NC NewCo A/S
Grønningen 17,1
1270 Copenhagen K
Central Business Registration No 37 29 69 37

Annual report 2017

The Annual General Meeting adopted the annual report on 1 May 2018

Chairman of the General Meeting Tine Kosmider Boye

Contents

Entity details

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

Business Registration No: 37 29 69 37
Registered in: Copenhagen, Denmark

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

Executive Management
André Rafal Rogaczewski

Entity auditors
Deloitte Statsautoriseret 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 NewCo A/S for the financial year 1 January to 31 December 2017.

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.

In our opinion, the financial statements give a true and fair view of the Entity's financial position and results at 31 December 2017 as well as the Entity's cash flows for the financial year 1 January to 31 December 2017.

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, 1 May 2018

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 SHAREHOLDERS OF NewCo A/S

OPINION

We have audited the financial statements of NewCo A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. 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 Entity's financial position at 31.12.2017, and of the results of their operations and cash flows for the financial year 01.01.2017 - 31.12.2017 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

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 financial statements* section of this auditor's report. We are independent of the Entity 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 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, Management is responsible for assessing the Entity'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 financial statements unless Management either intends to liquidate the Entity 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 about 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 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 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 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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, 1 May 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

Management commentary

Financial highlights	2017	2016	2015
Key figures	DKK'000	DKK'000	DKK'000
Revenue	6.480	5.940	0
Gross profit	6.480	5.940	0
EBITA	-3.364	-29.752	0
Operating profit (EBIT)	-3.364	-29.752	0
Net financial income	-63.393	-56.281	0
Net profit for the year	41.383	24.347	0
Total comprehensive income	43.605	2.526	0
Balance sheet total	2.701.396	2.400.556	15.422
Equity	1.502.220	1.216.717	500
Investments in fixed assets	0	0	0
Average number of employees	2	2	0
Ratios			
EBITA margin (%)	-12,3%	-0,8%	0,0%
Return on assets (%)	1,5%	1,0%	0,0%
Return on equity (%)	3,0%	4,0%	0,0%
Solvency ratio (%)	55,6%	50,7%	3,2%

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

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

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

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

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

Management commentary

Primary activities
The Entity's primary activity is to hold equity investments and to provide IT services.

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.

The Entity's income statement for 2017 shows a profit of DKK 43,605k, and its balance sheet at 31 December 2017 shows equity of DKK 1,502,220k. Revenue and profit are considered satisfying and meet the expectations for the year.

The Entity holds succesfull investments in terms of industry-leading profitable growth and customer loyalty. Based on this, the Entity expect a satisfying development in 2018, the profit of the year (excluding dividends) is expected to be on level with current year.

Investments
The UK based company Hunter Macdonald was purched during the year, and passed on within the Group to Netcompany Holding A/S.

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

The interest-bearing liabilities in the Entity relates to the loan made in 2016 to finance the purchase of Netcompany A/S, which bears interest according to OTC Rate Floor Transaction agreement made. The interest-bearing liabilities also relates to the cash balances, which bears negative interest due to the current low interest environment.

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

Intellectual capital resources
The Entity will focus on maintaining and further developing its competence level within management in 2018.

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 2017

	Notes	2017 DKK'000	2016 DKK'000
Revenue		6.480	5.940
Gross profit		**6.480**	**5.940**
Sales and marketing costs		-339	0
Administrative costs	4	-7.786	-6.242
Special items	6	-1.719	-29.450
Operating profit (EBIT)		**-3.364**	**-29.752**
Income from investments in subsidiaries		104.000	113.500
Financial income	8	542	381
Financial expenses	8	-63.935	-56.662
Profit before tax		**37.243**	**27.467**
Tax on profit for the year	9	4.140	-3.120
Profit for the year		**41.383**	**24.347**
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
Change in deferred cost of hedging		-9.716	23.064
Tax of other comprehensive income		-627	6.154
Other comprehensive income / (loss)		**2.222**	**-21.821**
Comprehensive income for the year / (loss)		**43.605**	**2.526**

Balance sheet at 31 December 2017

Assets

	Notes	2017 DKK'000	2016 DKK'000
Right of use assets	10	497	147
Property, plant and equipment		497	147
Investments in subsidiaries	11	2.676.448	2.320.445
Financial assets		2.676.448	2.320.445
Non-current assets		2.676.946	2.320.592
Receivables from Group Entities		0	50.112
Other receivables	12	11.169	25.265
Income tax payable	9	6.776	3.143
Receivables		17.944	78.520
Cash	13	6.506	1.443
Current assets		24.450	79.964
Assets		2.701.396	2.400.556

