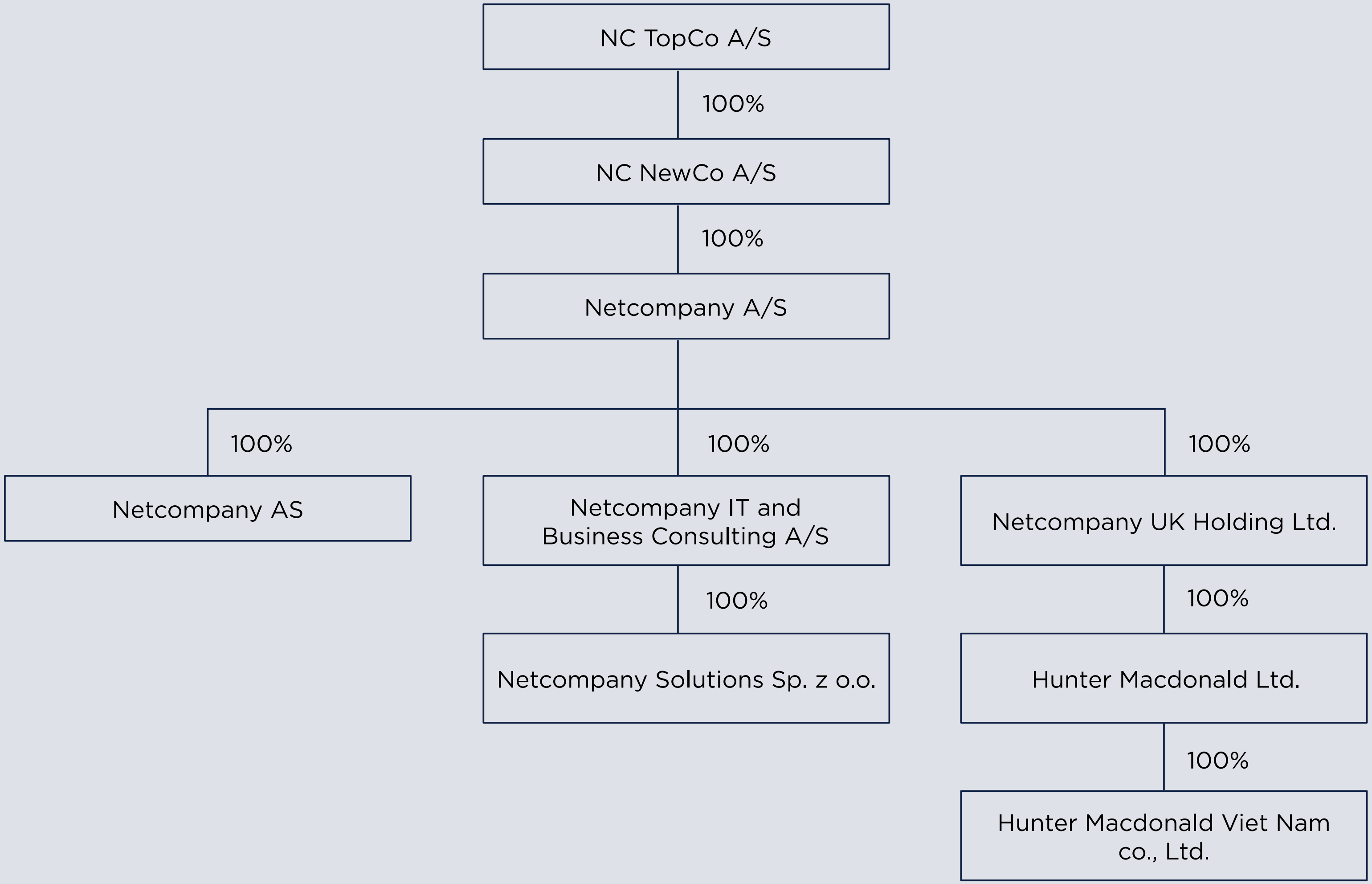
Carsten Krogh Gomard

Bo Rygaard

ENTITY AUDITORS

Deloitte Statsautoriseret Revisions-
partnerselskab

The Group Structure



Executive Board

From left:

ANDRÉ ROGACZEWSKI
André Rogaczewski is co-founder of Netcompany in 2000 and CEO. He is a Danish citizen and born in 1968. André is a board member of Fire Eater A/S, Auction Group A/S, and PAYProff Holding A/S. He is also a member of the Danish government's Disruption Council, non-executive board member of the Confederation of Danish Industries (DI), and chairman of its Digital Federation (DI Digital). André holds a M.Sc. Computer Science from Aalborg University.

CLAUS JØRGENSEN
Claus Jørgensen is a co-founder of Netcompany and Chief Operating Officer since 2000. Claus is a Danish citizen and born in 1967. He holds a M.Sc. Economics from the University of Southern Denmark.

THOMAS JOHANSEN
Thomas Johansen is Partner and Chief Financial Officer in Netcompany, a position he has held since he joined the company in 2017. He is a Danish citizen and born in 1970. Thomas holds a M.Sc. Auditing and Business Economics, and several management degrees incl. an MBA from Rotterdam School of Management.

Board of Directors

From left:

THOMAS BROE-ANDERSEN
CARSTEN KROGH GOMARD
PEKKA ALA-PIETILÄ
BO RYGAARD
JUHA CHRISTEN CHRISTENSEN
PERNILLE FABRICIUS

Board of Directors

PEKKA ALA-PIETILÄ, CHAIRMAN OF THE BOARD OF DIRECTORS

First elected	2017
Term	2018
Nationality	Finnish
Born (year)	1957
Board committee memberships	Remuneration Committee and Nomination Committee

Independence
Yes

Executive positions
None

Non-executive positions
SAP SE (m), Huhtamäki Oyj (c), Sanoma Corp. (c), Finnish national Artificial Intelligent program (c)

Special competencies
Strategy and general business management

Educational background(s)
M.Sc. Economics, Helsinki School of Economics

BO RYGAARD

First elected	2016
Term	2018
Nationality	Danish
Born (year)	1965
Board committee memberships	Remuneration Committee

Independence
No – Executive advisor to FSN Capital Partners ApS

Executive positions
Executive in Dreyers Fond and Bo Rygaard Consulting

Non-executive positions
Parken Sport and Entertainment A/S (c), Dreyers Fond (m), EET A/S (c), KFI Erhvervsdrivende Fond (c), Skamol A/S (c), Det rytmiske musikhus' Fond (m), Ejendomsselskabet af 1.11.1979 ApS (m), Ejendomsaktieselskabet Vest (m), KAVI Invest A/S (m), Krista og Viggo Petersens Fond (m), Marie & M.B. Richters Fond (m), Racina Aps (m), Statens Ejendomssalg A/S (m), Tatin ApS (m)

Special competencies
Strategy, general business management and M&A

Educational background(s)
M.Sc. Economics, Copenhagen Business School

CARSTEN KROGH GOMARD

First elected	2016
Term	2018
Nationality	Danish
Born (year)	1966
Board committee memberships	Audit Committee

Independence
No – Co-founder of Netcompany and major shareholder

Executive positions
Executive director in Carsten Gomard Holding ApS

Non-executive positions
Selma Diagnostics ApS (c), Accunia A/S (m), ApS Komplementarselskabet Hillerød III (m), Brown Guy ApS (m)

Special competencies
General business management

Educational background(s)
Ph.d. Computer Science, University of Copenhagen

*(c) chairman, (vc) vice chairman, (m) board member

Board of Directors

JUHA CHRISTENSEN

First elected	2016
Term	2018
Nationality	Danish
Born (year)	1964
Board committee memberships	Remuneration Committee

Independence
Yes

Executive positions
Chief Executive Officer and chairman of CloudMade

Non-executive positions
Cogniance, Inc. (c), CloudMade Ltd. (c), The Pad, Inc. (c), Brandworkz Ltd. (c), Lumigon A/S (m)

Special competencies
Technology market insight, business development

Educational background(s)
Business Administration, London Business School

PERNILLE FABRICIUS

First elected	2017
Term	2018
Nationality	Danish
Born (year)	1966
Board committee memberships	Audit Committee

Independence
Yes

Executive positions
Group Chief Financial Officer of John Guest Group

Non-executive positions
Atak A/S (c), Royal Greenland A/S (m), Gabriel Holding A/S (m) and subsidiaries, Højgaard Holding (m), MT Højgaard (m)

Special competencies
Accounting and audit, financing, refinancing and M&A

Educational background(s)
M.Sc. Business Administration and Auditing and an MBA, both from Copenhagen Business School, M.Sc. Finance and LL.M. in European Union Law, both from Leicester University

THOMAS BROE-ANDERSEN, VICE-CHAIRMAN

First elected	2016
Term	2018
Nationality	Danish
Born (year)	1972
Board committee memberships	Audit Committee, Nomination Committee

Independence
No – Partner of FSN Capital Partners ApS

Executive positions
Chief Executive Officer in TBA Holding 2 ApS

Non-executive positions
EET Holdings A/S (c) and subsidiaries, FSN SKA A/S (m), Fitness World A/S (m)

Special competencies
Extensive experience within private equity

Educational background(s)
M.Sc. Finance and Accounting, The Aarhus School of Business, and Diploma in International Management from L'Institut Commercial de Nancy, France

*(c) chairman, (vc) vice chairman, (m) board member

Statement by the Board of Directors and Executive Board

The Board of Directors and the Executive Board have today considered and approved the annual report of NC TopCo A/S for the financial year 1 January - 31 December 2017.

The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for annual reports 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 December 2017 and of the results of their operations and cash flows for the financial year 1 January - 31 December 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.

