Annual report 2018

Leading the way to the digital transformation

netcompany

Netcompany Group A/S
Grønningen 17, 1270 Copenhagen
Central Business Registration No: 39 48 89 14
Adopted by the Annual General Meeting on 13 March 2019
Chairman of the meeting: Thomas Holst Laursen

ADOPTED BY THE GENERAL MEETING ON 13 MARCH 2019

Thomas Holst Laursen
Chairman of the meeting

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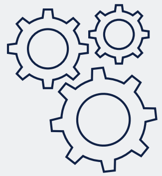


Netcompany Group A/S
Central Business Registration No. 39 48 89 14
Hereafter referred to as "Netcompany"

Our vision

The leading digital challenger in Northern Europe

We help our customers become future digital winners

Netcompany at a glance

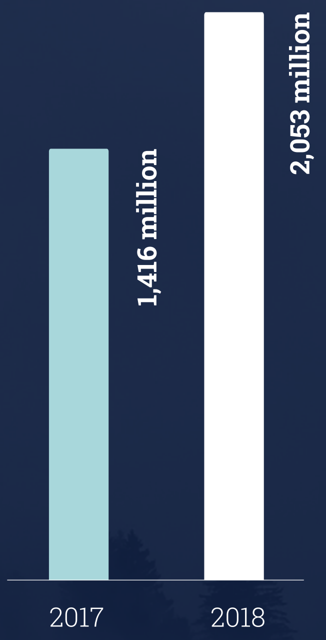
+2,000
Employees at year-end 2018

25.0%
Adjusted EBITA margin

25.5%
Organic growth

75.2%
Cash conversion

Revenue in DKK



"Setting the standard for IT development

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

Founded in 2000, Netcompany has its headquarter in Copenhagen, Denmark. The company has over the last couple of years grown, both domestically and internationally, into a company with more than 2,000 employees in 7 offices across 5 different countries.

> **"Focus on delivery – on time, on budget and in agreed quality**

Since its founding, Netcompany has adhered to the very same management principles and relentless focus on quality and customer satisfaction. These core values are anchored in the company´s business model, which over the last 19 years and also more recently, has proven itself to be both scalable and transferable into new geographies.

Central to the business model is the commitment to "always deliver", thereby making Netcompany customers successful. Through the continued focus on delivery – on time, on budget and in agreed quality – Netcompany has during the last 19 years consistently build a track record unrivaled in the industry.[1] The capabilities to build such a track record lies in continued focus on talent and the ongoing development hereof. Netcompany has always pride itself with hiring high performing talents and developing these by way of engagement and responsibility and an ever-ongoing commitment to learn more. This combination, has made Netcompany the most successful IT service provider in the industry enjoying industry leading margins[2], customers loyalty and employee satisfaction.

1 Based on review the from Black Swan institute Netcompany is the only Danish IT provider with 100% "Green" in project delivery on larger projects.

2 Among all publicly traded IT service companies with revenue >2bn, Netcompany is the only one yielding a 10 year cagr >20% and >20% margins.

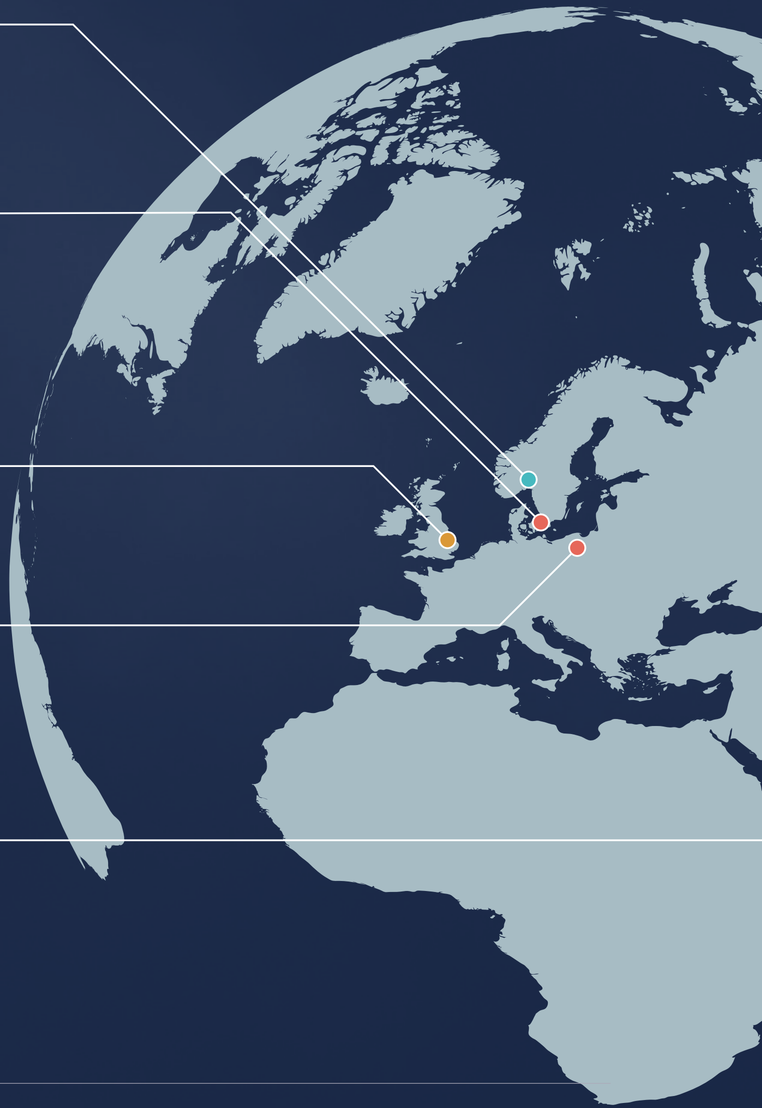
NORWAY
REVENUE: DKK 171m
EMPLOYEES: +180

DENMARK
REVENUE: DKK 1,544m
EMPLOYEES: +1,200

UNITED KINGDOM
REVENUE: DKK 338m
EMPLOYEES: +350

POLAND
EMPLOYEES: +200

VIETNAM
EMPLOYEES: +85



+2,000
Employees

5
Countries

- Netcompany Denmark
- Netcompany Norway
- Netcompany UK

Letter from the Chairman

Strengthening the foundation for the future

2018 was an exciting year for Netcompany where the initial public offering (IPO) in June, marked the company´s entry into the large cap index at Nasdaq Copenhagen. The public and transparent ownership structure, now in place, is well in synch with the role, that Netcompany is playing in delivering critical IT solutions, supporting the infrastructure required to maintain welfare benefits in Denmark and other critical solutions to both public and private customers in Denmark, Norway and in the UK. The IPO was a success, that showed high interest in Netcompany, which we are naturally proud of and humble about. It also shows the market appreciation of the unique character and investment opportunity Netcompany is.

I want to extent a warm welcome to all our new shareholders in Netcompany. Being a publicly traded company, we know that delivering on financial targets and ambitions, is a prerequisite for continued success as a publicly traded company. We take comfort in the underlying growth in the markets, in which we operate and the proven ability of our business model to scale to achieve those targets. As long as we continue to deliver projects on time, on budget and in agreed quality, we are confident, that we will continue to enjoy long lasting relationships with both existing and new customers, who in turn will continue to place more business with us.

THE BOARD OF DIRECTORS

The Board of Directors is a collective body overseeing and ensuring, that the Executive Management runs the company on a day to day basis with the long-term interest and goals of the investors to be achieved. In that aspect, the Board of Directors are responsible for ensuring, that the

overall strategic management, financials and controls of Netcompany are conducted adequately in all aspects and to ensure, that we engage, challenge and advise Netcompany´s Executive Management team in relation to strategic initiatives as well as monitoring the Group's financial performance and condition on an ongoing basis. This also includes, analysis and discussion of matters like succession planning for key members of management, risk management, capital allocation, optimisation and other ad hoc topics.

DELIVERING ON OUR PROMISES

In the Prospectus we said, that we expect to grow the topline by 20-25% every year in the period 2019 to 2021 with margins gradually moving from 25% to high twenties before any acquisitions. As in everything we do in Netcompany, we also intent to deliver on the financial targets communicated. We will continue to develop our organisation, so that we are able to deliver on the increasing market demand for new and better business and society critical solutions in the years to come, following the anticipated continued digitalisation. As an organisation, we will also continue to strive to be the preferred place to work for talented IT people and we will focus on achieving a more balanced gender distribution throughout the entire Netcompany organisation.

We also plan to expand the Netcompany Group in other new geographies. In the near term, we intend to use the free cash flow generated to deleverage and invest further in terms of new acquisitions, hence we will not propose any dividend to be paid out neither this year nor next year.

Pekka Ala-Pietilä
Chairman of the Board of Directors

Letter from the CEO

Managing long term growth

When I look back at 2018, I do so with immense pride and admiration. Pride in the results achieved both financially and as an organisation, but also in admiration of the Netcompany employees who continue to deliver a record breaking performance year after year. We grew by 45% in 2018, surpassed DKK 2 billion in revenue and organic revenue growth was 25.5% - in line with our long-term aspiration of organic growth between 20-25% annually. Our high activity level from 2017 has been maintained throughout 2018 and we are experiencing a strong demand for our solutions in all segments and countries.

In 2018, we realised an adjusted operating profit margin (adjusted EBITA margin) of 25%, and for the first time passed more than 350 million in operating profits.