Equity and liabilities

	Notes	2017 DKK'000	2016 DKK'000
Share capital	14	10.000	10.000
Fair value adjust. Interest rate swap		-30.011	-39.811
Deferred cost of hedging reserve		10.411	17.990
Retained earnings		1.486.819	1.228.538
Proposed dividend		25.000	0
Equity		1.502.220	1.216.717
Borrowings	15	1.055.154	1.075.848
Leasing		244	50
Non-current liabilities		1.055.398	1.075.898
Borrowings	13, 15	22.408	27.973
Leasing		260	99
Payables to Group Entities		78.672	25.897
Other payables	16	42.438	53.971
Current liabilities		143.778	107.941
Liabilities		1.199.176	1.183.839
Equity and liabilities		2.701.396	2.400.555

Statement of changes in equity for 2017

	Share	Fair value adjust. Interest rate swap	Deferred cost of hedging reserve	Retained earnings	Proposed dividend	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	9.500	0	0	728.144	0	737.644
Capital contribution	0	0	0	476.047	0	476.047
Profit for the year	0	0	0	24.347	0	24.347
Other comprehensive income for the year/ (loss)	0	-39.811	17.990	0	0	-21.821
Equity at 31 Dec. 2016	10.000	-39.811	17.990	1.228.538	0	1.216.717
Equity at 1 January 2017	10.000	-39.811	17.990	1.228.538	0	1.216.717
Interim dividend for 2017	0	0	0	-104.000	104.000	0
Payment of dividends	0	0	0		-104.000	0
Capital contribution	0	0	0	345.898	0	345.898
Profit for the year	0	0	0	-8.617	25.000	-8.617
Other comprehensive income for the year/ (loss)	0	9.800	-7.578	0	0	2.222
Equity at 31 Dec. 2017	10.000	-30.011	10.411	1.461.819	25.000	1.556.220

Cash flow statement for 2017

	Notes	2017 DKK'000	2016 DKK'000
Operating profit (EBIT)		-3.364	-29.962
Depreciation	7	458	206
Working capital changes	17	105.450	-23.092
		102.543	-52.847
Financial income received		542	381
Cash flows from operating activities		103.085	-52.466
Payments to acquire subsidiary		-10.105	-2.320.445
Dividend received		104.000	113.500
Cash flows from investing activities		93.895	-2.206.945
Capital contribution		0	1.213.691
Proceeds from borrowings		0	1.075.848
Repayment of borrowings		-375	-210
Financial expenses paid		-59.569	-56.447
Dividends paid		-104.000	0
Cash flows from financing activities		-163.944	2.232.882
Increase in cash and cash equivalents		33.036	-26.530
Cash and cash equivalents at 1 January		-26.530	0
Cash and cash equivalents at 31 December		6.506	-26.530

Reconciliation of liabilities arising from financing activities	Borrowings 2017 DKK'000	Leasing 2017 DKK'000	Interest rate swaps fair value hedging or economically hedging financing liabilities 2017 DKK'000	Total 2017 DKK'000
Opening balance at 1 January	1.075.848	149	27.975	1.103.972
Financing obtained	0	0	0	0
Repayment	0	-375	0	-375
Fair value adjustments (non-cash)	0	0	32	32
Leasing (non-cash)	0	730	0	730
Amortisation loan costs (non-cash)	3.876	0	0	3.876
Exchange rate adjustments (non-cash)	-2.162	0	0	-2.162
Closing balance at 31 December	1.077.562	504	28.007	1.106.073

Notes to the financial statements

Notes to the financial statements

1 Accounting policies

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

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 NC TopCo A/S, which includes NC NewCo 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

Revenue

The Entity provide management services and revenue comprise management fee for the services relating to the year.

Sales and marketing costs

sales and marketing costs comprise advertising costs, travelling and entertainment expenses.

Administrative costs

Administrative cost comprise of corporate costs.

Staff costs

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

Financial income and expenses

These items comprise interest income and expenses, realised and unrealised capital gains and losses on foreign currency transactions and tax surcharge and tax relief under the Danish Tax Prepayment Scheme.

Notes

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 profit/loss for the year by the portion attributable to the profit/loss for the year and recognised directly in other comprehensive income or equity by the portion attributable to entries recognised directly in other comprehensive income or equity.

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

On calculation of current tax, the tax rates and rules applicable at the balance sheet date are used Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities using the balance sheet liability method.

Deferred tax is calculated on the basis of the planned use of each asset and the settlement of each liability, respectively.

Deferred tax is measured using the tax rates and tax rules which – based on acts in force or acts actually in force at the balance sheet date – are expected to apply when the deferred tax is expected to crystallise as current tax. Changes in deferred tax 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.

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

Balance sheet

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.

Receivables

Receivables include receivables from sale of services and other receivables.

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

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.

Notes

1 Accounting policies (continued)

Financial liabilities

Financial liabilities are measured at amortised cost.

