

NC TopCo A/S
Grønningen 17,1
1270 Copenhagen K
Central Business Registration No: 37 29 67 67

Annual Report 2021

The Annual General Meeting adopted the Annual Report on 28 February 2022

Chairman of the General Meeting: Tine Kosmider Boye

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Entity details

Entity

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

Business Registration No: 37 29 67 67
Registered in: Copenhagen, Denmark

Board of Directors

Claus Bo Jørgensen, Chairman
Thomas Johansen
Tine Kosmider Boye

Executive Management

André Rafal Rogaczewski

Entity auditors

EY Godkendt Revisionspartnerselskab

Statement by Management on the annual report

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

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

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

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

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

Copenhagen, 28 February 2022

Executive Management

André Rafal Rogaczewski
Chief Executive Officer

Board of Directors

Claus Bo Jørgensen
Chairman

Thomas Johansen

Tine Kosmider Boye

Independent auditor's report

To the shareholder of NC TopCo A/S

OPINION

We have audited the financial statements of NC TopCo A/S for the financial year 1 January – 31 December 2021, which comprise statement of comprehensive income, statement of financial position, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 28 February 2022

EY Godkendt Revisionspartnerselskab

30 70 02 28

Mikkel Sthyr
State Authorised Public Accountant
mne26693

Morten Weinrich Larsen
State Authorised Public Accountant
mne42791

Management commentary

Financial highlights	2021	2020	2019	2018	2017
Key figures	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Operating profit / loss (EBIT)	-31,969	-248	-2,251	-38,178	-23,301
Net financial income/loss	-29,870	-38,186	3,281	134	578
Net profit/loss for the year	24,370	-171,249	339	-6,561	81,815
Total comprehensive income/loss	24,370	-171,249	339	-6,561	81,815
Total assets	4,799,967	3,393,726	3,377,903	1,608,437	1,593,949
Equity	3,144,493	1,721,311	1,875,741	1,592,705	1,589,468
Ratios					
Return on assets (%)	0.5%	-5.0%	0.0%	-0.4%	5.1%
Return on equity (%)	1.0%	-9.5%	0.0%	-0.4%	5.7%
Solvency ratio (%)	65.5%	50.7%	55.5%	99.0%	99.7%

As of 31 May 2019 the Entity merged with NC NewCo A/S and Netcompany Holding I A/S. The comparative figures have not been adjusted, thus comparative figures for 2017 - 2018 in the financial highlights have not been updated.

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:

Return on assets	=	$\frac{\text{Net profit for the year} \times 100}{\text{Total assets}}$
Return on equity	=	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$
Solvency ratio	=	$\frac{\text{Equity} \times 100}{\text{Total assets}}$

Management's review

Primary activities

The Entity's primary activity is to hold equity investments.

Development in activities and finances

The Entity's main priority is to hold equity investments and support subsidiaries in providing business critical IT solutions and related consulting services, maintenance and operation.

On 31 October 2021, the Parent Company, Netcompany Group A/S acquired Intrasoft International S.A, and immediately pushed down the acquired entity to NC TopCo A/S through a capital contribution. NC TopCo A/S has incurred acquisition costs of DKK 35.9 million in 2021, which are included in special items. Performance in the last two months of 2021 for Netcompany-Intrasoft was above our expectations on both revenue growth and on margins. Pipeline is strong and the first project in Greece under the RRF has been awarded.

The Company's investment in Netcompany A/S (Denmark) continued to deliver satisfyingly with high utilisation and performance above Group level.

The Company's investment in Netcompany UK Ltd. and Netcompany AS (Norway) was in 2020 negatively impacted from the COVID-19 pandemic as engagements was postponed or even cancelled in the short term. In 2021, Netcompany UK Ltd. and Netcompany AS (Norway) saw a strong growth supported by improved utilisation ratios as more larger scale projects are beginning to be a more substantial part of the project portfolios in both entities.