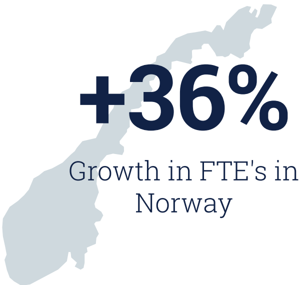
Looking ahead, we are aiming for an organic growth rate of 20-25%, which we believe is a realistic and healthy pace and why we have deliberately slowed our growth in Denmark during the second half of 2018. As a result, we ensure, that Netcompany does not grow at a faster rate than we are able to manage without compromising the quality of our deliveries or our margins.

BECOMING A NORTHERN EUROPEAN LEADER

In 2018, we improved the market position in all our geographies. We have significantly and successfully increased our footprint both in the UK and the Norwegian market. Continuously we are aiming and working for recognition and position as a highly strategically valued partner in delivering complex technology transformations to support both private and public businesses. Our unique business model has proven to be repeatable and scalable for over 19 years and enables us to deliver projects on time, on budget and in agreed quality.

> **We grew by 45% in 2018 and passed DKK 2 billion in revenue**

Well positioned to continue our growth in Northern Europe, we aim to be the leading digital challenger in Northern Europe. The ongoing integration and transformation of our acquisitions in Norway and in the UK, makes me believe, that we have every opportunity to achieve our goal through stable growth in the markets we know and by positive development in our international expansion, kick-started by acquisitions and followed by organic growth in new promising markets.



750+
New employees in 2018

+48%
Growth in FTE's

+36%
Growth in FTE's in Norway

A HISTORIC MILESTONE
An important milestone in 2018 was our successful IPO on 7 June 2018. As a result of dedicated and focused work throughout the entire IPO process, we were listed at the Copenhagen Stock Exchange as a true unicorn, with strong commitment to our new and old shareholders to continue to develop the company the way we have done from day one. The listing of Netcompany helps us create an even better platform for fulfilling our growth ambitions through increased publicity of the company. It also enables us to continue to attract ambitious, skilled employees and customers as the company expands.

MARKETS ENHANCING AS DIGITALISATION BECOMES STRATEGIC FOR EVERY BUSINESS
Digitalisation is a main topic in every board room. All businesses and industries are searching for growth and differentiation by using digitalisation as a key driver. This means, that new technological landscapes emerge, where old systems need to be renovated, modularised and combined with new systems and services. At Netcompany we embrace these new technologies such as artificial intelligence, blockchain and data driven approaches in our continued ambition to stay up to date and utilise the latest technologies. The advantages are real, tangible and in many cases critical in establishing new sustainable business models in both private and public enterprises. However, the journey is complex and full of possible pitfalls

Netcompany has a unique approach and track record in delivering large high-quality IT solutions and services changing the entire digital business infrastructure for our clients. With IT people leading IT people, we are indeed creating high and

"Our position in the market commands a high level of discipline and focus in all aspects of how we run our business

differentiated value for our customers. The continuous ability to deliver high quality on time and on budget is creating a real demand for our services in the markets we operate in.

BEST-IN-CLASS IT PROFESSIONALS
During the year we have welcomed more than 750 new employees into Netcompany. The number of average FTE´s grew by more than 48% from 1,256 to 1,861 during the year. I am truly amazed by the talent, that we have attracted and proud of the delivery capabilities we possess as a group.

We understand, that our success is directly linked to our ability to continuously attract, develop and retain the most talented employees and to build a team with the very best players on board.

As our employees are the key to maintaining our position as the most skilled and fastest growing IT consulting firm, we continue our intense focus on hiring talented people in all the countries in which we operate. Our positive rating with students and general reputation of being a leading IT consulting company with exceptional career opportunities, supports our high demand for new recruits.

I co-founded Netcompany 19 years ago with the ambition to create more value for our customers by doing things differently, delivering on time, on budget and in agreed quality, while also attracting the best talent. Today, we have come far but this is just the beginning. Leading the delivery of innovative, value-creating IT solution gives an excellent platform for future growth and prosperity, for us for our customers, and for society in general.

I want to extend a warm thank you to all of our stakeholders – employees, customers and partners – for a great 2018 and I look forward to continuing the journey in 2019.

André Rogaczewski
CEO and Co-Founder

Financial highlights and key figures

DKK million	2018	2017	2016*
Income statement			
Revenue			
Public	1,152.1	730.2	368.3
Private	901.1	685.9	531.3
Revenue by segments, total	2,053.2	1,416.1	899.6
Development	1,005.4	646.9	438.4
Maintenance	1,047.8	769.2	461.2
Revenue by types, total	2,053.2	1,416.1	899.6
Organic	1,777.5	1,232.0	887.9
Acquisition	275.7	184.0	11.7
Revenue by growth, total	2,053.2	1,416.1	899.6
Special items	-34.5	-32.9	-35.5
EBITA	479.7	369.0	212.9
Adjusted EBITA	514.2	402.0	248.0
Operating profit (EBIT)	364.3	273.2	139.1
Net financials	-108.7	-72.1	-62.7
Net profit	181.2	141.6	32.8
Financial position			
Investments in tangible assets	22.9	16.7	13.6
Investments in intangible assets	0	11.1	8.3
Total assets	3,485.4	3,469.5	2,860.4
Equity	1,806.3	1,643.9	1,260.5
Dividends paid	0.0	0.0	0.0
Net increase in cash and cash equivalents	-85.3	137.0	-107.0

DKK million	2018	2017	2016*
Cash flow figures			
Cash flow from operation activities	186,4	195.3	68.1
Cash flow from investing activities	-27.2	-150.5	-2,539.4
Cash flow from financing activities	-244.6	92.2	2,243.6
Free cash flow	391.3	307.3	164.3
Net increase in cash and cash equivalents	-85.3	137.0	-107.0
Earnings per share			
Earnings per share (DKK)	3.65	N/A	N/A
Diluted Earnings per share (DKK)	3.65	N/A	N/A
Employees			
Average number of full-time employees	1,860.7	1,256.0	877.4

* The Group was established on 1 February 2016, prior to this date Netcompany only consisted of Netcompany A/S. To allow for a meaningful comparison between the full-year numbers, the financial highlights and key figures of 2016 shows the consolidation between the 11-months reported figures in NC TopCo A/S and the one month of January 2016 reported in Netcompany A/S, which in total, comprise the Group. Please refer to the Prospectus for further information.

Financial highlights and key figures

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:

DKK million	2018	2017	2016*
Financial ratios			
Gross profit margin	39.8%	43.3%	41.4%
EBITA margin	23.4%	26.1%	23.7%
Adjusted EBITA margin	25.0%	28.4%	27.6%
Operating profit margin	17.7%	19.3%	15.5%
Effective tax rate	29.1%	29.6%	57.1%
Return on equity	10.5%	9.8%	5.2%
Solvency ratio	51.8%	47.4%	44.1%
Revenue growth	45.0%	57.4%	18.7%
Return on invested capital (ROIC)	6.6%	5.5%	2.5%
Cash conversion ratio	75.2%	76.4%	91.6%

* The Group was established on 1 February 2016, prior to this date Netcompany only consisted of Netcompany A/S. To allow for a meaningful comparison between the full-year numbers, the financial highlights and key figures of 2016 shows the reconciliation between the 11-months reported figures in NC TopCo A/S and the one month of January 2016 reported in Netcompany A/S, which in total, comprise the Group. Please refer to the Prospectus for further information.

EPS $= \dfrac{\text{Net profit for the period - Dividends on preferred stock}}{\text{Average outstanding common shares}}$

EPS diluted $= \dfrac{\text{Net profit for the period - Dividends on preferred stock}}{\text{Average outstanding common shares + Convertible instruments}}$

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

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

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

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

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

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

Free cash flow = EBITDA + Non-cash + Change in networking capital

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

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

EBITDA = EBIT+Depreciation and amortisation

Days sales outstanding (DSO) $= \dfrac{\text{Trade receivables}}{\text{Revenue / days}}$

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, as bespoke IT solutions across the full IT landscape, from digital front-end to modern back-end systems, including the areas of digital platforms, core systems and infrastructure.

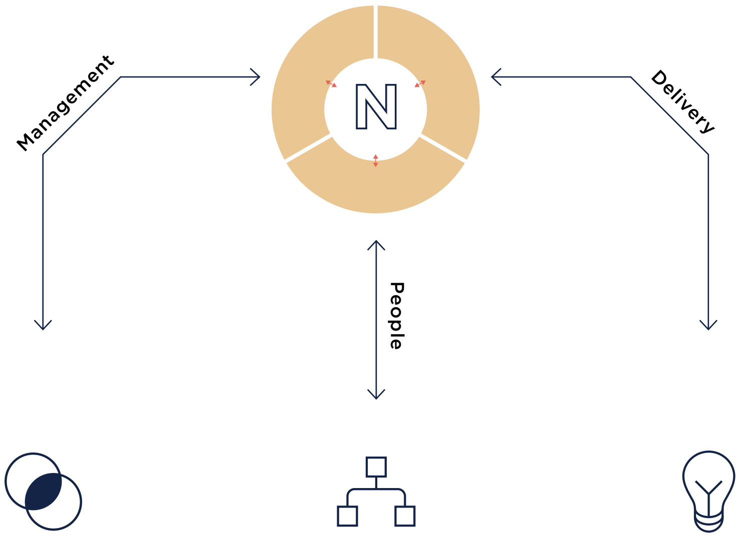
The company's unique business model, focusing on delivering projects on time, on budget and in agreed quality is designed around three key pillars: (i) a disruptive management model and integrated sales approach; (ii) an outstanding talent and career development model; and (iii) a unique, agile, deliverable-driven methodology and toolkit.