Copenhagen, 5 March 2018

EXECUTIVE BOARD

André Rogaczewski
Chief Executive Officer

Claus Jørgensen
Chief Operating Officer

Thomas Johansen
Chief Financial Officer

BOARD OF DIRECTORS

Pekka Ala-Pietilä
Chairman

Thomas Broe-Andersen
Vice Chairman

Pernille Fabricius

Juha Christen Christensen

Carsten Krogh Gomard

Bo Rygaard

Independent auditor's report

TO THE SHAREHOLDERS OF NC TOPCO A/S

OPINION

We have audited the consolidated financial statements and the parent financial statements of NC TopCo A/S for the financial year 1 January - 31 December 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 the Parent. The consolidated financial statments 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 December 2017, and of the results of their operations and cash flows for the financial year 1 January - 31 December 2017 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 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.

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.

Copenhagen, 5 March 2018

DELOITTE
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Kim Takata Mücke
State Authorised
Public Accountant
MNE no 10944

Brian Schmit Jensen
State Authorised
Public Accountant
MNE no 40050

Statement of comprehensive income for 2017 for the Group

	Notes	2017 DKK'000	2016 DKK'000
Revenue	4	1,416,085	828,538
Cost of services	5	-803,384	-492,414
Gross profit		**612,701**	**336,124**
Sales and marketing costs	6	-9,707	-3,292
Administrative costs	7	-201,023	-101,153
Special items	9	-32,928	-35,141
EBITA		**369,042**	**196,537**
Amortisation	10	-95,890	-73,839
Operating profit (EBIT)		**273,152**	**122,698**
Financial income	11	10,189	1,342
Financial expenses	11	-82,304	-63,669
Profit before tax		**201,037**	**60,371**
Tax on profit for the year	12	-59,428	-43,566
Profit for the year		**141,608**	**16,805**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedging, net fair value gain / (loss)		12,564	-51,039
Foreign currency translation subsidiaries		-2,847	-85
Change in deferred cost of hedging		-9,716	23,064
Tax on other comprehensive income	12	-627	6,154
Other comprehensive income / (loss)		**-625**	**-21,906**
Comprehensive income for the year / (loss)		**140,983**	**-5,101**

There are no non-controlling interest as all entities are fully owned by the Group.

Balance sheet of the Group at 31 December 2017

	Notes	2017 DKK'000	2016 DKK'000
Goodwill	13	2,108,688	1,883,883
Other intangible assets	13	495,230	488,666
Intangible assets		**2,603,918**	**2,372,549**
Leasehold improvements	14	3,936	2,250
Equipment	14	20,043	13,986
Right of use assets	14	30,528	25,226
Property, plant and equipment		**54,507**	**41,462**
Other receivables		8,776	5,431
Deferred tax assets	12	0	182
Financial assets		**8,776**	**5,613**
Non-current assets		**2,667,202**	**2,419,623**
Trade receivables	15	445,363	258,212
Contract work in progress	16	139,166	110,515
Other receivables		11,008	6,807
Prepayments		12,279	5,302
Receivables		**607,816**	**380,836**
Cash	17	**194,479**	**59,961**
Current assets		**802,296**	**440,797**
Assets		**3,469,497**	**2,860,420**

No balance sheet for 1 January 2016 is presented as the result of implementing new accounting standards (IFRS 9, IFRS 15 and IFRS 16) has not had any impact on the balance sheet at 1 January 2016.

Balance sheet of the Group at 31 December 2017

	Notes	2017 DKK'000	2016 DKK'000
Share capital	18	71,607	69,283
Cash flow hedging reserve		-30,011	-39,811
Foreign currency translation reserve		-2,932	-85
Deferred cost of hedging reserve		10,411	17,990
Retained earnings		1,594,775	1,213,125
Equity		**1,643,851**	**1,260,503**
Borrowings	19	1,264,895	1,178,012
Leasing		17,609	13,620
Deferred tax liability	12	112,418	111,186
Non-current liabilities		**1,394,922**	**1,302,818**
Borrowings	19	0	27,973
Leasing		13,610	11,719
Prepayments received from customers	16	36,246	27,470
Trade payables		50,552	26,756
Other payables	20	223,087	163,306
Provisions	21	30,396	8,899
Income tax payable	12	76,833	30,977
Current liabilities		**430,723**	**297,100**
Liabilities		**1,825,646**	**1,599,918**
Equity and liabilities		**3,469,497**	**2,860,420**

Statement of changes in equity for the Group for 2017

	Share capital	Fair value adjustment of interest rate swap	Exchange differences on translating foreign subsidiaries	Deferred cost of hedging reserve	Retained earnings	Total
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Equity at 1 January 2016	500	0	0	0	0	500
Capital increase	68,783	0	0	0	1,196,320	1,265,103
Profit for the year	0	0	0	0	16,805	16,805
Other comprehensive income for the year / (loss)	0	-39,811	-85	17,990	0	-21,905
Equity at 31 December 2016	**69,283**	**-39,811**	**-85**	**17,990**	**1,213,125**	**1,260,503**
Equity at 1 January 2017	69,283	-39,811	-85	17,990	1,213,125	1,260,503
Capital increase	2,324	0	0	0	240,041	242,366
Profit for the year	0	0	0	0	141,608	141,608
Other comprehensive income for the year / (loss)	0	9,800	-2,847	-7,578	0	-625
Equity at 31 December 2017	**71,607**	**-30,011**	**-2,932**	**10,411**	**1,594,775**	**1,643,851**

Cash flow statement for 2017 for the Group

	Notes	2017 DKK'000	2016 DKK'000
Operating profit (EBIT)		273,152	122,698
Depreciation and amortisation	10	129,213	94,173
Working capital changes	22	-95,046	-52,552
		307,319	**164,319**
Income taxes paid		-35,356	-33,893
Financial income received		1,179	1,342
Financial expenses paid		-77,805	-63,658
Cash flows from operating activities		**195,337**	**68,109**
Net cash outflow on acquisition of subsidiaries	24	-120,260	-2,516,056
Acquisition of property, plant and equipment		-16,744	-13,550
Acquisition of intangible assets		-11,103	-8,306
Other receivables (deposits)		-2,344	-1,459
Cash flows from investing activities		**-150,451**	**-2,539,371**
Proceeds from issue of share capital		16,728	1,265,103
Proceeds from borrowings		92,000	1,178,012
Repayment of borrowings		-16,573	-11,569
Cash flows from financing activities		**92,155**	**2,431,546**
Increase in cash and cash equivalents		**137,041**	**-39,716**
Cash and cash equivalents at 1 January		31,988	0
Cash and cash equivalents balances acquired	24	26,287	71,800
Effect of exchange rate changes on the balance of cash held in foreign currencies		-836	-96
Cash and cash equivalents at 31 December	17	**194,479**	**31,988**

Cash flow statement for 2017 for the Group (continued)

Reconciliation of liabilities arising from financing activities	**Borrowings (note 19)**	**Leasing**	**Interest rate swaps fair value hedging or economically hedging financing liabilities (note 20 and 23)**	**Total**
	DKK'000	**DKK'000**	**DKK'000**	**DKK'000**
Opening balance 1 January 2017	1,178,012	25,339	27,974	**1,231,325**
Financing obtained	92,000	0	0	**92,000**
Repayment	0	-16,573	0	**-16,573**
Fair value adjustments (non-cash)	0	0	32	**-12,564**
Leasing (non-cash)	0	21,437	0	**21,437**
Amortisation loan costs (non-cash)	6,560	0	0	**6,560**
Acquired enities (non-cash)	0	1,016	0	**1,016**
Exchange rate adjustments (non-cash)	-11,677	0	0	**920**
Closing balance 31 December 2017	1,264,895	31,219	28,007	**1,324,121**

Notes to the consolidated financial statements

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Notes to the consolidated financial statements

1. ACCOUNTING POLICIES

NC TopCo 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 enterprises (large), see the Danish Executive Order on IFRS issued according to the Danish Financial Statements Act.

NC TopCo A/S is an entity with its registered office in Denmark.

The financial statements are presented in DKK, which is considered the functional currency of the Group's activities.

The figures are prepared in accordance with IFRS standards and interpretations applicable to the 2017 financial year. Please refer to note 3 for the effect of implementing IFRS, 9, 15 and 16.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise NC TopCo A/S (Parent) and the enterprises (subsidiaries) that are controlled by the Parent. Control is achieved when the Parent is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to use its power over the entity to affect those returns.

Consolidation principles

The consolidated financial statements are prepared on the basis of the financial statements of NC TopCo A/S and its subsidiaries. The consolidated financial statements are prepared by adding together financial statement items of a uniform nature. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated entities are eliminated.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

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 income statement of comprehensive income as financial income or financial expenses. Property, plant and equipment, intangible 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.

When subsidiaries, which present their financial statements in a functional currency different from DKK are consolidated into the consolidated financial statements, the items of the income statement are translated at the average exchange rates.

Exchange differences arising out of the translation of foreign subsidiaries' balance sheet items at the beginning of the year using the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised in other comprehensive income.

STATEMENT OF COMPREHENSIVE INCOME

Revenue

The Group's primary service offerings include information technology consulting services and operations solutions. Consulting services are generally provided on either a time-and-material basis or as 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 date as a percentage of the total estimated costs of hours to fulfil the contract.

Notes to the consolidated financial statements

1. ACCOUNTING POLICIES (CONTINUED)

Revenue from operations 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.

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 subsidiaries, activities and fixed asset investments and proceeds from sale of property, plant and equipment. In the parent financial statements, investing activities also include receipt of dividends from subsidiaries.

Cash flows from financing activities comprise cash changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, installments on interest-bearing debt, payment relating to leasing obligations and dividend payments to shareholders.

Cash and cash equivalents comprise cash.

2. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND UNCERTAINTIES

When applying the accounting policies, Management has to make judgements, estimates 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 and the underlying assumptions are reassessed on a regular basis. Any changes in the accounting estimates 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 2017, it is particularly important to note the following assumptions and uncertainties:

SPECIAL ITEMS

Special items are non-recurring costs or income recorded in the income statement which cannot directly be attributed to Groups ordinary activities. Such costs and income comprises expenses for restructuring, fundamental structural changes in the business, M&A and strategic considerations regarding the future of the group. They are therefore presented separately to provide a more comparable basis for assessing the underlying performance.