The Company's investment in Netcompany Netherlands B.V., was negatively impacted by the prolonged period with no Government in place, following the election in early 2021 and adjustments to fixed fee projects. With the changes made to the management team in the Netherlands, and the early timing hereof, an improvement in the Dutch operation is expected during 2022.

Overall, the directors are satisfied with the performance of the Company's underlying investment in the year taking events during 2021 in consideration.

The Entity's income statement for 2021 shows a profit after tax of DKK 24.4m, and its financial position at 31 December 2021 shows equity of DKK 3,144.5m. The positive result is mainly due to an adjustment in the purchase price of Netcompany Netherlands B.V. in 2021. Based on the measurement of identifiable assets and liabilities at their fair values of Netcompany Netherlands B.V., the difference between the total consideration and the fair value of the identified net assets was originally estimated at DKK 155.4m, which represents the goodwill from the acquisition of Netcompany Netherlands B.V. (QDelft B.V.). Taking the actual performance for 2021 and updated earn-out expectations for the Dutch operation into account, an adjustment to the expected purchase price was recognised in 2021 equaling DKK 78.9m (Negative DKK of 141.3m in 2020), which has been recognised as a fair value adjustment in the income statement.

In September 2020, the Group loan to Netcompany UK Holding Ltd. amounting DKK 301.3m (GBP 36.9m) was capitalised and converted into equity in Netcompany UK Holding Ltd. in order to eliminate translation risk on a Group level.

Particular risks**Financial exposures**

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

The Entity has a limited foreign exchange exposure. The main parts of purchases are executed in DKK.

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

Intellectual capital resources

The Entity has no employees.

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.

Statement of comprehensive income for 2021

	Notes	2021 DKK'000	2020 DKK'000
Administrative costs	4	3,965	-245
Special items	5	-35,935	-3
Operating profit (EBIT)		-31,969	-248
Financial income	6	4,576	24,444
Financial expenses	6	-34,447	-62,630
Fair value adjustment of contingent consideration	11	78,906	-141,268
Profit / loss before tax		17,066	-179,702
Tax on profit / loss for the year	7	7,304	8,453
Profit / loss for the year		24,370	-171,249
Other comprehensive income		0	0
Comprehensive income / loss for the year		24,370	-171,249

Statement of financial position at 31 December 2021

Assets		2021	2020
	Notes	<u>DKK'000</u>	<u>DKK'000</u>
Investments in subsidiaries	8	4,780,855	3,382,044
Financial assets		<u>4,780,855</u>	<u>3,382,044</u>
Non-current assets		<u>4,780,855</u>	<u>3,382,044</u>
Receivables from Group entities		9,005	70
Prepayments		1,070	1,239
Tax receivables		6,586	8,453
Receivables		<u>16,661</u>	<u>9,761</u>
Cash	9	<u>2,450</u>	<u>1,920</u>
Current assets		<u>19,112</u>	<u>11,681</u>
Assets		<u>4,799,967</u>	<u>3,393,726</u>
Equity and liabilities		2021	2020
	Notes	<u>DKK'000</u>	<u>DKK'000</u>
Share capital	10	72,132	72,132
Share-based Remuneration		52,816	29,237
Retained earnings		3,019,545	1,619,943
Equity		<u>3,144,493</u>	<u>1,721,311</u>
Other payables	11	93,398	83,071
Non-current liabilities		<u>93,398</u>	<u>83,071</u>
Payables to Group entities		1,560,350	1,406,623
Trade payables		26	0
Other payables	11	1,700	182,720
Tax payables		0	0
Current liabilities		<u>1,562,076</u>	<u>1,589,343</u>
Liabilities		<u>1,655,474</u>	<u>1,672,414</u>
Equity and liabilities		<u>4,799,967</u>	<u>3,393,726</u>