Netcompany's business model has, through the last 19 years, been kept with similar focus points as originally. Since 2000, Netcompany in Denmark has grown from "start up" to more than 1200 employees and as such the model has proven that it scales. The organisational learning and continued improvement of processes and delivery mechanism during the same period have been substantial. Being implemented and used in Netcompany Norway since 2016 and in Netcompany UK since 2017 the model has also been utilised in other countries outside Denmark.

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

NETCOMPANY'S BUSINESS MODEL

Delivering excellence in digital transformation



DISRUPTIVE MANAGEMENT MODEL AND INTEGRATED SALES APPROACH

Combined sales & delivery responsibility and capabilities

Decentralised management, responsibility and decisions

IT-people leading IT-people

OUTSTANDING TALENT AND CAREER DEVELOPMENT MODEL

Attract and build top talent through accelerated merit-based career-path

Structured HR and training process for onboarding and continued learning

Outstanding rewards for high performers

UNIQUE, AGILE, DELIVERABLE-DRIVEN METHODOLOGY AND TOOLKIT

Truly agile project delivery model with industrialised modules and focus on end-product

At-scale capabilities to lift the most complex projects

Legacy-free and technology dagnostic approach

DISRUPTIVE MANAGEMENT MODEL AND INTEGRATED SALES APPROACH

IT people leading IT people, that's the core of Netcompany's decentralised management model, which means, that 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 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, development and maintenance/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 thereby steer the company to only entering into contracts at the right price level and that 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 market based remuneration model and the opportunity to work on large complex business critical projects, have earned Netcompany a positive reputation among top performing graduates from top ranked universities. In addition, the hands-on management by people who are IT professionals themselves, allows for continuous feedback and learning for new consultants who, as part of their onboarding programme, are assigned to customer-facing projects along-side 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 throughout the entire project lifecycle, from development to maintenance and operations. The methodology means, that large complex projects are broken 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 predefined milestones and number of hours spent. Project progress and status, is made fully transparent and is shared with clients at all times through collaborative toolkits, ensuring full customer alignment on project progress and issues. This approach ensures, that potential issues on projects are discovered as early as possible and solved instantly.

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 by shifting resources from private segment to public segment or vice versa. 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, not only allows for more flexibility in terms of service offerings, but also enables more efficient execution as the company is not tied to particular systems or providers.

> **Project progress and status is made fully transparent and shared with clients at all times through collaborative toolkits**

Attracting and retaining the best IT people

Netcompany's succes is driven by – and dependent upon – our unique talent and career development model

Netcompany operates in markets with an increasing need for highly qualified IT professionals. Netcompany´s repeated success in its core market in Denmark means that it is becoming increasingly difficult to hire enough talented graduates with relevant educational background, simply because the number of relevant graduates in a given year is not large, when comparing with the amount of new employees needed in Netcompany in Denmark.

Netcompany already anticipated this challenge to occur as long as 8 years ago and already then established a presence in Warsaw in Poland, in order to have access to relevant talents from a sourcing perspective. Today, more than 200 Polish employees of the Netcompany Group work on projects in Denmark, Norway and UK along with locally based employees in an integrated delivery model, which in essence means, that the sourcing pool for relevant talents to work on Danish projects is not being confined to Denmark alone, but also includes Poland.

With our recent acquisition of the UK business (2017), we gained a second sourcing center in Vietnam, which we intend to utilise in the same way as our Polish sourcing center. We will continue to implement the Netcompany business model, values and culture in the Vietnamese operation during 2019 and in the coming years.

Common for all new Netcompany employees, no matter in which country they are hired, is a strict focus on hiring top talents from the top universities in the geographies where we operate. The interview process is thorough, and we insist on multiple interviews with different project managers from Netcompany before offering a job to an applicant. This is to ensure, that we hire the most talented people, which is a prerequisite for our continued growth and development as a

Growth

New skills

Quality

Succes

company. Today, Netcompany is the employer of choice for talented IT graduates in Denmark and we start to see positive development towards a similar position in Norway, while it is still too early to measure any impact in the UK of our employer branding activities.

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

CAREER DEVELOPMENT PROGRAMME

Once hired, Netcompany´s unique talent and career development model ensures that employees are constantly growing and progressing professionally, developing new skills and taking on more responsibility. 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 detailed performance appraisals and mentoring schemes, new areas of professsional and personal development are constantly identified, leading to new and more complex tasks, assignments and responsibilities.

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, 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 a national, regional and global level.

NETCOMPANY CAREER PATH

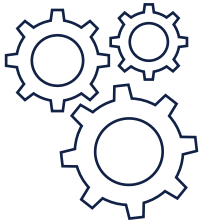
In relation to career development in Netcompany, everything we do is founded in the desire to promote from within, following a transparent and well known career path. As of January 2019, five principals were promoted to partners. All individuals were engaged in Netcompany during the last 10-12 years, and they possess the knowledge and personal characteristics to support and enable the future growth of Netcompany.

Netcompany's strategy

STRATEGIC PRIORITIES 2019
At Netcompany it is believed that the digital transformation will substantially change how people work, do business and how society is constructed 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.

Netcompany remains firmly committed to claim the title as the Northern European market leader in IT services. Hence the company aims to continue to grow organically in the geographies already present – Denmark, Norway and the UK, and to grow in organically in countries like Sweden, The Netherlands and Finland in the short term.

GLOBAL SHIFT IN DEMAND FOR IT SERVICES



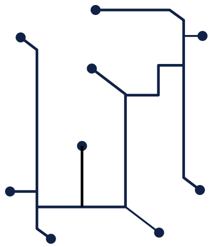
Old world IT

Most spend on 'running the business'

IT is back office enabler and cost center

Large corporate monolithic systems and islands of disconnected, inflexible data assets

Slow, long lead times, Clearly articulated scope, and extended release cycles



New world IT

More spend on 'growing the business'

IT is core to strategy and operations

Smaller and flexible architecture for seamless experiences and advanced analytics

Agile ways of working that deliver smaller functionality to market

STRATEGIC INITIATIVES

2018 ACHIEVEMENT		2019 GOALS AND FOCUS	
Grow market share in existing market segments (Continued from 2017)	During 2018 we have continued to win market shares in all markets we operate in which we operate. In Denmark, we continued to set the agenda in terms of digitalisation and we won the majority of the tenders in which we participated. Despite the fact, that we have been winning business from our competitors, the market also continues to grow and as such, we estimate that the market share in Denmark has increased to around 10%, in Norway to around 2%, while it remains marginal in the UK.	**Grow market share in existing market segments**	The foundation for Netcompany´s continued success is to grow by constant focus on delivering on time, on budget and in agreed quality. We expect to continue to grow faster than the market in all the countries we are present and thereby increase the market shares. We will have special focus on managing organic growth to a longer-term sustainable level of between 20 to 25% - particular in Denmark following a period of high growth rates. An organic growth rate at more than 30% can not be sustained in a longer period of time, as is it will evenutally effect the quality of the deliveries, thereby increasing the potential risk of margins being diluted.
Continue successful export of business model (New in 2018)	We have started to see a larger effect of the implementation of our business model in the Norwegian business unit on both growth and margins. As anticipated, achievement of growth targets of 20-25% organically, will be reached before target for margins. In the UK, we have seen the initial impacts from implementing our employer branding and recruitment method and we have begun hiring from leading universities in London.	**Continue successful export of business model**	We will continue to focus on the full implementation of the Netcompany business model in Norway, Vietnam and the UK through 2019 and we expect to enter at least one new geography during 2019. Based on our assessment of the level of digitalisation and readiness to move to “new world IT” we are targeting Sweden, The Netherlands and Finland. While we have no hard deadline for when acquisitions are to be made, we are, from an organisational and financial perspective, ready to make the next acquisition when the right opportunity presents itself.
Utilising synergies and Cross selling (New in 2018)	During 2018, we had several occasions whereby business units across Netcompany were helping and facilitating presentations to new customers. For example, subject matter experts from the UK participated in presentations to existing Danish and Norwegian customers on opportunities within secure infrastructure. On the other hand, the Danish organisation facilitated site visits with existing Danish customers to potential new UK customers.	**Utilising synergies and Cross selling**	In 2019, Netcompany will push forward to utilise the synergies from being in different market with various subject matter experts even more. In addition, we will transfer Danish project managers to both Vietnam and Poland and we will also allocate senior partner resources to the UK operation to facilitate further focus on winning large outcome based engagements.

2018 Financial performance and outlook for 2019

In 2018, the Group delivered a revenue growth of 45.0%, organic revenue growth of 25.5% and an adjusted EBITA margin of 25.0%. Reported revenue growth was above the original and updated guidance for 2018, while organic revenue growth and adjusted EBITA margin was in line with the updated guidance from Q3 2018.

During 2018, Netcompany Denmark continued to win new and significant business in both the public and private segment, which forms the foundation for continued growth, with margins at a similar level in 2019.

In 2018, the Group completed both the system integrations as well as significant organisational changes in UK and Vietnam. This meant, among other things, moving the headquarter in UK from Reading to London as well as closing down one of the two Vietnamese offices. These actions, in connection with other integration activities performed in 2018 is expected to have a positive impact on the margins in the UK already from 2019.

Brexit is not expected to have negative impact on Netcompany UK in 2019.