Key assumptions involve judgment from Management in identifying and separating special income or expense items from other items in the income statement. These items are carefully considered in order to ensure correct presentation. See note 9.

CONTRACT WORK IN PROGRESS

Contract work in progress for fixed-priced-contracts is measured at the selling price of work completed 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. The Group 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

Notes to the consolidated financial statements

2. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND UNCERTAINTIES (CONTINUED)

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 the Group. See note 16.

PROVISIONS FOR ONEROUS CONTRACTS AND WARRANTY OBLIGATIONS
As part of its regular review of the contract portfolio, the Group may identify contracts where the completion of a contract most likely will result in a negative contribution. In these circumstances, the Group will record a provision to cover the unavoidable loss. Provision for warranty obligations are based on past history and provisions for specific customer cases. 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 customers in relation to project performance, claims and counter claims, contract interpretation and alike. See note 21.

BUSINESS COMBINATIONS
Acquisitions of businesses are accounted for using the acquisition method. The cost of an acquisition is measured as the consideration transferred for assets acquired and liabilities assumed in the business combination measured at fair value on acquisition date.

2017:
On the 25 October 2017 the Group acquired the entire share capital of Hunter Macdonald Ltd. at a price of DKK 345,898k. of which DKK 120,260 was paid in cash and 225,638 was settled by the issue of share capital in NC Topco A/S. Hunter Macdonald Ltd., which is located in the United Kingdom, has a subsidiary in Vietnam, which supports the main office.

Accounting for a business combination requires Management to estimate the fair value of the assets, such as goodwill, customer relationships and order back-log. Key assumptions for the methods applied in determining the fair value are based on the present value of future cash flows, churn rates or the expected cash flows related to the specific asset. Estimates and metodologies used, can have a material impact on the respective values and ultimately the amount of the fair values recognised.

IFRS 3 “Business Combinations” requires that the Group recognise, separately from goodwill, the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The recognised goodwill amount is allocated to the activities of the Group generating separate payments (cash generating units). Determination of cash generating units complies with the management structure and management accounting and reporting of the Group.

Goodwill is not amortised, but tested at least once a year for impairment.

The Group has performed a review of the balance sheet of Hunter Macdonald Ltd. at the acquisition date 25 October 2017, for the purposes of identifying non-reognised assets and liabilities, and for identifying any fair value adjustments to the assets and liabilities already recognised in the balance sheet of Hunter Macdonald Ltd. at the acquisition date.

As part of this process the following unrecognised assets and liabilities were identified in connection with the acquisition in 2017:

Order back-log, DKK 31,481k	Fair value of order back-log has been determined on basis of Net Operating Profit Less Adjusted Taxes (NOPLAT) from the order back-log at the acquisition date, adjusted for amounts already included in the recognition of fair value of other identified intangible assets, and discounted with the internal required rate of return of 13.2% p.a. The calculated fair value has been increased with a tax amortisation benefit factor of 1.15.
Customer relationships, DKK 75,855k	Fair value of customer relationships has been determined on basis of forecasted NOPLAT from acquistion date in October 2017 to 2024 adjusted for expected churn-rate and discounted with the internal required rate of return of 13.2% p.a. The calculated fair value has been increased with a tax amortisation benefit factor of 1.15.
Deferred tax liability, DKK 20,394k	Deferred tax on the remeasurement of order back-log and customer relationships reflects and is equal to the total increase in the fair value of the order back-log and customer relationships as a result of increasing the fair values with the tax amortisation benefit factor.

Notes to the consolidated financial statements

2. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND UNCERTAINTIES (CONTINUED)

Assets and liabilities recognised as a result of acquisitions in 2017 and 2016 are as follows:

	2017 Hunter Macdonald	
	Book value on acquistion date	Opening balance sheet
	DKK' 000	DKK' 000
Cash and cash equivalents	26,287	26,287
Trade and other receivables	51,743	51,743
Work in progress	3,279	3,279
Right of use assets	984	984
Plant and equipment	626	626
Goodwill	0	214,700
Customer Relationships	0	75,855
Order back-log	0	31,481
Deferred tax of the transaction	0	-20,394
Trade and other payables	-38,663	-38,663
Consideration transferred		345,898

Trade and other receivables has a fair value of DKK 51,743k, where trade receivables amount to DKK 37,701k and the gross contractual amounts to DKK 169,625k. It is Management's estimate that all contracts will be recovered in full.

	2016 Netcompany A/S		2016 Netcompany AS	
	Book value on acquisition date	Opening balance sheet	Book value on acquisition date	Opening balance sheet
	DKK' 000	DKK' 000	DKK' 000	DKK' 000
Cash and cash equivalents	44,428	44,428	27,372	27,372
Software	4,514	4,514	0	0
Trade and other receivables	182,860	182,860	26,743	26,743
Work in progress	78,664	78,664	0	0
Deferred tax asset	915	915	95	95
Plant and equipment	12,309	12,309	522	522
Goodwill	0	1,765,207	0	118,676
Customer Relationships	0	205,461	0	62,960
Order back-log	0	57,454	0	6,976
Technology	0	52,909	0	0
Brand	0	167,776	0	0
Corporate tax	-20,794	-20,794	-4,080	-4,080
Deferred tax of the transaction	0	-106,392	0	-17,484
Prepayments from costumers	-25,215	-25,215	0	0
Trade and other payables	-99,652	-99,652	-26,170	-26,170
Consideration transferred		2,320,445		195,611

In 2017, the Group has made an additional payment of DKK 10,106k which has been added to goodwill for Netcompany A/S

Notes to the consolidated financial statements

2. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND UNCERTAINTIES (CONTINUED)

Goodwill arising on acquisition:
Based on the measurement of identifiable assets and liabilities at their fair values, the difference between the cash consideration and the fair value of the identified net assets equals DKK 214,700k, which amount represents the goodwill from the acquisition of Hunter Macdonald Ltd. In addition, the consideration paid for the business combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Hunter Macdonald Ltd. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. Goodwill is also not deductible for tax purposes.

For all other identified assets and liabilities Management determined that the book values in the balance sheet of Hunter Macdonald Ltd. at 25 October 2017 were equal to their fair values.

2016:
On 1 February 2016, the Group acquired the entire share capital of Netcompany A/S and its subsidiaries at a price of DKK 2,320,445k in cash.

Furthermore, on 22 November 2016, the Group acquired the entire share capital of Mesan AS which is located in Norway. The consideration amounted to DKK 195,611k in cash. After the acquisition Mesan AS has changed its name to Netcompany AS. Assets acquired and liabilities recognised at the dates of acquisition are summarised above.

The acquisitions have strengthened the Group's position on the European market and added a strong partner for Group. Goodwill represents the value of the current workforce and potential synergies expected from integration within the Group.

Revenue and profit contribution:
The acquisition of Hunter Macdonald Ltd. contributed revenues of DKK 61,855k and net profit of DKK 12,386k to the Group for the period from 25 October to 31 December 2017.
Had the acquisition occurred on 1 January 2017, consolidated pro-forma revenue and profit for the year ended 31 December 2017 would have been increased by DKK 286,276k and DKK 20,962k, respectively.

These amounts have been calculated using the subsidiary's results and adjusting them for:

- differences in the accounting policies between the Group and the subsidiary, and
- the additional depreciation that would have been charged assuming the fair value adjustments to identifiable intangible assets had applied from 1 January 2017 together with the consequential tax effects.

Impairment assessment of goodwill and other intangible assets relating to acquisitions:
The Group has recognised goodwill and certain other intangible assets from the acquistitions of Netcompany A/S (1 February 2016), Netcompany AS (22 November 2016) and Hunter Macdonald Ltd. (25 October 2017), as further outlined in Notes 13 and 24.

Since the acquisition of Hunter Macdonald Ltd. took place in the last quarter of 2017, Management has determined that the carrying value of goodwill and the other identified intangible assets is at least equal to their fair values. Management has therefore concluded that goodwill and related intangible assets are not impaired, and no detailed impairment test has been deemed necessary at 31 December 2017 for Hunter Macdonald Ltd. In 2018 the goodwill and the other identified intangibles assets will be tested at least once a year.

For impairment test of Netcompany A/S and Netcompany AS, see note 13.

SHARE BASED PAYMENT
A number of key employees of the Group hold shares directly or indirectly in NC TopCo A/S. The key employees participate as shareholders on the same terms and at the same price as the other shareholders of NC TopCo A/S. On this basis Management has concluded that NC TopCo A/S is not subject to the requirements of IFRS 2 "Share-based Payment" and since the key employees have acquired shares at the same price as other shareholders, there are no deemed service cost to be recognised relating to the key employees holding shares in NC TopCo A/S.

Notes to the consolidated financial statements

3. EFFECT OF THE CHANGE IN ACCOUNTING POLICIES

The entity was founded on 14 December 2015 and presented stand-alone financial statements for the period 14 -31 December 2015 in accordance with the Danish Financial Statement Act. 2016 was the first year the consolidated financial statements were presented in accordance with IFRS.
Until now The Group has presented the statement of comprehensive income showing cost items as external expenses, staff costs, depreciation and amortisation. However Management believes that a statement of comprehensive income showing cost items as cost of services, sales and marketing costs and administrative costs will give a more fair view on the Group's financial performance.

The change represents a change in accounting policy which have been accounted for retrospectively in the financial statements. Therefore, the change has been applied as if the new accounting policy had always been in place. Consequently, the Group have adjusted all comparative figures presented in the financial statements affected by this change in accounting policy.

The change only affects the presentation of the comprehensive income. Profit and other comprehensive income reported for 2016 have not been affected, nor has Assets or Equity.