Statement of changes in equity for 2021

	Share capital DKK'000	Share-based remuneration DKK'000	Retained earnings DKK'000	Total DKK'000
Equity at 1 January 2021	72,132	29,237	1,619,943	1,721,311
Comprehensive income / loss for the year	0	0	24,370	24,370
Total comprehensive income	0	0	24,370	24,370
Capital contribution	0	0	1,375,232	1,375,232
Share-based remuneration for the year	0	23,579	0	23,579
Total transactions with owners	0	23,579	1,375,232	1,398,811
Equity at 31 December 2021	72,132	52,816	3,019,545	3,144,493
	Share capital DKK'000	Share-based remuneration DKK'000	Retained earnings DKK'000	Total DKK'000
Equity at 1 January 2020	72,132	12,214	1,791,395	1,875,741
Comprehensive income / loss for the year	0	0	-171,249	-171,249
Total comprehensive income	0	0	-171,249	-171,249
Net effect from merger	0	0	-204	-204
Share-based remuneration for the year	0	17,023	0	17,023
Total transactions with owners	0	17,023	-204	16,820
Equity at 31 December 2020	72,132	29,237	1,619,943	1,721,311

Cash flow statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Operating profit (EBIT)		-31,969	-248
Non-cash		1,181	-17,716
Working capital changes	12	142,605	43,785
		<u>111,817</u>	<u>25,821</u>
Income taxes received / paid		9,171	-5,659
Financial income received		4,576	9,166
Financial expenses paid		-35,628	-29,636
Cash flows from operating activities		<u>89,936</u>	<u>-308</u>
Payment of contingent consideration		-89,405	0
Cash flows from investing activities		<u>-89,405</u>	<u>0</u>
Cash flows from financing activities		<u>0</u>	<u>0</u>
Increase in cash and cash equivalents		<u>530</u>	<u>-308</u>
Cash and cash equivalents at 1 January		1,920	2,228
Cash and cash equivalents at 31 December		<u>2,450</u>	<u>1,920</u>

Notes to the financial statements

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Notes to the 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 B enterprises, see the Danish Executive Order on IFRS issued according to the Danish Financial Statements Act.

NC TopCo A/S is a company with its registered office in Denmark.

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

Consolidation

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

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. Non-current assets and other nonmonetary assets that have been purchased in foreign currencies and are measured based on historical costs are translated using historical rates.

Statement of comprehensive income

Administrative costs

Administrative cost comprise corporate costs.

Special items

Special items comprises costs related to M&A activities.

Financial income and expenses

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

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement for the year by the portion attributable to the income statement for the year and recognised directly in other comprehensive income or equity by the portion attributable to entries recognised directly in other comprehensive income or equity.

Current tax payable and current tax receivable are recognised in the balance sheet, calculated as tax on taxable income for the year, adjusted for prepaid tax.

On calculation of current tax, the tax rates and rules applicable at the balance sheet date are used.

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

Statement of financial position

Investments in subsidiaries

Investments in subsidiaries are recognised and measured at cost. Dividend is recognised as income when the right to receive payment is established.

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

The Parent company is granting RSUs (Restricted Stock Units) as part of the Long Term Incentive Programme in the operating entities. The cost associated herewith is expensed over the vesting period in the operating entities.

In TopCo A/S, cost related to RSUs are recognised within Equity, and as an addition to investments in subsidiaries. The numbers of shares granted is determined by the Parent Company. The share-based incentive programme based on RSUs will continue in 2022.

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables include receivables from group entities and other receivables.

Receivables are measured at fair value on initial recognition and subsequently at amortised cost, usually equalling nominal value less write-downs for expected credit losses.

Prepayments

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

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting.

Financial liabilities

Financial liabilities, which comprise payables and an earn-out element related to the purchase of Netcompany Netherlands B.V. (QDelft B.V.).

Payables are measured at amortised cost.

Contingent consideration is measured at fair value through profit and loss.

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 financing activities comprise changes in the size or composition of the Entity's share capital and related costs as well as the raising of loans, instalments on interest-bearing debt, purchase of treasury shares and dividends paid to the shareholder.

Cash and cash equivalents comprise bank deposits.

Notes to the financial statements

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.