In Netcompany Norway, we continued the results of a successful integration and won additional large public tenders such as the Municipality of Oslo. In addition, we expect to see the full financial effect of a successful integration towards the backend of 2019, where we expect Netcompany Norway to deliver both revenue growth and margin in line with our long term expectations for acquired entities.

OUTLOOK FOR 2019

Netcompany expects organic revenue growth in constant currencies to be between 20% and 25% in both Denmark, Norway and the UK.

Adjusted EBITA margin for the Group is expected to be around 26%, before impact of any new acquisitions.
Tax rate for 2019 is expected to be around 25%.

FINANCIAL METRICS 2018:

45.0% Revenue growth

25.0% Adjusted EBITA margin

12.5% Profit before tax

FINANCIAL PERFORMANCE 2018	Targets 2019	Original targets 2018	Updated targets Q3 2018	Actual performance 2018
Organic revenue growth in constant currencies	20-25%	N/A	N/A	25.8%
Adjusted EBITA margin in constant currencies	~ 26%	N/A	N/A	25.0%
Revenue growth in reported currencies	N/A	37-42%	42-44%	45.0%
Organic revenue growth in reported currencies	N/A	20-25%	24-26%	25.5%
Adjusted EBITA margin in reported currencies	N/A	24.5-27.5%	25-25.5%	25.0%
Profit/loss before tax	N/A	11-14%	12.5-13.8%	12.5%

Performance overview

Revenue increased by 45.0% from DKK 1,416.1m in 2017 to DKK 2,053.2m in 2018, corresponding to an organic revenue growth of 25.5%. Organic revenue growth was driven by the Danish and Norwegian operation.
The increase in organic revenue, in both the Danish and Norwegian operation, primarily came from the public sector, driven by the large public tender wins in Denmark and Norway during 2017, which was being delivered during 2018. In addition to this, several of the large current public customers in the Danish, as well as the Norwegian public segment, prolonged their engagements and some also expanded previously contracted framework agreements.

Cost of services increased by 53.9% from DKK 803.4m in 2017 to DKK 1,236.7m in 2018, which was higher than the revenue growth in 2018. The primary driver behind this development was the UK operation, which generated a higher cost to serve than the other operations, as the UK operation utilised a higher proportion of

DKK million	2018	2017	% change (reported)	Netcompany UK Ltd. Non-organic impact
Revenue	2,053.2	1,416.1	45.0%	19.5pp
Cost of services	-1,236.7	-803.4	53.9%	28.3pp
Gross profit	**816.5**	**612.7**	**33.3%**	**7.8pp**
Gross profit margin	*39.8%*	*43.3%*	*-3.5pp*	*-3.5pp*
Sales and marketing costs	-11.9	-9.7	22.3%	8.2pp
Administrative costs	-290.4	-201.0	44.5%	12.6pp
Adjusted EBITA	**514.2**	**402.0**	**27.9%**	**5.5pp**
Adjusted EBITA margin	*25.0%*	*28.4%*	*-3.3pp*	*-2.6pp*
Special items	-34.5	-32.9	4.7%	22.1pp
EBITA	**479.7**	**369.0**	**30.0%**	**4.0pp**
EBITA margin	*23.4%*	*26.1%*	*-2.7pp*	*-2.8pp*
Amortisation	-115.4	-95.9	20.3%	21.1pp
Operating profit (EBIT)	**364.3**	**273.2**	**33.4%**	**-2.0pp**
Operating profit margin	*17.7%*	*19.3%*	*-1.5pp*	*-3.1pp*
Net financials	-108.7	-72.1	50.7%	16.2pp
Profit before tax	**255.7**	**201.0**	**27.2%**	**-8.6pp**
Tax	-74.5	-59.4	25.3%	0.6pp
Effective tax rate	*29.1%*	*29.6%*	*-0.4pp*	*2.0pp*
Profit	**181.2**	**141.6**	**28.0%**	**-12.4pp**

Adjusted EBITA increased by 27.9% from DKK 402.0m in 2017 to DKK 514.2m in 2018

independent external contractors compared to the other business operations.

In addition, the UK operation impacted 2018 with full financial effect compared to only two months and 6 days in 2017, as the UK operation was not a part of the Group before 25 October 2017. As a result, gross profit margin decreased from 43.3% 2017 to 39.8%, of which the non-organic of the UK operation impacted gross profit margin negatively by 4.5 percentage points. An offsetting factor to this development, was driven by the Danish operation, which increased its gross profit margin from 44.7% in 2017 to 45.3%, primarily driven by the business operation lowering the amount of freelancers in 2018 compared to 2017, as well as an increased revenue per hour on public projects in the second half of 2018. The increased revenue per hour in the second half of 2018 on public projects, was a result of the projects changing status from development to maintenance, while the lower amount of freelancers, was a result of the overall aim, to lower the organic revenue growth to a more sustainable level of around 20-25%. This strategy was implemented in Q3 2018 and Q4 2018, hence the need for freelancers to cover for the lack of own employees, was significantly reduced towards the backend of 2018.

Sales and marketing costs increased by 22.3% from DKK 9.7m in 2017 to DKK 11.9m in 2018. The increase in marketing and sales costs was primarily driven by advisory costs in relation to the listing of Netcompany.

Administrative costs increased by 44.5% from DKK 201.0m in 2017 to DKK 290.4m in 2018. The increase in administrative costs was driven by several factors, of which the most significant was driven by the Group employing an average of 1,861 FTEs in 2018 compared to 1,256 FTEs in 2017, which was an increase of 48.2%. As a result, administrative costs increased as more consultants in absolute numbers spent time on certifications and other course training, as well as increasing the infrastructure costs, such as canteen services etc..In addition, administrative costs increased due to an increase in remuneration to the Executive Management "post IPO", aligning it to market level stanards, as well as an increase in administrative staff needed to secure the additional reporting and governance requirements following the IPO. Finally, the increase in administrative costs was driven by an expansion of office space in Denmark and Poland, as well as an organisational restructuring of the UK operation, which meant the closing of the offices in Reading in UK and Hanoi in Vietnam and instead the opening of a new headquarter for the UK operation in London.

Adjusted EBITA increased by 27.9% from DKK 402.0m in 2017 to DKK 514.2m in 2018. This led to an adjusted EBITA margin of 25.0% in 2018, which was a decrease of 3.4 percentage points compared to 28.4% in 2017. The decrease in adjusted EBITA margin was driven by the decrease in gross profit margin, of which the UK operation reduced the adjusted EBITA margin by 3.6 percentage points.

Special items increased by 4.7% from DKK 32.9m in 2017 to DKK 34.5m in 2018. In 2018, DKK 33.0m related to the IPO and activities in connection hereto,

while the remaining DKK 1.5m was related to M&A activities. In 2017, DKK 17.4m related to IPO activities and DKK 15.5m related to M&A activities, including the acquisition of Netcompany UK.

EBITA increased by 30.0% from DKK 369.0m in 2017 to DKK 479.7m in 2018. This led to an EBITA margin of 23.4% in 2018, which was a decrease of 2.7 percentage points compared to an EBITA margin of 26.1% in 2017. The decrease in EBITA margin was driven by the negative impact of the UK operation.

Operating profit (EBIT) increased by 33.4% from DKK 273.2m in 2017 to DKK 364.3m in 2018. This led to an

33.4%

increased EBIT

operating profit margin of 17.7% in 2018, which was a decrease of 1.5 percentage points, compared to 19.3% in 2017.

Net financial cost was DKK 108.7m in 2018, which was an increase of 50.7% compared to net financial costs of DKK 72.1m in 2017. The increase in net financial costs was primarily driven by the refinancing of the Group in connection with the IPO, in which capitalised loan costs and termination of derivative contracts relating to past borrowings, of which DKK 34.9 million was expensed through financial expenses and DKK 19.6 million through other comprehensive income impacted in 2018. Adjusted for this, net financial costs increased by 2.3% to DKK 73.8 million primarily driven by the acquisition of Netcompany UK, which was partly financed with additional borrowings. This development was however partly offset by the fact, that the refinancing "post IPO" has led to significantly lower interest rates compared to the same period last year.

Profit before tax increased by 27.2% from DKK 201.0m in 2017 to DKK 255.7m in 2018. The increase in profit before tax was primarily driven by the increase in operating profit, which was somewhat offset by the increase in net financial costs from 2017 to 2018.

The effective tax rate in 2018 was 29.1%, which was 0.4 percentage point lower than the effective tax rate in 2017 at 29.6%. The decrease in effective tax rate was primarily driven by the fact, that the Group was less impacted by the interest deduction limitation rules in 2018 compared to 2017. This development was offset by a higher amount of special items in 2018 compared to 2017, as special items are categorised as non-tax-deductible costs.

"

EBITA increased by 30% from DKK 369.0m in 2017 to DKK 479.7m in 2018

Net profit increased by 28.0% from DKK 141.6m in 2017 to DKK 181.2m in 2018. The increase was driven by the factors explained above.

Business segments

PUBLIC SEGMENT

56.1%

1,152.1 DKKm

Revenue in the public segment increased by 57.8% from DKK 730.2m in 2017 to DKK 1,152.1m 2018.

PRIVATE SEGMENT

43.9%

901.1 DKKm

Revenue in the private segment increased by 31.4% from DKK 685.9m in 2017 to DKK 901.1m in 2018.