In 2017 certain new standards or amendments and revised accounting standards and interpretations issued by IASB have been early adopted by the Group. The following standards have been fully implemented in 2017 and comparative figures for 2016 have been adjusted accordingly.
The adoption of the mentioned IFRS standards has resulted in minor changes in the classification of certain minor amounts. Comparative figures have been changed accordingly.

APPLICATION OF IFRS 9 "FINANCIAL INTSTUMENTS"
The date of initial application (i.e. the date on which the Group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2016. Accordingly, the Group has applied the requirements of IFRS 9. The implementation of IFRS 9 has not affected the current classification and measurement of the Group's financial instruments.

Financial assets and liabilities classified as held-to-maturity and loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

The Group has entered into a currency swap and an interest swap to hedge currency and interest rate risks respectively. Both swap contracts are measured at fair value. For the currency swap, the fair value of the difference between EUR and DKK has been reflected in financial income, whereas the fair value relating to the time value has been reflected in other comprehensive income and are shown as "Deferred cost of hedging reserve" in equity. The interest swap has been valued at fair value with fair value changes reflected in other comprehensive income and as "Cash flow hedging reserve" in equity. The application of IFRS 9 has not changed the measurement or classification of swaps.

The effect of the change from the 'incurred loss' model in IAS 39 to the 'expected credit loss' model in IFRS 9 is immaterial due to the low credit risk in the Group. Therefore, the implementation of IFRS 9 has not had material impact on the financial position or performance of Group. Credit risk is described in note 23 as well.

APPLICATION OF IFRS 15 "REVENUE FROM CONTRACT WITH CUSTOMERS"
IASB has issued IFRS 15 "Revenue from Contracts with Customers" This standard replaces IAS 11 and IAS 18 and sets out the principles for recognition, measurement, presentation and disclosure of revenue from contracts with costumers. The Group has decided to early adopt IFRS 15 from 1 January 2017. The transition to IFRS 15 have not had any significant impact on revenue, cash-flows or equity for 2017 or 2016. The Group has recognised revenue in accordance with the same principles as set out by IFRS 15.

IFRS 15 introduces a single model to deal with revenue from contracts with customers. Its core principle is that an entity should recognise revenue based on the transfer of promised goods or services to customers with an amount that reflects the consideration to which the entity expects to be entitled to for those goods or services provided to customers.

Notes to the consolidated financial statements

3. EFFECT OF THE CHANGE IN ACCOUNTING POLICIES (CONTINUED)

Only when it comes to subscriptions, which is considered to be an insignificant type of revenue, the implementation of IFRS 15 has changed the recognition of income. Subscriptions were previously recognised on the date of invoicing. They are now recognised over the subscription period. The effect of this is a total of DKK 1,711k revenue now being recognised in 2018 instead of 2017. There was no effect in 2016, and therefore no recognition of revenue in 2017 related to 2016.

APPLICATION OF IFRS 16 "LEASES"
This standard replaces IAS 17 and sets out the principles for recognition, measurement, presentation and disclosure of leases.

IFRS 16 uses a single lessee accounting model and requires recognition of assets and liabilities for almost all leases which results in an increase of fixed assets and total financial debt.

The Group decided to implement IFRS 16 in 2017 applying the "full retrospective" approach, which means restating opening retained earnings as if IFRS 16 had always been applied and preparing comparative figures according to IFRS 16.

The Group had no leasing contracts on 1 January 2016 hence there is no effect on the opening balance sheet as of 1 January 2016. The impact on the 2016 comparative figures is a decrease in administrative cost of DKK 11,569k, an increase in depreciation cost of DKK 11,079k in note 7 and an increase in financial expenses of DKK 503k. In the balance sheet at 31 December 2016 Right of use assets have been recognised with DKK 25,226k and Lease liabilities with DKK 25,339k. The Lease liability is determined as present value of the remaining payments using the borrowing rate of the entities. The right of use assets are recognised with an amount equal to the initial amount of the lease liability less depreciation.

4. SEGMENT INFORMATION

Strategic business areas	Description	Operating segments	Geographic segments
Public	Public companies or companies acting as a public company, seen from a business aspect.	Denmark, Norway & United Kingdom	Denmark, Norway, United Kingdom, Poland & Vietnam
Private	All other companies	Denmark, Norway & United Kingdom	Denmark, Norway, United Kingdom, Poland & Vietnam

Strategic business area	Public 2017	Private 2017	Total 2017
	DKK'000	DKK'000	DKK'000
Development Revenue	440,399	206,481	646,880
Maintenance Revenue	289,761	479,444	769,205
Total Revenue	**730,160**	**685,925**	**1,416,085**
EBITA	**137,143**	**231,899**	**369,042**

Strategic business area	Public 2016	Private 2016	Total 2016
	DKK'000	DKK'000	DKK'000
Development Revenue	153,693	248,661	402,353
Maintenance Revenue	183,480	242,708	426,185
Total Revenue	**337,173**	**491,369**	**828,538**
EBITA	**58,743**	**137,794**	**196,537**

Notes to the consolidated financial statements

4. SEGMENT INFORMATION (CONTINUED)

Segment information related to operating entities	Denmark 2017	Norway 2017	United Kingdom 2017	Other 2017	Total 2017
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Revenue from external customers	1,220,311	133,919	61,855	0	1,416,085
EBITA, operating entities	**328,977**	**27,712**	**12,353**	**0**	**369,042**
Allocated cost	3,673	3,180	0	-6,853	0
EBITA, reported in legal entities	**332,650**	**30,892**	**12,353**	**-6,853**	**369,042**

Segment information related to operation entities	Denmark 2016	Norway 2016	United Kingdom 2016	Other 2016	Total 2016
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Revenue from external customers	816,805	11,733	0	0	828,538
EBITA, operating entities	**194,536**	**2,000**	**0**	**0**	**196,537**
Allocated cost	-25,527	0	0	25,527	0
EBITA, reported in legal entities	**169,010**	**2,000**	**0**	**25,527**	**196,537**

Notes to the consolidated financial statements

4. SEGMENT INFORMATION (CONTINUED)

Segment information related to geographical areas	Denmark 2017	Norway 2017	Poland 2017	United Kingdom 2017	Vietnam 2017	Subtotal 2017	Elimination 2017	Total 2017
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Revenue from external costumers	1,220,311	133,919	0	61,855	0	1,416,085	0	1,416,085
Revenue from internal sales	15,586	0	114,218	0	3,116	132,920	132,920	0
Revenue, Operating entities	**1,235,897**	**133,919**	**114,218**	**61,855**	**3,116**	**1,549,005**	**132,920**	**1,416,085**
EBITA, geographical areas	**278,740**	**30,892**	**47,058**	**12,063**	**289**	**369,042**	**0**	**369,042**
Allocated cost	50,238	-3,180	-47,058	289	-289	0	0	0
EBITA, operating entities	**328,977**	**27,712**	**0**	**12,353**	**0**	**369,042**	**0**	**369,042**

Segment information related to geographical areas	Denmark 2016	Norway 2016	Poland 2016	United Kingdom 2016	Vietnam 2016	Subtotal 2016	Elimination 2016	Total 2016
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Revenue from external costumers	816,805	11,733	0	0	0	828,538	0	828,538
Revenue from internal sales	132	0	55,898	0	0	56,029	56,029	0
Revenue, Operating entities	**816,937**	**11,733**	**55,898**	**0**	**0**	**884,568**	**56,029**	**828,538**
EBITA, geographical areas	**163,867**	**2,000**	**30,670**	**0**	**0**	**196,537**	**0**	**196,537**
Allocated cost	30,670	0	-30,670	0	0	0	0	0
EBITA, operating entities	**194,536**	**2,000**	**0**	**0**	**0**	**196,537**	**0**	**196,537**

Notes to the consolidated financial statements

5. COST OF SERVICES

	2017	2016
	DKK'000	DKK'000
Project costs	166,912	80,947
Staff costs, see note 8	624,070	402,927
Depreciation, see note 10	10,728	7,517
Guarantee fees	1,674	1,023
Total Cost of services	**803,384**	**492,414**

§ ACCOUNTING PRINCIPLES

Project costs comprise external consultants, subscriptions etc. Staff costs comprise wages and salaries for consultants incurred to achieve revenue. Depreciation comprise depreciation and impairment of losses relating to property, plant and equipment used for projects of the Group that are directly incurred to achieve revenue for the year.
Costs of services are recognised as the projects progresses.

6. SALES AND MARKETING COSTS

	2017	2016
	DKK'000	DKK'000
Sales and marketing costs	7,092	2,530
Staff costs, see note 8	2,616	762
Total Sales and marketing cost	**9,707**	**3,292**

§ ACCOUNTING PRINCIPLES

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

Notes to the consolidated financial statements

7. ADMINISTRATIVE COSTS

	2017 DKK'000	2016 DKK'000
Administrative costs	113,402	60,343
Staff costs, see note 8	65,026	27,993
Depreciation, see note 10	22,595	12,816
Total Administrative costs excl. amortisation	**201,023**	**101,153**

§ ACCOUNTING PRINCIPLES

Total administrative costs comprise costs incurred for the Group'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 Group.

8. STAFF COSTS AND REMUNERATION

	2017 DKK'000	2016 DKK'000
Salary and wages	664,576	418,797
Pension contributions	10,157	1,917
Other social security costs	14,264	5,668
Other staff costs	2,716	5,301
Total Staff costs	**691,713**	**431,683**
Staff costs presented under following income statement items:		
Cost of services	624,070	402,927
Sales and marketing costs	2,616	762
Administrative costs	65,026	27,993
Total Staff costs	**691,713**	**431,683**
Average number of employees	**1,256**	**876**

§ ACCOUNTING PRINCIPLES

Staff costs comprise salaries and wages as well as social security costs, pension contributions, etc for the Group's staff.