The Entity has a number of financial assets not recognised at fair value such as receivables from Group entities and other receivables. For all of these items, it is estimated that the carrying amounts approximates, in all material respects, their fair value (level 3 of the IFRS fair value hierarchy).

The Entity also has financial liabilities in the form of other payables recognised at both amortised cost and fair value. The part of other payables recognised at fair value consist of the contingent consideration. The carrying amount of payables to subsidiaries and other payables (excluding contingent consideration) recognised at amortised cost is estimated to equal fair value (level 3 of the IFRS fair value hierarchy).

Impairment losses on assets

The carrying amount of investment in subsidiaries 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. 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.

Contingent consideration

Contingent consideration resulting from business combinations is valued at fair value at the acquisition date as part of the business combination. The key assumptions take into consideration the probability of meeting the performance target. Any adjustments after 12 months has been and will be recognised in comprehensive income as a fair value adjustment of the consideration payable.

3 Effect of the change in accounting policies

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

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

Notes to the financial statements

	2021 DKK'000	2020 DKK'000
4 Administrative costs		
Administrative costs	-3,965	245
	<u>-3,965</u>	<u>245</u>

The Board of Directors does not receive compensation.
Management are being compensated in another Group Entity.

	2021 DKK'000	2020 DKK'000
5 Special items		
Expenses cover strategic consideration and M&A activities	35,935	3
Total special items	<u>35,935</u>	<u>3</u>

	2021 DKK'000	2020 DKK'000
6 Financial income and expenses		
Financial income		
Intra-group interest income	68	9,390
Exchange rate income	3,495	15,054
Other financial income	1,013	0
	<u>4,576</u>	<u>24,444</u>
Financial expenses		
Intra-group interest expenses	29,928	25,568
Exchange rate expenses	2,314	32,771
Other financial expenses	2,205	4,291
	<u>34,447</u>	<u>62,630</u>

Notes to the financial statements

	2021 DKK'000	2020 DKK'000
7 Tax		
Current tax	-6,586	-8,453
Adjustment to prior year	-718	0
	<u>-7,304</u>	<u>-8,453</u>
The current corporation tax rate is 22%		
Profit/loss before tax	17,066	-179,702
Tax at a rate of 22%	3,755	-39,534
Tax-based value of non-deductible income and expenses	-10,341	31,082
Adjustment to prior year	-718	0
	<u>-7,304</u>	<u>-8,453</u>
Effective tax rate	-42.8%	4.7%

The development in effective tax rate was due to a non-tax deductible fair value adjustment of DKK 78.9m (2020: DKK 141.3m) made for the contingent purchase price of the Dutch Operation and special items cost of non-tax deductible amount of DKK 35.9m. Effective tax rate, if not adjusted for the contingent purchase price of the Dutch operation and special items, would have been 22% for 2021. The effective tax rate of 4.7% for 2020 was caused by the adjustment of contingent purchase price of the Dutch operation made in 2020.

Notes to the financial statements

	2021 DKK'000	2020 DKK'000
8 Investments in subsidiaries		
Cost at 1 January	3,382,044	3,063,935
Additions	1,375,232	0
Adjustments	0	-204
Conversion of debt to equity	0	301,290
Share-based remuneration	23,579	17,023
Cost at 31 December	<u>4,780,855</u>	<u>3,382,044</u>
Carrying amount at 31 December	<u>4,780,855</u>	<u>3,382,044</u>

			2020 Equity DKK'000	2020 Result DKK'000
Subsidiaries:	Form of enterprise	Owner-ship		
Netcompany A/S, Copenhagen, Denmark	A/S	100%	1,708,540	570,944
Netcompany AS, Oslo, Norway	AS	100%	63,726	12,227
Netcompany Netherlands B.V., Delft, Netherlands	B.V.	100%	-2,968	9,432
Netcompany UK Holding Ltd., London, United Kingdom	Ltd	100%	381,843	-9,744
Netcompany-Intrasoft	S.A.	100%	132,849	20,409

In 2021, a total of 43,100 RSUs (70,580 RSUs) were granted to Key Management Personnel and other employees in Netcompany A/S, Netcompany AS and Netcompany UK Ltd. The fair value of the RSUs at grant date was DKK 75.9 million (DKK 53.6 million).