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 and divestment of enterprises, as well as dividends received from subsidiary.

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

Cash and cash equivalents comprise cash.

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.

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

Fair value measurement

The Entity measures a number of financial assets and liabilities, including derivative financial instruments, at fair value.

Derivative financial instruments in the form of interest rate swaps are measured by discounting future cash flows to net present value that are based on relevant swap curves and discounted using a discount rate which reflects the credit risk of relevant counterparties (level 2 of the IFRS fair value hierarchy).

2 Significant accounting estimates, assumptions and uncertainties (continued)

In addition, the Entity has a number of financial assets not recognised at fair value such as receivables from Entity enterprises 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 bank loans and other payables recognised at amortised cost. The bank loans carry a floating rate, and the carrying amount recognised is estimated to equal fair value. The carrying amount of payables to subsidiaries and other payables too 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 writedown 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.

3 Effect of the change in accounting policies

Until 2016 the Entity 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 sales and marketing costs and administrative costs will give a more fair view on the entities' financial performance.
The change in 2017 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 entity 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 entity. 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 adjusted accordingly.

Notes

3 Effect of the change in accounting policies (continued)

APPLICATION OF IFRS 9 “FINANCIAL INTSTUMENTS”

The date of initial application (i.e. the date on which the Entity has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2016. Accordingly, the Entity has applied the requirements of IFRS 9. The implementation of IFRS 9 has not affected the current classification and measurement of the Entity’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 Entity 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 Entity. Therefore, the implementation of IFRS 9 has not had material impact on the financial position or performance of Entity.

Credit risk is described in note 18 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 Entity has no revenue, hence the new standard has no effect

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 Entity 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 Entity 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 210k, an increase in depreciation cost of DKK 206k in note 10 and an increase in financial expenses of DKK 4k. In the balance sheet at 31 December 2016 Right of use assets have been recognised with DKK 147k and Lease liabilities with DKK 149k. 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 rec-ognised with an amount equal to the initial amount of the lease liability less depreciation.

Notes to the financial statements

4 Administrative costs

	2017 DKK'000	2016 DKK'000
Administrative costs	1.166	219
Staff costs, see note 5	6.162	5.817
Depreciation, see note 7	458	206
Total administrative	7.786	6.242

5 Staff costs

	2017 DKK'000	2016 DKK'000
Salary and wages	6.151	5.643
Other social security costs	12	2
Other staff costs	0	172
Total staff costs	6.162	5.817
Staff costs enclosed under following account balances:		
Administrative costs	6.162	5.817
Total staff costs	6.162	5.817
Average number of employees	2	2

All employees hold management positions in the Entity.
Board of directors are being compensated in another Group Entity.

6 Special items

	2017 DKK'000	2016 DKK'000
Expenses cover strategic consideration and M&A activities	1.719	29.450
Total special items	1.719	29.450

7 Depreciation

	2017 DKK'000	2016 DKK'000
Depreciation		
Depreciation of right of use asset	458	206
Total Depreciation	458	206

Notes to the financial statements

8 Financial income and expenses

	2017 DKK'000	2016 DKK'000
Financial income		
Interest on corporate income tax	149	0
Intra-group interest income	388	268
Other interest income	5	113
	542	381
Financial expenses		
Income tax surcharge	30	0
Interest expenses on bank loan	48.339	48.918
Interest expenses, leasing	19	5
Exchange rate adjustments	2.162	0
Intra-group interest expenses	1.117	204
Others financial costs	12.268	7.535
	63.935	56.662

9 Tax

	2017 DKK'000	2016 DKK'000
Current tax	4.140	3.034
Change in deferred tax	0	-6.154
	4.140	-3.120
Profit/loss before tax	37.243	27.467
Tax at a rate of 22%	-8.193	-6.043
Tax-based value of non-deductible expenses	-10.547	-22.047
Dividend from subsidiaries	22.880	24.970
	4.140	-3.120
Effective tax rate	11,1%	-11,4%

10 Right of use assets

	2017 DKK'000	2016 DKK'000
Cost at 1 January	353	0
Additions	807	353
Disposal	-353	0
Cost at 31 December	807	353
Depreciation at 1 January	-206	0
Depreciation for the year	-457	-206
Disposal	353	0
Depreciation at 31 December	-310	-206
Carrying amount at 31 December	497	147

Notes to the financial statements

11 Investments in subsidiaries

	2017 DKK'000	2016 DKK'000
Cost at 1 January	2.320.445	0
Additions	356.003	0
Additions, acquisition of subsidiaries	0	2.320.445
Cost at 31 December	2.676.448	2.320.445
Carrying amount at 31 December	2.676.448	2.320.445

	Form of enterprise	Ownership	Equity DKK'000	Result DKK'000
Subsidiaries:				
Netcompany Holding I A/S, Copenhagen	A/S	100%	403.934	66.792

	2017 DKK'000	2016 DKK'000
Income from investments in subsidiaries		
Dividend income	104.000	113.500

12 Other receiveables

	2017 DKK'000	2016 DKK'000
Currency swap, fair value	10.469	23.065
Other receiveables	700	2.200
	11.169	25.265

13 Cash and cash equivalents

	2017 DKK'000	2016 DKK'000
Deposits at bank	6.506	1.443
Bank overdraft	0	-27.973
	6.506	-26.530

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.