Notes to the consolidated financial statements

8. STAFF COSTS AND REMUNERATION (CONTINUED)

Remuneration to the Executive Board, Board of Directors and Key Personnel is as follows:

	2017 DKK'000	2016 DKK'000
Remuneration to the Executive Board		
Salaries	7,278	9,075
Total	**7,278**	**9,075**
Remuneration to the Board of Directors		
Board fees	1,653	0
Total	**1,653**	0
Remuneration to Key Personnel		
Salary	4,115	2,488
Total	**4,115**	**2,488**

The Group does not have post-employment benefits or share-based payments.

In 2017 Pekka Ala-Pietilä and Pernille Fabricius joined the Board of Directors, the remuneration is included in the above table.

9. SPECIAL ITEMS

	2017 DKK'000	2016 DKK'000
Special items	32,928	35,141
Total special items	**32,928**	**35,141**

Special items in 2016 relates to the acquisitions of Netcompany A/S and Netcompany AS (Mesan AS), whereas special items in 2017 cover strategic considerations regarding the future of the group and acquisition costs relating to Hunter Macdonald Ltd.

Notes to the consolidated financial statements

10. AMORTISATION AND DEPRECIATION

	2017 DKK'000	2016 DKK'000
Amortisation		
Technology and software	10,581	9,699
Trademark	8,389	7,690
Order back-log	23,418	17,808
Customer relationsships	53,502	38,642
Total Amortisation	**95,890**	**73,839**
Depreciation		
Technology and software*	4,883	3,851
Leasehold improvements	1,173	829
Equipment	8,460	5,358
Right of use asset	19,107	11,079
Total Depreciation	**33,623**	**21,116**

* Amortisation of technology and software derives from amortisation of assets identified in business acquisitions, whereas depreciation of technology and software derives from purchases of assets as part of the ongoing business.

Depreciation and Amortisation have been presented as follows in the income statement:

Cost of services	10,728	7,517
Administrative costs	22,595	12,816
Amortisation	95,890	73,839
Total depreciation and amortisation	**129,213**	**94,173**

§ ACCOUNTING PRINCIPLES

Please refer to notes 13 & 14.

11. FINANCIAL INCOME AND EXPENSES

	2017 DKK'000	2016 DKK'000
Financial income		
Interest on corporate income tax	211	31
Exchange rate adjustments	8,799	0
Other interest income	1,179	1,311
Total Financial income	**10,189**	**1,342**
Financial expenses		
Income tax surcharge	2,257	1,325
Interest expense, bank loan	62,439	53,150
Interest expense, leasing	853	603
Exchange rate adjustments	7,702	1,146
Other financial costs	9,053	7,444
Total Financial expenses	**82,304**	**63,669**

§ ACCOUNTING PRINCIPLES

These items comprise interest income and expenses, currency gains and losses, amortisation of loan costs and tax surcharge and tax relief under the Danish Tax Prepayment Scheme.

Notes to the consolidated financial statements

12. TAX

	2017	2016
	DKK'000	DKK'000
Current tax	78,384	45,238
Change in deferred tax	-18,956	-1,672
	59,428	**43,566**
Profit/loss before tax	201,037	60,371
Tax at a rate of 22%	44,228	13,288
Tax-based value of non-deductible expenses	15,993	31,135
Effect of different tax rates of subsidiaries	-793	-857
	59,428	**43,566**
Effective tax rate	**29,6%**	**72.2%**
Deferred tax has been presented as follows in the balance sheet:		
Deferred tax asset	0	182
Deferred tax liability	-112,418	-111,186
	-112,418	**-111,004**
Deferred tax:		
Non-current assets	-102,222	-102,662
Work in progress	-10,763	-8,419
Other payables	567	77
	-112,418	**-111,004**

The major part of temporary differences relate to the identification of intangible assets as part of the allocation of the purchase prices for acquired businesses as further described in note 2 and note 24.

Tax payable and tax receivable	2017	2016
	DKK'000	DKK'000
Tax payable at January 1, net	30,977	0
Foreign exchange adjustments	-562	-381
Addition, acquisition of entity	717	24,874
Payment relating to prior years	-4,389	-20,794
Current tax for the year	78,384	45,238
Current tax interest for the year	2,046	1,294
Current tax for the year recognised in other comprehensive income for the year	627	-6,154
Payments relating to the current year	-30,968	-13,100
Tax payable at December 31, net	**76,833**	**30,977**
Current tax is recognised as follows in the balance sheet:		
Tax receivable (assets)	0	0
Tax payable (liabilities)	76,833	30,977
Tax payable at December 31, net	**76,833**	**30,977**

Notes to the consolidated financial statements

12. TAX (CONTINUED)

2017

Deferred tax (liabilities)/assets in relation to:	Property, plant & equipment	Right of use assets	Intangible assets	Work in progress	Other payables	Total
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Opening balance 1 January 2017	4,101	0	-106,762	-8,419	77	**-111,004**
Recognised in income	-898	40	21,698	-2,344	459	**18,956**
Acquisitions	0	0	-20,394	0	28	**-20,366**
Exchange difference	-8	0	0	0	4	**-4**
Closing balance 31 December 2017	**3,195**	**40**	**-105,458**	**-10,763**	**567**	**-112,418**

2016

Deferred tax (liabilities)/assets in relation to:	Property, plant & equipment	Right of use assets	Intangible assets	Work in progress	Other payables	Total
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Opening balance 1 January 2016	0	0	0	0	0	**0**
Recognised in income	-1,094	0	14,372	-11,606	0	**1,672**
Acquisitions	5,195	0	-121,134	3,186	77	**-112,676**
Closing balance 31 December 2016	**4,101**	**0**	**-106,762**	**-8,419**	**77**	**-111,004**

§ ACCOUNTING PRINCIPLES

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in profit/loss for the year by portion attributable to the profit for the year and recognised directly in other comprehensive income and equity by the portion attributable to entries recognised directly in other comprehensive income and 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 amounts and tax-based values 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

Notes to the consolidated financial statements

12. TAX (CONTINUED)

when the deferred tax is expected to crystallise as current tax. Changes in deferred tax resulting from changed tax rates or tax rules are recognised in profit/loss 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.

13. INTANGIBLE ASSETS

	Goodwill 2017	Goodwill 2016
	DKK'000	DKK'000
Cost at 1 January	1,883,883	0
Adjustments to prior years	10,106	0
Additions, acquisition of subsidiaries	214,700	1,883,883
Cost at 31 December	**2,108,688**	**1,883,883**
Carrying amount at 31 December	**2,108,688**	**1,883,883**

§ ACCOUNTING PRINCIPLES

GOODWILL

On initial recognition, goodwill is recognised and measured as the difference between, on one hand, the cost of the acquired subsidiary and, on the other hand, the fair value of the acquired identifiable assets, liabilities and contingent liabilities.

The recognised goodwill amount is allocated to the activities of the Group generating separate payments (cash generating units). Determination of cash generating units complies with the management structure and management accounting and reporting of the Group. Goodwill is not amortised, but tested at least once a year for impairment.

IMPAIRMENT TESTING

Goodwill and other intangibles which are acquired through business combinations are annually tested for impairment. The tests are performed at the end of each reporting period.

Goodwill and other intangibles are allocated to each of the Group's cash generating unit, and impairment test was performed at the lowest level of the cash generating units representing different business acquisitions.

Goodwill specified by cash generating unit appears from note 2 and note 24.

The tests shows that the recoverable amounts were estimated to be higher than the carrying amounts and therefore no impairment loss has been recognised. In the event that the recoverable amount of the cash generating unit is lower than the carrying amount, the carrying amount is written down to the recoverable amount. For cash generating units, the write-down for impairment is allocated so that any goodwill is written down first, and then any remaining impairment loss is allocated on the other assets of the unit, however, the individual asset may not be written down to an amount below its fair value net of any expected selling costs.

The determination of the recoverable amount of a cash generating unit to which goodwill is allocated requires significant Management judgement in determining the various assumptions, such as cash-flow projections, discount rate and terminal growth rates. The sensitivity of the estimated measurment to these assumptions, combined or individually, can be significant. Furthermore, the use of different estimates or assumptions when determining the fair value of such assets may result in different values and could result in impairment changes in future periods.

For the purpose of determining the recoverable amount of a terminal growth rate of 2 % has been used and a discount rate based on the weighted average cost of capital (WACC) between 13,7% to 15,4%

Notes to the consolidated financial statements

13. INTANGIBLE ASSETS (CONTINUED)

	Technology and software 2017 DKK'000	Trademark 2017 DKK'000	Order back-log 2017 DKK'000	Customer relationships 2017 DKK'000
Other intangible assets				
Cost at 1 January	65,729	167,776	64,430	268,421
Addition	0	0	0	0
Addition, acquisition of subsidiaries	0	0	31,481	75,855
Cost at 31 December	**65,729**	**167,776**	**95,911**	**344,276**
Amortisation at 1 January	-13,550	-7,690	-17,808	-38,642
Amortisation for the year	-15,464	-8,389	-23,418	-53,502
Amortisation at 31 December	**-29,014**	**-16,079**	**-41,226**	**-92,144**
Carrying amount at 31 December	**36,715**	**151,697**	**54,685**	**252,132**

	Technology and software 2016 DKK'000	Trademark 2016 DKK'000	Order back-log 2016 DKK'000	Customer relationships 2016 DKK'000
Other intangible assets				
Cost at 1 January	0	0	0	0
Addition	8,306	0	0	0
Addition, acquisition of subsidiaries	57,423	167,776	64,430	268,421
Cost at 31 December	**65,729**	**167,776**	**64,430**	**268,421**
Amortisation at 1 January	0	0	0	0
Amortisation for the year	-13,550	-7,690	-17,808	-38,642
Amortisation at 31 December	**-13,550**	**-7,690**	**-17,808**	**-38,642**
Carrying amount at 31 December	**52,179**	**160,086**	**46,622**	**229,779**

§ ACCOUNTING PRINCIPLES

Intangible assets acquired separately
Intangible assets acquired separately with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. The cost of developed software comprises costs such as salaries, depreciation and amortisation that are directly attributable to the development projects and are needed to complete the project, recognised from the time at which the development project first qualifies for recognition as an asset.