In September 2020, the Group loan from NC TopCo A/S amounting DKK 301,290k (GBP 36,916k) was capitalised and converted into equity in UK Holding Ltd. in order to eliminate translation risk on Group level.

Notes to the financial statements

	<u>2021</u> DKK'000	<u>2020</u> DKK'000
9 Cash and cash equivalents		
Deposits at bank	2,450	1,920
	<u>2,450</u>	<u>1,920</u>

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

10 Share capital

The share capital equals DKK 72,132k divided into shares of DKK 1k each or multiplies hereof. The shares have not been divided into classes.

	<u>2021</u> DKK'000	<u>2020</u> DKK'000
11 Other Payables		
Contingent consideration	93,398	261,709
Other costs payable	1,700	4,082
	<u>95,098</u>	<u>265,791</u>

The total consideration related to Netcompany Netherlands B.V. (QDelft B.V.) consists of two elements - a contingent element and an earn out element recognised as DKK 55.4m and DKK 38m respectively. The Contingent consideration of DKK 89.4m was paid during 2021. An adjustment to the purchase price is warranted given the mechanisms set forth in the Share Purchase Agreement because the Dutch operation has not performed in 2021 compared to the expectations at the acquisition date. This adjustment, amounted to DKK 78.9m, was deducted in the contingent consideration and recognised as an income in 2021 as a fair value adjustment following IFRS 3.

	<u>2021</u> DKK'000	<u>2020</u> DKK'000
12 Working capital changes		
Change in receivables	-8,766	9,141
Change in trade payables, etc.	151,371	34,644
	<u>142,605</u>	<u>43,785</u>

Notes to the financial statements

	2021 DKK'000	2020 DKK'000
13 Financial risks and financial instruments		
Categories of financial instruments		
Receivables from Group entities	9,005	70
Financial assets measured at amortised cost	9,005	70
Cash	2,450	1,920
Financial assets measured at fair value through P&L	2,450	1,920
Trade payables	26	0
Payables to Group entities	1,560,350	1,406,623
Other payables excl. Contingent consideration	1,700	4,082
Financial liabilities measured at amortised cost	1,562,050	1,410,705
Contingent consideration	93,398	261,709
Financial liabilities measured at fair value	93,398	261,709

Policy for management of financial risks

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

The Entity manages the financial risks and coordinates cash management and management of interest rate and currency risks based on financial risk policies agreed with the Board of Directors of the parent company.

Liquidity risks

The Entity is part of a Group credit facility. At 31 December 2021, the Group has unutilised credit facilities of a total of DKK 183.3m (2020: DKK 699.9m), which the Entity has the option to use.

Credit risks

In 2021, the Entity has not had any expected credit losses and no credit risk is deemed to exist on the Entity's receivables at 31 December 2021.

Financial risks and financial instruments (continued)

Currency risks

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

Optimisation of the capital structure

The Entity regularly assesses whether the Entity's 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 equity-to-debt ratio.

Notes to the financial statements

14 Related parties

Related parties with a controlling interest

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

Transactions with related parties

In 2021, the Netcompany Group A/S acquired Intrasoft, and immediately pushed down the acquired entity to NC TopCo A/S through a capital contribution.

In September 2020, the Group loan from NC TopCo A/S amounting GBP 36,916k was capitalised and converted into equity in UK Holding Ltd. in order to eliminate translation risk on a Group level.

There have not been any other transactions other than interest income & expenses due to loans within the Group.

All transactions with related parties are made on arm's length terms.

15 Collateral provided and contingent liabilities

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

The Parent has provided collateral for bank guarantees initiated by the Entity towards its customers amounting DKK 236.7 million (DKK 34.9 million).

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

16 Consolidation

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

17 Events after the balance sheet date

No events have occurred after the balance sheet date, which would influence the evaluation of this Annual Report.