57.8%

Public revenue increase

31.4%

Private revenue increase

Public business segment

PUBLIC

DKK million	2018	2017	% change (reported)	Non-organic impact from Netcompany UK Ltd.
Revenue	1,152.1	730.2	57.8%	9.8pp
Cost of services	-692.1	-453.7	52.6%	12.2pp
Gross profit	**459.9**	**276.5**	**66.4%**	**5.9pp**
Gross profit margin	*39.9%*	*37.9%*	*2.1pp*	*-1.1pp*
Allocated costs	-185.3	-119.6	55.0%	4.2pp
Adjusted EBITA	**274.6**	**156.9**	**75.1%**	**7.1pp**
Adjusted EBITA margin	*23.8%*	*21.5%*	*2.4pp*	*-0.6pp*
Special items	-19.2	-19.7	-2.8%	6.5pp
EBITA	**255.4**	**137.1**	**86.3%**	**7.2pp**
EBITA margin	*22.2%*	*18.8%*	*3.4pp*	*-0.6pp*
Amortisation	-65.2	-53.7	21.4%	7.3pp
Operating profit (EBIT)	**190.2**	**83.4**	**128.1%**	**7.1pp**
Operating profit margin	*16.5%*	*11.4%*	*5.1pp*	*-0.5pp*

Revenue in the public segment increased by 57.8% from DKK 730.2m in 2017 to DKK 1,152.1m in 2018. The increase in revenue was primarily driven by high activity at Danish customers such as; Danish Ministry of Taxation, ATP, KOMBIT, Danish Business Authority and Danish Working Environment Authority. In addition, several of the large customers in the public segment prolonged their framework agreements and expanded previously contracted framework agreements.

Netcompany Norway won large public tenders including Oslo Municipality and Norwegian Toll Service whereas Netcompany UK won the British Home Office and Department for Work and Pension.

Cost of services increased by 52.6% from DKK 453.7m in 2017 to DKK 692.1m in 2018, which was lower than increase in revenue growth. As a result, gross profit margin increased by 2.1 percentage points from 37.9% in 2017 to 39.9% in 2018. The increase in gross profit margin, was a result of more projects in the public sector turning from development to maintenance in 2018 thereby increasing revenue per hour compared to the same period last year. This delveopment, was principally driven by several large production settings in the Danish public sector towards the back-end of 2018.

Allocated costs increased by 55.0% from 119.6m in 2017 to DKK 185.3m in 2018. The increase in allocated costs was driven by the high activity in the public sector in 2018. As revenue per hour increased in the public sector in 2018 compared to 2017, the increase in allocated costs were lower than the increase in revenue growth.

Adjusted EBITA increased by 75.1% from DKK 156.9m in 2017 to DKK 274.6m in 2018, which led to an adjusted EBITA margin of 23.8% compared to 21.5% in 2017.

EBITA increased by 86.3% from DKK 137.1m in 2017 to DKK 255.4m in 2018, leading to an EBITA margin of 22.2% in 2018 compared to 18.8% in 2017. The increase in EBITA margin was primarily driven by the increase gross profit margin as well as fewer special items allocated.

EBIT increased by 128.1% from DKK 83.4m in 2017 to DKK 190.2m in 2018 and EBIT margin increased from 11.4% in 2017 to 16.5% in 2018, driven by increase in EBITA margin and a lower increase in amortisation compared to revenue growth.

Private business segment

PRIVATE

DKK million	2018	2017	% change (reported)	Non-organic impact from Netcompany UK Ltd.
Revenue	901.1	685.9	31.4%	29.8pp
Cost of services	-544.6	-349.7	55.7%	49.3pp
Gross profit	**356.6**	**336.3**	**6.0%**	**9.5pp**
Gross profit margin	*39.6%*	*49.0%*	*-9.5pp*	*-7.0pp*
Allocated costs	-117.0	-91.1	28.4%	23.1pp
Adjusted EBITA	**239.6**	**245.1**	**-2.2%**	**4.4pp**
Adjusted EBITA margin	*26.6%*	*35.7%*	*-9.1pp*	*-6.2pp*
Special items	-15.3	-13.2	16.0%	45.4pp
EBITA	**224.3**	**231.9**	**-3.3%**	**2.1pp**
EBITA margin	*24.9%*	*33.8%*	*-8.9pp*	*-6.6pp*
Amortisation	-50.1	-42.1	19.0%	38.6pp
Operating profit (EBIT)	**174.1**	**189.8**	**-8.2%**	**-6.0pp**
Operating profit margin	*19.3%*	*27.7%*	*-8.3pp*	*-7.3pp*

Revenue in the private segment increased by 31.4% from DKK 685.9m in 2017 to DKK 901.1m in 2018 and was primarily driven by an increase in private revenue growth in the UK operation.

The development in Denmark and Norway was a consequence of the deliberate decision to focus on the public segment in those two countries. As a result, the non-organic part of the UK operation contributed to 29.8 percentage points of the total revenue growth of 31.4%.

Cost of services increased by 55.7% from DKK 349.7m in 2017 to DKK 544.6m in 2018. The primary driver behind this development was the UK operation, which generated a higher cost to serve than the operations in Denmark and Norway, as the UK operation utilised a higher proportion of independent external contractors.

Gross profit margin decreased by 9.5 percentage points from 49.0% in 2017. Adjusted for the fact that the UK operation impacted the 2018 with full financial effect compared to only two months and six days in 2017, the gross profit margin decreased by 2.5 percentage points, primarily driven by more projects being in development in 2018 compared to the same period last year.

Allocated costs increased by 28.4% from 91.1m in 2017 to DKK 117.m in 2018. The increase in allocated costs was driven by hours required to generate the revenue growth.

Adjusted EBITA decreased by 2.2% from 245.1m in 2017 to DKK 239.6m in 2018, which led to an adjusted EBITA margin of 26.6% compared to 35.7% in 2017, which was a decrease of 9.1 percentage points, primarily driven by the impact from the UK. Adjusted for the non-organic impact from the UK operation, the adjusted EBITA margin decreased by 2.9 percentage points, principally driven by more projects being in development.

EBITA decreased by 3.3% from DKK 231.9m in 2017 to DKK 224.3m in 2018, leading to an EBITA margin in the private segment of 24.9% in 2018 compared to 33.8% in 2017. This development was primarily driven by the impact from the UK.

EBIT decreased by 8.2% from DKK 189.8m in 2017 to DKK 174.1m in 2018 and EBIT margin decreased from 27.7% in 2017 to 19.3% in 2018, highly impacted by the non-organic part of the UK operation.

Revenue types

DKK million	Public	Private	Total	Non-organic impact from Netcompany Norway AS	Non-organic impact from Netcompany UK Ltd.
2018					
Revenue					
Development	575.3	430.1	1,005.4	0	180.8
Maintenance	576.8	471.1	1,047.8	0	94.9
Revenue by types, total	**1,152.1**	**901.1**	**2,053.2**	**0**	**275.7**
% development	*49.9%*	*47.7%*	*49.0%*		
% maintenance	*50.1%*	*52.3%*	*51.0%*		
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%*		

The relative share of development and maintenance revenue shifted towards a lower proportion of maintenance in 2018 compared to 2017. As such, development increased from 45.7% in 2017 to 49.0% in 2018 and maintenance decreased from 54.3% in 2017 to 51.0% in 2018.

The increase in development revenue was driven by the private sector, as the UK operation had a larger proportion of projects in development in 2018 compared to 2017. This increase in development at Group level was somewhat offset by an significant increase in maintenance in the public sector, as several large public projects in the Danish operation was set in production towards the back-end of 2018.

Information related to operating entities

DKK million	Denmark	Norway	United Kingdom	Total
2018 in constant currencies				
Revenue from external customers	1,543.8	175.8	337.8	2,057.4
Gross profit	**699.2**	**62.6**	**56.3**	**818.1**
Gross profit margin	45.3%	*35.6%*	*16.7%*	*39.8%*
Local admin costs	-218.7	-29.1	-27.1	-274.9
Adjusted EBITA before allocated cost from HQ	**480.6**	**33.4**	**29.2**	**543.2**
Adjusted EBITA margin before allocated cost from HQ	31.1%	*19.0%*	*8.6%*	*26.4%*
Allocated costs from HQ	-20.0	-2.2	-6.3	-28.5
Special Items, allocated	-24.6	-2.6	-7.3	-34.5
EBITA	**436.0**	**28.7**	**15.6**	**480.2**
2017 in reported currencies				
Revenue from external customers	1,220.3	133.9	61.9	1,416.1
Gross profit	**545.3**	**51.2**	**16.3**	**612.7**
Gross profit margin	*44.7%*	*38.2%*	*26.3%*	*43.3%*
Local admin costs	-174.0	-19.1	-3.9	-196.9
Adjusted EBITA before allocated cost from HQ	**371.3**	**32.1**	**12.4**	**415.8**
Adjusted EBITA margin before allocated cost from HQ	*30.4%*	*24.0%*	*20.0%*	*29.4%*
Allocated costs from HQ	-12.5	-1.3	0.0	-13.8
Special Items, allocated	-29.8	-3.1	0.0	-32.9
EBITA	**329.0**	**27.7**	**12.4**	**369.0**

Revenue in constant currencies increased by DKK 641.3m corresponding to 45.3% from DKK 1,416.1m in 2017 to DKK 2,057.4m in 2018, of which non-organic revenue in constant currencies from the UK operation amounted to DKK 275.7m. Revenue in constant currencies in the Danish operation increased by 26.5% from DKK 1,220.3m to 1,543.8 mDKK, while revenue in the Norwegian operation increased by 31.3% from DKK 133.9m to DKK 175.8m. Compared to the normalised UK revenue for 2017 of DKK 286.3m, revenue in the UK operation grew by 18% in 2018. The Danish operation win-ratio was 58% in 2018.