Amortisation is recognised on a straight-line basis over their estimated useful lives:

- Software: 3-5 years

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Notes to the consolidated financial statements

13. INTANGIBLE ASSETS (CONTINUED)

Intangible assets acquired in a business combination:
Intangible assets acquired in a business combination consists of technology, order back-log, customer relationships and trademark. Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Amortisation is recognised on a straight-line basis over their estimated useful lives:

- Technology: 5 years
- Order back-log: 3 years
- Customer relationships: 5 - 7 years
- Trademark: 20 years

Impairment losses on intangible assets:
The carrying amount of intangible assets with definite useful life is examined at the balance sheet date in order to determine whether there is any indication of impairment. If this is the case, the recoverable amount of the asset is determined in order to determine the need for any write-down and the extent thereof.

For intangible assets and goodwill, the recoverable amount is determined annually regardless of any identified indication of impairment.

If the asset does not generate cash flow independently of other assets, the recoverable amount is determined for the smallest cash-generating unit of which the asset forms part.

The recoverable amount is determined as the higher of the asset's or the cash generating unit's fair value, net of selling costs, and the value in use. To determine the value in use, estimated future cash flows are discounted to net present value by applying a discount rate that reflects current market assessments of the time value of money and the particular risks related to the asset or the cash generating unit, and for which no adjustments have been made in such estimated future cash flows.

If the recoverable amount of the asset is lower than the carrying amount, the carrying amount is written down to the recoverable amount. For cash generating units, the write-down for impairment is allocated so that any goodwill is written down first, and then any remaining impairment loss is allocated on the other assets of the unit, however, the individual asset may not be written down to an amount below its fair value net of any expected selling costs.

Impairment losses are recognised in the income statement. On any subsequent reversal of impairment losses arising from changes in the assumptions used to determine the recoverable amount, the asset's carrying amount to the adjusted recoverable amount, however, not exceeding the carrying amount that the asset would have had if the impairment had not been made. Impairment losses for goodwill may not be reversed.

Notes to the consolidated financial statements

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements 2017	Equipment 2017	Right of use assets 2017
	DKK'000	DKK'000	DKK'000
Cost at 1 January	3,079	19,344	36,304
Additions	2,194	14,471	23,426
Correction to prior years	665	-580	0
Additions, acquisition of subsidiaries	0	626	984
Disposals	0	-575	0
Cost at 31 December	**5,938**	**33,286**	**60,714**
Depreciation at 1 January	-829	-5,358	-11,079
Depreciation for the year	-1,173	-8,460	-19,107
Disposals	0	575	0
Depreciation at 31 December	**-2,002**	**-13,243**	**-30,186**
Carrying amount at 31 December	**3,936**	**20,043**	**30,528**

	Leasehold improvements 2016	Equipment 2016	Right of use assets 2016
	DKK'000	DKK'000	DKK'000
Cost at 1 January	0	0	0
Additions	957	12,593	353
Additions, acquisition of subsidiaries	2,122	6,751	35,951
Cost at 31 December	**3,079**	**19,344**	**36,304**
Depreciation at 1 January	0	0	0
Depreciation for the year	-829	-5,358	-11,079
Depreciation at 31 December	**-829**	**-5,358**	**-11,079**
Carrying amount at 31 December	**2,250**	**13,986**	**25,226**

§ ACCOUNTING PRINCIPLES

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 which are 1-7 years.

Short-term and low-value assets
The Group has entered into leasing contracts regarded as low-value and short-term, all expiring within 6 months. Total commitments relating to the non-canceling period is DKK 61k. All other lease contracts are recognised on the balance sheet according to IFRS 16.

Notes to the consolidated financial statements

15. TRADE RECEIVABLES

	2017 DKK'000	2016 DKK'000
Trade receivables	445,363	258,212

The carrying amount of trade receivables is assumed to be equal to the fair value.

	2017 DKK'000	2016 DKK'000
Aging of receivables that are not impaired		
Not due	314,867	193,308
Until 30 days	75,018	53,069
Between 30 and 90 days	34,657	10,416
More than 90 days	20,822	1,419
Total trade receivables	**445,363**	**258,212**

At 31 December 2017, the Group has recognised bad debt provisions of DKK 0k (DKK 0k), and no bad debt losses have been incurred during the year.

§ ACCOUNTING PRINCIPLES

Receivables include receivables from sales. Receivables are measured at fair value on initial recognition and subsequently at amortised cost, usually equalling nominal value less any write-downs for bad debts.

16. CONTRACT WORK IN PROGRESS

	2017 DKK'000	2016 DKK'000
Selling price of work performed	409,323	315,241
Prepayments received	-306,403	-232,196
Total contract work in progress	**102,920**	**83,045**

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

	2017 DKK'000	2016 DKK'000
Contract work in progress	139,166	110,515
Prepayments received from customers	-36,246	-27,470
Total contract work in progress	**102,920**	**83,045**

§ ACCOUNTING PRINCIPLES

Contract work in progress is measured 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 applied.

If the selling price of a project cannot be made up reliably, it is measured at the lower of 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 "Prepayments received from customers".

Notes to the consolidated financial statements

17. CASH AND CASH EQUIVALENTS

	2017	2016
	DKK'000	DKK'000
Deposits at bank	194,479	59,961
Bank overdraft	0	-27,973
Total cash and cash equivalents	**194,479**	**31,988**

§ ACCOUNTING PRINCIPLES

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

18. SHARE CAPITAL

The share capital equals DKK 71,607,330 divided into shares of DKK 1 each or multiples hereof.

The shares have been divided into the following classes:

	No. of shares	Votes
A shares	250,000	-
A2-shares	50,001	-
B-shares	19,525,772	35,620,736
C-shares	10,156,043	-
C1-shares	130,724	-
D Shares	7,314,288	6,671,703
E Shares	7,314,288	6,671,703
F Shares	7,314,288	3,335,852
G Shares	6,769,456	6,174,737
H Shares	11,047,803	10,077,217
I Shares	380,842	-
J-Shares	1,353,825	13,534
Sum	**71,607,330**	**68,565,482**

Notes to the consolidated financial statements

19. BORROWINGS

Borrowings have been presented as follows in the balance sheet:

	2017 DKK'000	2016 DKK'000
Non-current liability	1,264,895	1,178,012
Current liability	0	27,973
Total borrowings	**1,264,895**	**1,205,985**

	Currency	Maturity	Fixed or floating interest	Loan costs DKK'000	Nominal value DKK'000	Fair value DKK'000
Bank loan	EUR	2023	Floating	27,559	1,105,121	1,077,562
Bank loan	NOK	2023	Floating	5,247	105,167	99,920
Bank loan	DKK	2023	Floating	4,587	92,000	87,413
31.12.2017				**37,393**	**1,302,288**	**1,264,895**

The fair value of bank loans is deemed to approximate the nominal value of the loans. The carrying value of the loans is based on the amortised cost method and upon initial recognition recognised at the loan proceeds received less cost to obtain the loans. The loan costs are amortised over the life of the loans based on the effective interest rate method.

The repayment profile for the bank debt is conditional on the Group complying with certain financial ratios (covenants). In 2017, the Group complied with the covenants defined.

According to the loan agreement all distribution of dividend has to be approved by the lender.

§ ACCOUNTING PRINCIPLES

Financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

20. OTHER PAYABLES

Other Payables has been presented as follows in the balance sheet:

	2017 DKK'000	2016 DKK'000
Interest and currency rate swap, fair value	28,007	27,974
Wages and salaries, payroll taxes, social security costs, etc payable	39,261	31,163
Holiday pay obligation	70,618	55,783
VAT and duties	57,607	28,516
Other costs payable	27,593	19,870
Total other payables	**223,087**	**163,306**

§ ACCOUNTING PRINCIPLES

The carrying amount of the above-mentioned other payables is assumed to equal their fair value. Holiday pay obligation represents the Group's obligations for payment of wages and salaries during holiday periods, corresponding to the employees' right vested at the balance sheet date to be used in subsequent financial years. The liability is presented under current liabilities.

Notes to the consolidated financial statements

21. PROVISIONS

	2017 DKK'000	2016 DKK'000
Onerous contracts and warranty obligations at 1 January	8,899	0
Additions, acquisition of subsidiaries	0	5,025
Used in the year	-6,353	-3,025
Provisions for the year	27,850	6,899
Onerous contracts and warranty obligations at 31 December	**30,396**	**8,899**

§ ACCOUNTING PRINCIPLES

Provisions represent commitments for onerous contracts and warranty obligations. An onerous contract is considered to exist when the Group 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 represent the Group's best estimate of the unavoidable loss to complete its contract obligations for the related contracts. Provisions for warranty obligations are based on past history and provisions for specific customer cases.

22. WORKING CAPITAL CHANGES

	2017 DKK'000	2016 DKK'000
Change in receivables	-170,396	-215,838
Change in trade payables, etc.	75,350	163,286
	-95,046	**-52,552**

Notes to the consolidated financial statements

23. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

	2017 DKK'000	2016 DKK'000
Categories of financial instruments		
Trade receivables	445,363	258,212
Contract work in progress	139,166	110,515
Other receivables	11,008	6,807
Cash	194,479	59,961
Loans and receivables measured at amortised cost	**790,016**	**435,496**
Trade payables	50,552	26,756
Other payables	223,087	163,306
Financial liabilities measured at amortised cost	**273,639**	**190,062**
Fair value, Interest swap	-38,475	-51,039
Fair value, Currency swap	10.468	23,065
Financial assets / liabilities measures at fair value	**-28,007**	**-27,974**

POLICY FOR MANAGEMENT OF FINANCIAL RISKS

The Group's objective at all times is to limit the Group's financial risks.