14 Share capital

The share capital equals DKK 10,000,000 divided into shares of DKK 1 each or multiples hereof.
The shares have not been divided into classes.
In 2016 there has been an increase in share capital of DKK 9,500,000.

Notes to the financial statements

15 Borrowings

	2017 DKK'000	2016 DKK'000
Borrowings has been presented as follows in the balance sheet:		
Non-current liability	1.055.154	1.075.898
Current liability	22.408	28.072
	1.077.562	1.103.970

	Maturity	Fixed or floating interest	Loan cost DKK'000	Nominal value DKK'000	Fair value DKK'000
Bank loans, EUR	2023	Floating	27.559	1.105.121	1.077.562
31.12.2017			27.559	1.105.121	1.077.562

The repayment profile for the bank debt is conditional on the Entity complying with certain financial ratios (covenants). In 2017, the Entity complied with the covenants defined. According to the loan agreement all distribution of dividend has to be approved by the lender.

16 Other payables

	2017 DKK'000	2016 DKK'000
Interest rate swap, negative fair value	38.475	51.039
Wages and salaries, personal income taxes, social security costs, etc payabl	3	278
VAT and duties	320	395
Other costs payable	3.640	2.259
	42.438	53.971

17 Working capital changes

	2017 DKK'000	2016 DKK'000
Change in receivables	64.208	-37.000
Change in trade payables, etc.	41.241	13.908
	105.450	-23.092

18 Financial risks and financial instruments

	2017 DKK'000	2016 DKK'000
Categories of financial instruments		
Receivables from subsidiary	0	50.112
Other receivables	11.169	25.265
Cash	6.506	1.443
Receivables	17.675	76.821
Payables to subsidiary	78.672	25.897
Other payables	42.438	53.971
Financial liabilities measured at amortised cost	121.110	79.869
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 Entity's objective at all times is to limit the Company's financial risks.
The Entity manages the financial risks and coordinates cash management and management of interest rate and currency risks based on financial risk policies agreed with the Board of Directors of the ultimate parent company and its ultimate majority shareholder.

Liquidity risks

The Entity is part of a Group credit facility. At 31 December 2017, the Group has unutilised credit facilities of a total of DKK 212,454k (2016: DKK 62.786), which the Entity has the option to use.

Credit risks

In 2017, the Entity has not had any bad debt losses and no credit risk is deemed to exist on the Entity's receivables at 31 December 2017.

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 Danish kroner.
The Entity has entered into loan agreement in EUR. To hedge currency risk, the Entity has entered into a currency swap covering the loan. The fair value of the currency swaps outstanding at the balance sheet date is positive by DKK 10,469k (DKK 23,065k).

Interest rate risks

The Entity's bank loans carry floating rates, which for 80% of the loan has been swapped to fixed-rate through the use of interest rate swaps. In 2017, the floating rate averaged 4,3% (2016: 5%). The fair value of the interest rate swaps outstanding at the balance sheet date is negative by DKK 38,475k at 31 December 2017 (2016: DKK 51,039k).
The Entity's cash balances bear negative interest due to the current low interest environment.

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

19 Related parties

Related parties with a controlling interest

Name of company	Registered office	Basis of control
NC TopCo A/S	Copenhagen	Immediate parent
Various entities related to FSN Capital AS	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.

Transactions with related parties

There has not been any transactions other than Management fee, and interest income & expenses due to loans within the Group.

20 Collateral provided and contingent liabilities

The Entity is part of a Group credit facility, the total carrying amount at 31 December 2017 is DKK 1,560,090k (DKK 1,214,191). The Entity provides full guarentee for the credit facility.

The Entity is part of a National Danish joint taxation with NC TopCo A/S as a management company. As a consequence, the Company is liable, as of 01.02.2016, for any obligation to withhold tax on interest, royalties and dividends for jointly taxed companies. The liability only constitutes an amount to the share of the capital in the company which is owned directly or indirectly by ultimate parent.

21 Consolidation

NC NewCo A/S and its subsidiaries are included in the consolidated financial statements of NC TopCo A/S, Business Registration No. 37 29 67 67.

22 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.