Gross profit in constant currencies increased by 33.5% from DKK 612.7m in 2017 to DKK 818.1m in 2018. This led to a gross profit margin of 39.8%, which was a decrease of 3.5 percentage points compared to 2017, despite the fact that the Danish operation increased its gross profit margin by 0.6 percentage point to 45.3% in 2018 compared to the same period last year. The positive contribution in gross profit margin from the Danish operation was offset by a decrease in gross profit margin of 2.6 percentage points in the Norwegian operation and a decrease of 9.6 percentage points in the UK operation.

The decrease in the Norwegian gross profit margin was primarily driven by the intake of close to 40 new employees in July and August, representing a relative increase in the workforce by more than 30%. Such a large intake naturally requires significant time from the rest of the organisation to onboard and train the new employees, which thereby lowered profitability in the second half of 2018 compared to the second half of 2017. Further, the recruitment of one new partner in 2018 and severance cost paid during 2018 impacted EBITA in Norway negatively around DKK 3m.

The decrease in the gross profit margin for the UK operation was a result of a one-time positive revenue adjustment in Q4 2017 of DKK 8.0m making the comparison against 2017 reported numbers less relevant. This adjustment was a result of changing the accounting principles from UK GAAP to IFRS in the UK operation, when Netcompany acquired the entity in October 2017. In a normalised setting, gross profit margin for the UK operation in 2018 increased by 1.3 percentage points from 15.4% in 2017 to 16.7% in 2018.

Adjusted EBITA before allocated costs from HQ increased by 30.6% from DKK 415.8m in 2017 to DKK 543.2m in 2018. Adjusted EBITA margin before allocated costs from HQ increased in the Danish operation and decreased in the Norwegian and UK operation. The Danish operation increased margins on a combination of higher gross margins and relatively lower administrative costs compared to 2017. The decrease in the adjusted EBITA before allocated costs from HQ in the Norwegian operation was primarily driven by lower gross margins and increased administrative costs following a revenue growth of more than 31% in 2018.
The decrease in the adjusted EBITA margin before allocated costs in the UK operation was primarily driven by the earlier mentioned one-time adjustment caused by changing the accounting principles from UK GAAP to IFRS in October 2017. In a normalised setting, adjusting for the impact from changes in accounting principles, adjusted EBITA margin before allocated costs would have been 8.2% in 2017 and thus the UK operation increased margins by 0.4 percentage point on the local UK based operation to 8.6% in 2018.

EBITA increased by 30.1% from DKK 369.0m in 2017 to DKK 480.2m in 2018. EBITA was negatively impacted by the increase in special items as well as total costs from HQ, which consisted of costs from non-operating entities as well as remuneration to the Executive Management and Board of Directors.

Revenue visibility

Netcompany 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.

> **By the end of 2018, revenue visibility for 2019 amounted to DKK 1,579.4m**

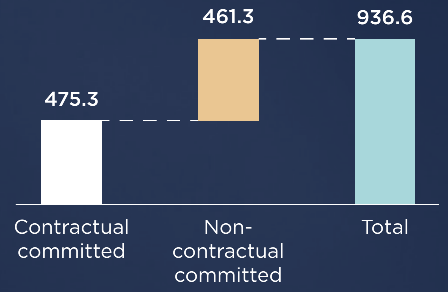
The public segment has a high degree of visibility from already known tenders and is typically driven by long, multi-year tender contracts with a significant share of maintenance and operations revenue. In contrast, private segment contracts typically have a duration of approximately 12 to 18 months reflecting a fundamental difference in the purchasing pattern for private sector segment customers compared to public sector segment customers.

By the end of 2018, revenue visibility for 2019 amounted to DKK 1,579.4m. Of this, contractual committed revenue amounted to DKK 669.0m and planned continued engagements amounted to DKK 910.4m.

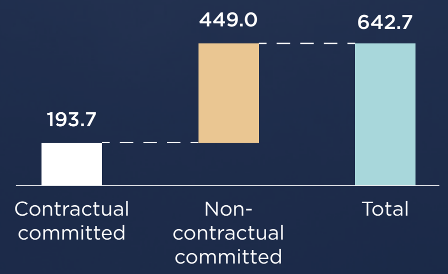
By the end of December, 2018 revenue visibility in the public segment amounted to DKK 936.6m. Of this, contractual committed revenue amounted to DKK 475.3m and planned continued engagements amounted to DKK 461.3m. By the end of December 31, 2018 revenue visibility in the private segment amounted to DKK 642.7m. Of this, contractual committed revenue amounted to DKK 193.7m and planned continued engagements amounted to DKK 449.0m. Compared to 2017 revenue visibility improved 33.8% from DKK 1,180m to DKK 1,579.4m.

Revenue visibility, DKK million

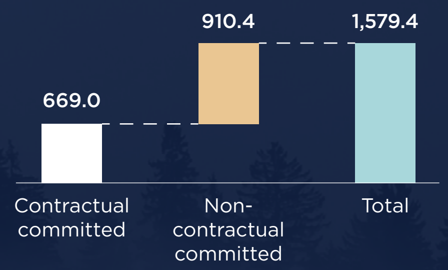
Public segment



Private segment



Netcompany Group total



Cash flow, liquidity and other significant balance sheet items

WORK IN PROGRESS, PREBILLED INVOICES AND TRADE RECEIVABLES

The comined value of work in progress, prebilled invoices and trade receivables increased by 30.0% whereas revenue increased by 45.0%. The combined value of work in progress, prebilled invoices and trade receivables as a percentage of revenue fell by 4.0 percentage points from 38.7% in previous years to 34.7% in 2018. DSO (days sales outstanding) fell from 115 in 2017 to 81 in 2018.

FREE CASH FLOW AND CASH CONVERSION RATIO

Netcompany generated a free cash flow of DKK 391.3m, which led to a cash conversion ratio of 75.2% for 2018 compared to 76.4% in 2017. The decrease in cash conversion ratio was primarily driven by an increase in work in progress, due to the continued work on several fixed price projects, primarily during the last quarter of 2018. This development was however, partly offset by the improvement in days sales outstanding in 2018, which meant, that trade receivables only increased by 2.7%, while revneue growth increased by 45.0% in the same period.

FUNDING AND LIQUIDITY

On June 7, 2018, Netcompany entered into a new bank agreement, which consists of committed facilities constituting a total amount of DKK 1,500m, and an additional facility of DKK 400m available only for new acquisitions. The new bank agreement provides reduced interest rates as well as reduced covenants. In November 2018 and December 2018 Netcompany made voluntary repayments of DKK 50.0m and DKK 75.0m respectively, reducing the total borrowings from DKK 1,240m to DKK 1,115m.

In January 2019, payment guarantees with a fair value of DKK 140m was terminated in agreement with the customers to whom the guarantees had been issued, as Netcompany's insurance coverage was increased from DKK 10m to DKK 100m. Based on the expectations for 2019, Netcompany expects to generate sufficient free cash flow from operations to meet all covenants related to the current financing arrangements. Cash will be used to deleverage the Group, but also on potential acquisitions.

Corporate Governance

As a consequence of the public offering, Netcompany Group A/S became the parent company of the Netcompany Group on 7 June 2018 as part of the reorganisation described in the IPO prospectus.

MANAGEMENT STRUCTURE

Netcompany has a two-tier management structure, which is comprised of the Board of Directors and the Executive Management. 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. The division of responsibility between the Board of Directors and the Executive Management is set out in the applicable rules of procedure.

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The Board of Directors of Netcompany Group A/S currently consists of six members appointed on 7 Maj 2018. According to the Articles of Association, the Board of Directors must consist of at least three and not more that seven members elected at the general meeting. 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 five times a year and holds extra-ordinary meetings when required.

The Board of Directors has initiated a Board evaluation of the Board of Directors and the individual members which will be finalised during 2019, where the Board will have had the opportunity to have worked through the entire annual wheel. As this is the first Board evaluation in Netcompany Group A/S, the Board has decided to engage external assistance.

The members of the Executive Management currently consist of the CEO, COO and CFO. Together, they form the management registered at the Danish Business Authority.

BOARD COMMITTEES

In order to support the Board of Directors, Netcompany has 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 (Chairman), 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 in Netcompany Group. Further, the Audit Committee supervises the whistle-blowing 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 (Chairman), 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 Group'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 (Chairman) 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 Group's Board of Directors and Executive Management, including the nomination of the candidates and evaluate the composition of the Board of Directors and Executive Management. The Nomination Committee meets at least two times a year.

> **As a listed company, Netcompany observes the Recommendations on Corporate Governance, which are based on the comply-or-explain principle**

RECOMMENDATIONS ON CORPORATE GOVERNANCE

As a listed company, Netcompany observes the Recommendations on Corporate Governance, which are based on the comply-or-explain principle, which makes it legitimate for a company to explain why it does not comply with them. Netcompany fully complies with 46 out of the 47 recommendations. Netcompany has opted not to comply with the recommendation that "a majority of the members of a board committee should be independent" for the Audit Committee and the Nomination Committee, where the majority of the members will not meet the independence requirements. The background for not complying with the recommendation is an assessment of the skillset, resources and availability of the current Board of Directors. The Board of Directors will continue to evaluate the composition of its committees, including in the light of the Corporate Governance Recommendations. According to the Danish Financial Statements Act section 107b, a statement on corporate governance for the financial year is prepared. This statement forms part of Management's Review and can be viewed at:

https://www.netcompany.com/int/Investor-Relations/Governance

WHISTLEBLOWER

Netcompany has a whistleblower system, where the purpose is to provide a possibility to report serious offences or suspected serious offences with full anonymity. The whistleblower system may be used by persons related to Netcompany, such as employees, members of the Executive Management and Board of Directors, auditors, lawyers, suppliers and other business partners of Netcompany, to report serious offences or suspected serious offences. The whistleblower system is an independent and autonomous channel and the independency is secured by using an external law firm (Plesner) to receive reports submitted. The law firm will forward the report to the chairman of the Audit Committee who will investigate the matter promptly and take appropriate action.