The Group 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 and its majority shareholder.

LIQUIDITY RISKS

The Group attempts to maximise flexibility and minimise risks. At 31 December 2017, the Group has unutilised credit facilities of a total of DKK 212,454k (DKK 84,813k).

CREDIT RISKS

In 2017, the Group has not had any bad debt losses. At 31 December 2017, the credit risk is assessed to be limited and at 31 December 2017, the Group has made a provision of DKK 0k (DKK 0k) for potential bad debts.

CURRENCY RISKS

The Group is to a limited extent exposed to foreign currency risks. The main part of the Group's transactions is in Danish kroner. Late 2017, the Group acquired a subsidiary in the United Kingdom. With respect to subsidiaries situated in Poland, Norway and Vietnam there are transactions with the subsidiaries, however, their extent and risk are not significant. The Group may repatriate dividends from the foreign subsidiaries, which then may be subject to currency risk. Furthermore, the Group has entered into loan agreements in different currencies, see note 19. To hedge currency risk, the Group has entered into a currency swap covering the loan in EUR.

The fair value of the currency swaps outstanding at the balance sheet date is positive by DKK 10,468k (DKK 23,065k).

INTEREST RATE RISKS

The interest-bearing liabilities in the Group relate to the loans obtained to finance the purchases of Netcompany A/S, Mesan AS and Hunter Macdonald Ltd., which bears interest according to OTC Rate Floor Transaction agreement made. In 2017, the floating rate averaged 4.3% (5.0%), excluding the impact from amortisation of loan costs.

Approximately 80% of the bank loans have been converted to fixed interest rate of 4,0% p.a, through the use of interest rate swaps. The fair value of the interest rate swaps outstanding at the balance sheet date is negative by DKK 38,475k (DKK 51,039k).
The Group is to a limited extent also exposed to interest rate risks relating to the cash balances, which currently bear negative interest due to the current low interest environment.

OPTIMISATION OF THE CAPITAL STRUCTURE

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

Notes to the consolidated financial statements

24. ACQUISITION OF SUBSIDIARIES

2017
On 25 October 2017, the Group acquired the entire share capital of Hunter Macdonald Ltd. and its subsidiary at a price of DKK 345,898k of which DKK 120,260 was paid in cash and 225,638 was settled by the issue of share capital in NC Topco A/S.

2016
On 1 February 2016, the Group acquired the entire share capital of Netcompany A/S and subsidiaries at a price of 2,320,445 in cash.

On 22 November 2016, the Group acquired the entire share capital of Mesan AS (Now: Netcompany AS), Norway at a price of DKK 195,611 in cash.

Assets acquired and liabilities recognised at the dates of acquisition can be summarised as follows:

	2017 Hunter Macdonald Ltd.	2016 Netcompany A/S	2016 Netcompany AS
	DKK' 000	DKK' 000	DKK'000
Non-current assets:			
Technology	-	52,909	-
Software	-	4,514	-
Trademarks	-	167,776	-
Order back-log	31,481	57,454	6,976
Customer relationships	75,855	205,461	62,960
Property, plant and equipment	626	8,351	522
Right of use assets	984	17,979	8,625
Deferred tax assets	-	915	95
Other receivables	14,043	3,959	-
Current assets			
Trade receivables	37,701	172,541	17,505
Contract work in progress	3,279	78,664	-
Other receivables	-	10,319	9,238
Cash	26,287	44,428	27,372
Current liabilities:			
Leasing	-950	-17,979	-8,625
Deferred tax on remeasurement of certain identifiable assets	-20,394	-106,392	-17,484
Prepayments received from customers	-1,889	-25,215	-
Trade payables	-29,945	-12,235	-1,494
Tax payable	-717	-20,794	-4,080
Other payables	-5,163	-87,417	-24,675
Net assets taken over	**131,198**	**555,238**	**76,935**
Goodwill	214,700	1,765,207	118,676
Total consideration	**345,898**	**2,320,445**	**195,611**
Less cash acquired	-26,287	-44,428	-27,372
Total net consideration	**319,611**	**2,276,017**	**168,239**

For description of the assets and liabilites identified in the acquistions in 2017 and 2016 see note 2.

Notes to the consolidated financial statements

24. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Impact on revenue and profit/loss from acquired business in 2017:

	Revenue DKK' 000	Profit DKK'000
Hunter Macdonald Ltd.	61,855	12,386
Total	**61,855**	**12,386**

Pro-forma figures if Hunter Macdonald had been subsidiary in whole 2017 including above mentioned impact:

	Revenue DKK' 000	Profit DKK'000
Hunter Macdonald Ltd.	286,276	20,962
Total	**286,276**	**20,962**

The Group has incurred acquisition costs of totally DKK 13,834k (DKK 35,141k), which are included in special items.

Impact on revenue and profit/loss from acquired companies in 2016:

	Revenue DKK' 000	Profit DKK'000
Netcompany A/S	816,805	143,625
Netcompany AS	11,733	(2,580)
Total	**828,538**	**141,045**

Pro-forma figures if Netcompany A/S and Netcompany AS had been subsidiaries in whole 2016 including above mentioned impact:

	Revenue DKK' 000	Profit DKK'000
Netcompany A/S	887,878	159,564
Netcompany AS	106,596	20,895
Total	**994,474**	**180,459**

Notes to the consolidated financial statements

24. ACQUISITION OF SUBSIDIARIES (CONTINUED)

§ ACCOUNTING PRINCIPLES

Acquired or newly established subsidiaries are recognised in the consolidated financial statements from the time of acquiring or establishing such subsidiaries. Time of acquisition is the date on which control over the subsidiary is actually acquired. Divested or wound-up subsidiaries are recognised in the consolidated income statement up to the time of their divestment or winding-up. Time of divestment is the date on which control of the subsidiary actually passes to a third party.

When acquiring new subsidiaries, over which the Group obtains control, the acquisition method is applied under which identifiable assets, liabilities and contingent liabilities of these subsidiaries are measured at fair value at the acquisition date. Allowance is made for the tax effect of the restatements made.

The purchase consideration for a subsidiary consists of the fair value of the consideration paid for the acquired subsidiary. Costs which are directly attributable to the acquisition of the subsidiary are recognised directly in income when incurred. Positive differences (goodwill) between, the purchase consideration for the subsidiary acquired and, the fair value of the net assets acquired are recognised as an intangible asset and tested for impairment at least once a year.

25. FEE TO THE GROUP'S AUDITOR ELECTED BY THE ANNUAL GENERAL MEETING

	2017	2016
	DKK'000	DKK'000
Statutory audit	1,174	425
Other assurance agreements	563	247
Tax and VAT advisory services	1,054	66
Other services	4,702	8,373
Total audit fee	**7,493**	**9,110**

Other services includes cost to advisory services in relation to Mergers and acquisitions and various consultancy services.

Notes to the consolidated financial statements

26. RELATED PARTIES

RELATED PARTIES WITH A CONTROLLING INTEREST
FSN Capital GP IV Limited is the ultimate controlling shareholder. FSN Capital GP IV Limited acting in its capacity as general partner for and on behalf of each of FSN Capital IV L.P., FSN Capital IV (B) L.P. and FSN Capital IV Invest L.P.

Related parties with significant influence also comprises the Company's Executive Board, Board of Directors and their related parties.

Furthermore, related parties are companies in which the above persons have significant interests.

TRANSACTIONS WITH RELATED PARTIES
There has not been any transactions other than the payment of remuneration to the Executive board and fees to the Board of Directors. The remuneration and fees are disclosed in note 8.

COMPANIES IN THE GROUP
The Group's subsidiaries at 31 December 2017 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group. The country of incorporation or registration is also their principal place of business.

Notes to the consolidated financial statements

26. RELATED PARTIES WITH A CONTROLLING INTEREST (CONTINUED)

Name of entity	Location	Currency	Ownership	Function
NC TopCo A/S	Denmark	DKK		Parent
NC NewCo A/S	Denmark	DKK	100%	Subsidiary
Netcompany A/S	Denmark	DKK	100%	Subsidiary
Netcompany IT and Business Consulting A/S	Denmark	DKK	100%	Subsidiary
Netcompany Solutions sp. Z o.o.	Poland	PLN	100%	Subsidiary
Netcompany AS	Norway	NOK	100%	Subsidiary
Netcompany Holding UK	United Kingdom	GBP	100%	Subsidiary
Hunter Macdonald Ltd.	United Kingdom	GBP	100%	Subsidiary
Công Ty Tnhh Hunter Macdonald Viet Nam	Vietnam	VND	100%	Subsidiary

The Group is not restricted on its ability to access or use assets, and settle liabilities, of the Group.

27. COLLATERAL PROVIDED AND CONTINGENT LIABILITIES

As part of its contract commitments with customers, the Group has through its banks provided performance guarantees of DKK 139,906k (DKK 51,570k).

28. ADOPTION OF THE ANNUAL REPORT FOR PUBLICATION

At a meeting held on 5 Marts 2018, the Board of Directors adopted the annual report for publication. The annual report is presented to the shareholder of NC TopCo A/S for adoption at the annual general meeting.

29. EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Parent financial statements

Statement of comprehensive income for 2017 for the Parent

	Notes	2017 DKK'000	2016 DKK'000
Administrative costs	3	-4,003	-634
Special items	4	-19,298	0
Operating profit / (loss) (EBIT)		**-23,300**	**-634**
Income from investments in subsidiaries	5	104,000	0
Financial income	6	791	402
Financial expenses	6	-213	-173
Profit / (loss) before tax		**81,278**	**-405**
Tax on profit / (loss) for the year	7	538	89
Profit / (loss) for the year		**81,815**	**-316**
Other comprehensive income / (loss)		0	0
Comprehensive income for the year / (loss)		**81,815**	**-316**

Balance sheet of the Parent at 31 December 2017

	Notes	2017 DKK'000	2016 DKK'000
Investments in subsidiaries	6	1,560,090	1,214,191
Financial assets		**1,560,090**	**1,214,191**
Non-current assets		**1,560,090**	**1,214,191**
Receivables from group entities		4,280	46,240
Other receivable		9,348	200
Tax receivables		19,229	8,672
Receivables		**32,857**	**55,112**
Cash	9	**1,002**	**67**
Current assets		**33,858**	**55,179**
Assets		**1,593,948**	**1,269,370**

	Notes	2017 DKK'000	2016 DKK'000
Share capital	8	71,607	69,283
Retained earnings		1,517,861	1,196,004
Equity		**1,589,468**	**1,265,287**
Payables to group entities		0	4,023
Other payables		4,479	60
Current liabilities		**4,479**	**4,083**
Liabilities		**4,479**	**4,083**
Equity and liabilities		**1,593,948**	**1,269,370**

Statement of changes in equity for the Parent for 2017

	Share capital	Retained earnings	Total
	DKK'000	**DKK'000**	**DKK'000**
Equity at 1 January 2016	500	0	500
Other comprehensive income for the year / (loss)	0	0	0
Profit / (loss) for the year	0	-316	-316
Capital increase	68,783	1,196,320	1,265,103
Equity at 31 December 2016	**69,283**	**1,196,004**	**1,265,287**
Equity at 1 January 2017	69,283	1,196,004	1,265,287
Other comprehensive income for the year / (loss)	0	0	0
Profit / (loss) for the year	0	81,815	81,815
Capital increase	2,324	240,041	242,366
Equity at 31 December 2017	**71,607**	**1,517,861**	**1,589,468**

Cash flow statement for 2017 for the Parent

	Notes	2017 DKK'000	2016 DKK'000
Operating profit (EBIT)		-23,300	-634
Working capital changes	11	33,209	-51,029
		9,909	**-51,663**
Income taxes paid		-10,000	89
Financial income received		772	402
Financial expenses paid		-213	-173
Cash flows from operating activities		**467**	**-51,345**
Payments to acquire financial assets		-120,260	-1,213,691
Received dividends from subsidiaries		104,000	0
Cash flows from investing activities		**-16,260**	**-1,213,691**
Proceeds from issue of share capital		16,728	1,265,103
Cash flows from financing activities		**16,728**	**1,265,103**
Increase in cash and cash equivalents		**935**	**67**
Cash and cash equivalents at 1 January		67	0
Cash and cash equivalents at 31 December	9	**1,002**	**67**

Notes to the financial statements for the Parent

NOTES

1. Accounting policies
2. Significant accounting estimates, assumptions and uncertainties
3. Administrative costs
4. Special Items
5. Income from investment in subsidiaries
6. Financial income and expenses
7. Tax
8. Investment in subsidiaries
9. Cash and cash equivalents
10. Share capital
11. Working capital changes
12. Financial risks and financial instruments
13. Related parties
14. Collateral provided and contingent liabilities
15. Joint taxation
16. Events after the balance sheet date

1. ACCOUNTING POLICIES

NC TopCo A/S presents its parent 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 enterprises (large), see the Danish Executive Order on IFRS issued according to the Danish Financial Statements Act.

NC TopCo A/S is an entity with its registered office in Denmark.

The financial statements are presented in DKK, which is considered the functional currency of the Entity's activities

In the 2017 financial statements new and revised Standards and Interpretations having taken effect and been approved by the EU, effective for this financial year, see description for the Group (note 3).

The Parent generally applies the same accounting policies for recognition and measurement as the Group. Cases in which the Parent's accounting policies differ from those of the Group are described under the relevant notes. For a detailed specification of the Parent's accounting policies, please see relevant notes the consolidated financial statements.

Notes to the financial statements for the Parent

2. 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.

Unless stated below, the Parent follows the same significant accounting principles as the Group.

In the financial statements for 2017, it is particularly important to note the following assumptions and uncertainties:

IMPAIRMENT TEST FOR INVESTMENTS
All subsidiaries of the Group are considered independent cash-generating entities. In the event of any indication of impairment of the carrying amount (cost) of investments in subsidiaries, any impairment loss is determined based on a calculation of the value in use of the relevant subsidiary.

If dividends distributed exceed the subsidiary's comprehensive income in the period for which dividend is distributed, this is considered an indication of impairment.

For the year ended 31 December 2017, all subsidiaries are performing according to the plan with satisfactory earnings, and hence Management has concluded that there are no impairment indicators that require a detailed impairment test to be performed.

OTHER SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND UNCERTAINTIES
For a description of other material accounting estimates, assumptions and uncertainties, please refer to note 2 in Group to the consolidated financial statements.

3. ADMINISTRATIVE COSTS

	2017 DKK'000	2016 DKK'000
Administrative costs	2,350	634
Staff costs	1,653	0
Total administrative costs	**4,003**	**634**

4. SPECIAL ITEMS

Special items comprise costs related to strategic considerations regarding the future of the group and M&A.

5. INCOME FROM INVESTMENT IN SUBSIDIARIES

Dividends received from subsidiaries totals DKK 104,000k in 2017.

Notes to the financial statements for the Parent

6. FINANCIAL INCOME AND EXPENSES

	2017 DKK'000	2016 DKK'000
Financial income		
Intra-group interest income	771	101
Other interest income receivable	20	301
Total	**791**	**402**
Financial expenses		
Intra-group interest expenses	197	66
Other interest expenses payable	16	107
Total	**213**	**173**

7. TAX

	2017 DKK'000	2016 DKK'000
Current tax	538	89
	538	**89**
Profit/loss before tax	81,278	-405
Tax at a rate of 22%	-17,881	89
Tax-based value of non-taxable income	22,880	0
Tax-based value of non-deductible expenses	-4,461	0
	538	**89**
Effective tax rate	**-0.7%**	**22.0%**

The majority of this years expenses are non-deductable expenses relating to special items, hence the effective tax rate.

8. INVESTMENTS IN SUBSIDIARIES

	2017 DKK'000	2016 DKK'000
Cost at 1 January	1,214,191	500
Additions	345,899	1,213,691
Cost at 31 December	**1,560,090**	**1,214,191**
Carrying amount at 31 December	**1,560,090**	**1,214,191**

	Form of enterprise	Owner-ship	Equity DKK'000	Result DKK'000
Subsidiaries:				
NC NewCo A/S, Copenhagen, Denmark	A/S	100%	1,502,220	41,383

§ ACCOUNTING PRINCIPLES

Investments in subsidiaries are recognised and measured at cost. Dividend is recognised as income when the right is finally obtained.

The carrying amount of investments in subsidiaries is examined at the balance sheet date in order to determine if there are any indication of impairment.

Notes to the financial statements for the Parent

9. CASH AND CASH EQUIVALENTS

	2017	2016
	DKK'000	DKK'000
Deposits at bank	1,002	67
Total cash and cash equicalents	**1,002**	**67**

The carrying amounts for cash and cash equivalent equal the fair value as these carry a floating rate. 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.

10. SHARE CAPITAL

The share capital equals DKK 71,607k (DKK 69,283k) divided into shares of DKK 1 each or multiples hereof.

The shares have been divided into classes. Please see note 18 in the consolidated financial statement.

11. WORKING CAPITAL CHANGES

	2017	2016
	DKK'000	DKK'000
Increase/decrease in receivables	32,812	-55,112
Increase/decrease in trade payables etc	397	4,083
	33,209	**-51,029**

12. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

	2017	2016
	DKK'000	DKK'000
Categories of financial instruments:		
Receivables from group entities	4,280	46,239
Other receivable	9,348	200
Cash	1,002	67
Loan and receivables	**14,630**	**46,506**
Debt to group entities	0	4,023
Other debt	4,479	60
Financial liabilities measured at amortised cost	**4,479**	**4,083**

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 and its ultimate majority shareholder.

LIQUIDITY RISKS

The Entity attempts to maximise flexibility and minimise risks. At 31 December 2017, the Entity has unutilised credit facilities of a total of DKK 0k (DKK 0k).

CREDIT RISKS

At 31 December 2017, the Entity has no credit risk.

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.

Notes to the financial statements for the Parent

12. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS (CONTINUED)

OPTIMISATION OF THE CAPITAL STRUCTURE

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

13. RELATED PARTIES

RELATED PARTIES WITH A CONTROLLING INTEREST

Name of company	Registered office	Basis of control
Various entities related to FSN Capital GP IV Limited	Jersey	Ultimate controlling shareholder

FSN Capital GP IV Limited acting in its capacity as general partner for and on behalf of each of FSN Capital IV L.P., FSN Capital IV (B) L.P. and FSN Capital IV Invest L.P.

At the balance sheet date, the Entity has a receivable from subsidiaries of DKK 4,280k (DKK 46,240k).

At the balance sheet date, the Entity has a payable to other subsidiaries of DKK 0k (DKK 4,023k).

All remuneration to the Executive board is paid via subsidiaries. Reference is made to note 8 in the consolidated financial statements.
Fee to the Board of Directors equals DKK 1,653k (DKK 0k).

14. COLLATERAL PROVIDED AND CONTINGENT LIABILITIES

The Entity's investments in NC NewCo A/S, in the total carrying amount of DKK 1,560,090k (DKK 1,214,191), have been provided as collateral for the Group's debt to credit institutions.

The Entity has provided a guarantee for Netcompany IT and Business Consulting A/S of DKK 75,000k (DKK 58,674k) and for Netcompany A/S of DKK 75,000k (DKK 58,674k) and for NC NewCo A/S of DKK 251,598k (DKK 235,015k) in relation to the Group's credit facilities.

15. JOINT TAXATION

The Parent is administration company of a joint national taxation arrangement. The current income tax is allocated among the jointly taxed companies in proportion to their taxable income ("full allocation method").

16. EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

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