Remuneration report

The remuneration policy of Netcompany aims to set market-based salary level for the Board of Directors as well as Executive Management with a clear link to creation of long-term shareholder value. The current remuneration packages were put in place in connection with the IPO in June 2018. Prior to the IPO the remuneration package in place for especially the CEO and the COO was structured differently with a substantial element of direct investment into the unit eventually taken public rather than fixed salary and as such the comparison of total remuneration levels in 2016 and 2017 cannot be made meaningfully towards the 2018 remuneration package. The current remuneration package consists of the following elements:

REMUNERATION	BOD	EM	COMMENTS
Fixed fee / Fixed base salary	○	○	
Fee for committee work	○		Fee for Audit Committee, Remuneration Committee and Nomination Committee work.
Short term cash-based incentive		○	Up to 60% of fixed base salary against defined objectives and targets.
Long term share-based incentive		○	Up to 80% of fixed base salary measured at the time of grant.
Travel allowances and other expenses	○		
Benefits		○	Company car, phone etc. comprising up to 10% of fixed base salary
Severance payment		○	12 months fixed base salary

In the event that the Chairman or the Vice-Chairman of the Board of Directors participated in any Committee work the fee related hereto shall be considered included in the fee received as either Chairman or Vice-Chairman of the Board of Directors, and they shall not be entitled to any additional committee work related fees.

THE OVERALL REMUNERATION MODEL

The overall remuneration level of the BoD proposed to the Annual General Meeting is assessed to be in line with market practice of companies of similar market capitalisation and size of Netcompany and is in line with Danish and international corporate governance guidelines. The fees and fixed base salaries are unchanged from that reported in the Prospectus forming the basis of the IPO in June 2018.

FIXED FEE AND FEES FOR COMMITTEE WORK

All fees for Board work and Board committee work is based on fixed fee and there exists no model for the Board to achieve short term bonus related to financial performance of the company as well as the Board is not remunerated in shares related to the Board work. However, all members of the Board of Directors (exclusive Thomas Broe-Andersen) have invested directly into Netcompany.

TRAVEL EXPENSES AND OTHER RELEVANT EXPENSES

Netcompany reimburses all relevant and reasonable travel costs for any Board member for travel related with board meetings or board committee meetings. All other relevant and reasonable out of pocket costs are also reimbursed.

The Audit Committee consists of: Pernille Fabricius (C), Thomas Broe-Andersen, Carsten Gomard.

The Remuneration Committee consists of: Juha Christensen (C), Bo Rygaard, Pekka Ala-Pietilä.

The Nomination Committee consists of: Thomas Broe-Andersen (C), Pekka Ala-Pietilä.

Thomas Broe-Andersen has waived all fees related to Board and Board Committee work entitled to.

Carsten Gomard has performed consulting work for the Board amounted to DKK 0.6m, for which he has been remunerated separately in addition to the Board fee.

BOARD OF DIRECTORS FEE

	DKK'000
Board fee	
Chairman of the Board	1,050
Vice-Chairman of the Board	700
Member	350
Audit Committee fee	
Chairman	175
Member	88
Remuneration Committee fee	88
Nomination Committee fee	88

BOARD OF DIRECTORS REMUNERATION

	Board fee		Committee fee		Travel Allowance		Other fee		Total Remuneration		
DKK'000	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**Number of shares**
Pekka Ala-Pietilä *Chairman of the Board*	1,050	500	0	0	7	0	0	0	1,057	500	65,624
Thomas Broe-Andersen *Vice-chairman of the Board*	0	0	0	0	0	0	0	0	0	0	0
Pernille Fabricius	350	131	175	0	21	0	0	0	546	131	15,023
Juha Christensen	350	333	88	0	65	26	0	0	502	359	27,209
Bo Rygaard	350	332	88	0	0	0	0	0	438	332	10,203
Carsten Gomard	350	357	88	0	0	0	563	0	1,000	357	1,319,172
Total	**2,450**	**1,653**	**438**	**0**	**93**	**26**	**563**	**0**	**3,543**	**1,679**	

EXECUTIVE MANAGEMENT REMUNERATION MODEL

Fixed base salary was changed in connection with the IPO to reflect a market based total remuneration and hence remuneration for 2018 is a combination of the remuneration policy in place prior to the IPO and the new remuneration policy effective as of 7 June 2018. Salary for the CFO in 2017 covered the period from 1 June to 31 December.

The CEO and COO did not participate in any cash bonus programme prior to the IPO, whereas the CFO did. Hence the CFO will for 2018 have obtained cash bonus for the full calendar year under two different programs, however with targets in both programmes related to the IPO and/or the financial performance for 2018 against targets set forth in the Prospectus.

Further the CFO received a one-off cash bonus related to the IPO.

The LTIP value for each member of the Executive Management is the value of the grant in connection with the IPO transferred into RSU´s at the IPO offer price of 155.

Number of shares at 31 December 2018 is the number of shares held by each member of the Executive Management as direct investment, either personally or via a personal owned holding company.

In line with the Remuneration policy the Board of Directors proposes the remuneration of the Executive Management for the coming year. For 2019, the Board of Directors does not propose any changes to the current remuneration of the Executive Management.

The remuneration model for Executive Management is set to reflect market-based remuneration for similar publicly traded companies in respect to growth, profitability, size and international reach. The total remuneration is constructed to be aligned with the long-term objectives of the shareholders with Executive Management incentives. The target salary for Executive Management assumes a full allocation of variable incentives and will at full pay out of incentives be a total of 250% including the fixed base salary.

https://www.netcompany.com/int/Investor-Relations/Governance

EXECUTIVE MANAGEMENT REMUNERATION

	Fixed base salary		STIP		Other Bonus		Benefits*		Total Remuneration			
DKK'000	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**Number of Shares**	**Granted value LTIP 2018**
André Rogaczewski, *CEO*	4,005	3,075	1,523	0	0	0	7	7	5,535	3,082	2,575,294	2,447
Claus Jørensen, *COO*	4,005	3,075	1,523	0	0	0	7	7	5,535	3,082	2,575,294	2,447
Thomas Johansen, *CFO*	2,235	615	1,160	420	1,100	0	7	3	4,502	1,038	12,384	1,359
Total	**10,245**	**6,766**	**4,205**	**420**	**1,100**	**0**	**21**	**17**	**15,572**	**7,202**		**6,252**

* The Executive Management are entitled to spend up to 10% of their fixed base salary on a company car. The CEO has utilised DKK 203k (DKK 136k), the COO has utilised DKK 415k (DKK 397k) and the CFO has utilised DKK 157k (DKK 66k).

FIXED BASE SALARY AND BENEFITS
The fixed base salary includes all contributions to pension schemes. Other benefits such as company car, phones etc may not exceed 10% of the fixed base salary.

SHORT TERM INCENTIVE PROGRAMME (STIP)
The STIP is a cash-based bonus of up to 60% of the fixed base salary, granted annually on basis of performance in the past year. Targets in the STIP vary from year to year and are set by the Board of Directors at the beginning of the year. For 2018, the targets were related to the IPO and processes around that and the achievement of financial results for 2018 to be in line with the targets defined in the Prospectus. All targets under the 2018 STIP were fully met and hence full bonus for the STIP has been accrued and will be paid in 2018.

LONG TERM INCENTIVE PROGRAMME (LTIP)
The LTIP is a share-based incentive program that is granted annually and will vest in three years pending performance in the given three-year period. The program is revolving in character and the annual grant cannot exceed more than 80% of the fixed base salary. The value of the annual grant is transferred into Restricted Stock Units (RSU) based on the weighted average share price the first three days following the release of the annual report. The targets in the LTIP is based on top line growth and operating profit and are further based on results before acquisitions. In connection with the IPO, Executive Management received a LTIP grant for the period covering 1 July 2018 to 30 June 2021, with a value of 80% of the fixed base salary for the period 7 June 2018 to 31 December 2018. The RSUs under this programme will vest on 30 June, 2021 following the reporting of the half year report for the period from 1 January to 30 June 2021. The amount of RSU transferred to the Executive Management is dependent on the performance in the period.

For 2019, the Board of Directors has granted Executive management RSUs with a value of 80% of the fixed base salary for 2019. These RSUs will cover the period 1 January 2019 to 31 December 2021 and will vest following the release of the Annual report for 2021, in February 2022, dependent on performance in the period in line with the remuneration policy.

Risk management

Risk management is anchored locally under the guidelines and methodology set out by the Board of Directors.

Netcompany has over the past two decades continuously delivered growth rates of between 20 and 30% annually. Such growth rates in an evidently changing environment command a diligent and structured approach towards risk management to ensure a strong fundament for continued profitable growth. Risk management has always been an integral part of doing business in Netcompany. Whether it being entering new business lines, onboarding new customers, embracing new technologies or ensuring new employees understand and adhere to the Group´s risk management, the philosophy has always been to anchor responsibility locally with the operational units based on methodology and processes defined centrally.

With expansion into new business segment and with increased business complexity the natural inherent risk in the Group has increased during the past years. Entering into multiyear development contracts, running mission-critical infrastructure and expanding coverage to new countries, naturally increases the need for a more comprehensive risk management framework.

In the beginning of 2018 Netcompany has improved the Risk Management framework, with the aim of strengthening management of risks across the Group. The improvement consists of a Risk Governance structure, defining the overall roles and mandates across Netcompany. Furthermore, a process for the framework has been set, defining how risks are identified, assessed, managed and reported.

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	○	○			○	○
Cyberattack	○		○	○	○	○
General data protection regulation	○			○		○

The following pages gives an overview of Netcompany's key risks, including root causes and mitigation actions taken throughout the Group in 2018.

Each quarter, the main risks and accompanying mitigating actions are presented to the Audit Committee and Board of Directors, who discuss the overall risk level for the Group and ensures that Executive Management implements mitigating actions if required and continuously oversees the net risk exposure to the Group.

NOT ABLE TO ATTRACT AND RETAIN TALENT		
Root cause	**Risk**	**Mitigating actions**
Netcompany is built on talent and as an IT-service 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 is also a prerequisite for future growth.	Losing the close relationship with universities and other institutions may lead to a less favourable perception of Netcompany among graduates, thereby reducing the applicant pool for new hires. A discontinuation of the Netcompany Academy 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 all countries where Netcompany is represented. Continued funding for the Netcompany Academy. In case of potential short-term declines in revenues, the Academy will be one of the last resorts for spending cuts as it is a key pillar for continued growth. Established presence in other counties with large pools of available relevant IT professionals like in Poland and Vietnam.

LOSS OF EXISTING CLIENTS		
Root cause	**Risk**	**Mitigating actions**
More than 90% of Netcompany's business is generated from 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.	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 generate new business. Inability to answer to tenders and business requests due to resource constraints may lead to a perception in the market that Netcompany is not able to deliver on the committed obligations.	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.

UNABLE TO GENERATE NEW BUSINESS

Root cause	Risk	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 generate new business. Inability to answer to tenders and business requests due to resource constraints may lead to a perception in the market that Netcompany is not able to deliver on the committed obligations.	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.

CYBERATTACK

Root cause	Risk	Mitigating actions
As Netcompany is hosting solutions for customers, cyberattacks will always be a potential risk which Netcompany has the responsibility to ensure adequate protection against. The customer base and the types of services delivered are rising in criticality and exposure, which may lead to an increase in the risk of cyberattacks.	Cyberattacks, including unauthorised access to network and data, could potentially damage the reputational image. System down time also includes attacks due to a breach or leak at the external supplier. Unexpected down time for a system could result in data breach, loss of customers and increased costs for Netcompany and its customers.	Netcompany has various controls implemented to handle both internal and external risks, including storage platforms with georedundant mirroring capabilities as well as established backup procedures for internally system failure. External suppliers to Netcompany are obliged to deliver an ISAE 3402 Type II audit statement to Netcompany annually to ensure compliance for the external suppliers. Netcompany continuously access the level of security in both its solutions and internal IT environments.

GENERAL DATA PROTECTION REGULATION

Root cause	Risk	Mitigating actions
The general data protection regulation (GDPR) was implemented in May 2018 with the purpose to protect EU citizens privacy. The regulation sets forth the requirements for processing personal data. Netcompany provides IT solutions to both private and public customers, which involves personal and sensitive data.	Netcompany must at all times be compliant with all requirements, and it is crucial that no information leak or breach can occur. If Netcompany is unable to demonstrate compliance with GDPR or in the unlikely event, that there is a breach of personal data, Netcompany could potentially be fined and will suffer reputational damage.	In the beginning of 2018 Netcompany implemented and communicated an internal data privacy policy including methodology framework. Furthermore, security policies including security technology, to ensure effective protection, has been implemented.

Corporate social responsibility

https://www.netcompany.com/int/About-us/csr

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.

Shareholder Information

THE SHARE

Netcompany shares were priced at DKK 220 per share at 31 December 2018, equal to a market capitalisation of DKK 11.000m. The share price increased by 42.0% during 2018 from the initial offering price at DKK 155. By comparison, the Nasdaq Copenhagen blue chip index (OMXC20 CAP) decreased by 11.1%,while the index for large-sized companies (OMXC Large Cap), of which Netcompany is a component, increased by 11.4%.

SHARE CAPITAL

Netcompany´s share capital is DKK 50m divided into 50 million shares. Through an agreement with Danske Bank, Netcompany holds an option to acquire 322,580 treasury shares at the IPO price of DKK 155 per share. The 322,580 shares are equivalent to 0.6% of the share capital.

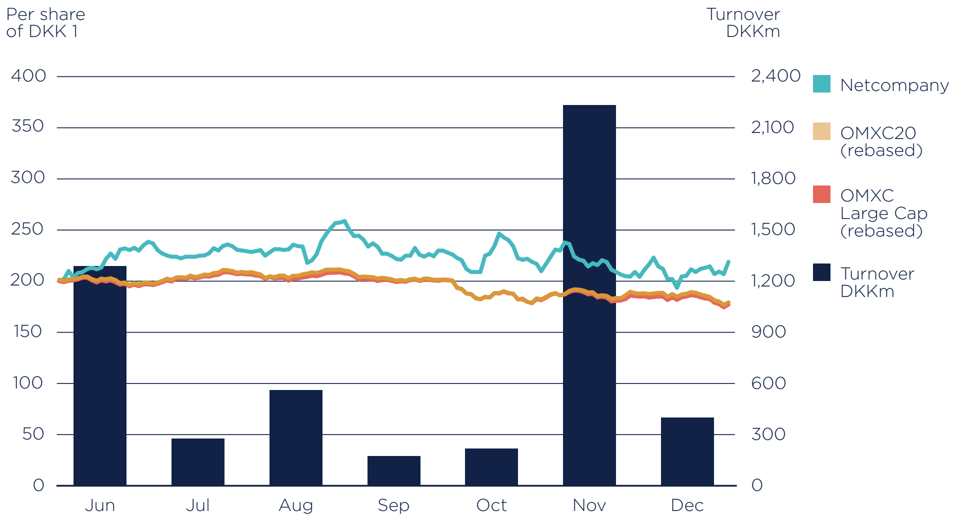
SHAREHOLDER STRUCTURE

At 31 December 2018, Netcompany had more than 4,200 registered shareholders. Approximately 30% of the share capital was held or managed by the 5 largest shareholders, and around 59% of the registered share capital was held by shareholders based outside Denmark. Employees including Executive Management held around 20% of the outstanding share at 31 December 2018.

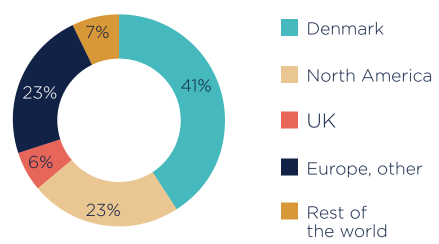
Around 10% of the company's share capital was held by the company's management. Furthermore, Netcompany estimates that Danish and foreign funds and institutional investors held some 33% of the company's shares. The following investors have reported holding more than 5% of Netcompany's share capital in pursuance of section 55 of the Danish Companies Act:

- AC NC Holding ApS (10.30%)
- Kapitalforeningen Danske Invest Institutional/Danske Bank (9.44%)
- FMR LLC (5.39%)
- The Capital Group Companies (5.26%)
- FSN Capital (6.23%)

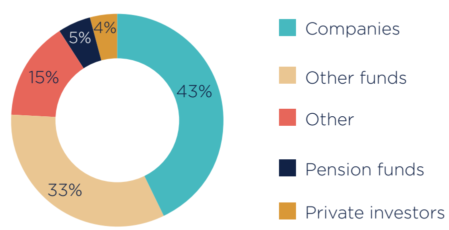
NETCOMPANY SHARE PRICE DEVELOPMENT, 2018



SHAREHOLDER STRUCTURE BY GEOGRAPHY



SHAREHOLDER STRUCTURE BY CATEGORY



SHARE-BASED INCENTIVE SCHEMES/ RESTRICTED STOCK UNITS

In total, 142,055 RSU´s were granted during 2018 of which 33,637 were granted to Executive Management and 108,418 were granted to other Key Management Personnel and other employees. The fair value of the RSUs at grant was DKK 22.0m. The cost associated herewith is expensed over the vesting period. In connection with the IPO Netcompany entered into an agreement with Danske Bank whereby Danske Bank, on behalf of Netcompany, acquired shares for DKK 50m at the IPO price of DKK 155 per share equalling 322,580 shares to be delivered in the future as restricted stock units vest during various LTIP programs.

Additional information on the holdings of Netcompany shares and restricted stock units by members of the Board of Directors and Executive Management Board is disclosed in the remuneration report and in note 8 to the financial statements.

INCREASE OF SHARE CAPITAL

In the period until 21 May 2023, the Board of Directors is authorised to increase the company's share capital without pre-emption rights for the company's existing shareholders by up to a nominal amount of DKK 10m. However, the Board of Directors may not exercise this authorisation for an amount higher than 20% of the outstanding share capital at the time of exercise of the authorisation. The capital increase shall take place at market price and shall be effected by cash payment, by contribution in kind or by debt conversion.

In the period until 21 May 2023, the Board of Directors is authorised to increase the company's share with pre-emption rights for the company's existing shareholders by up to a nominal amount of DKK 5m. However, the Board of Directors may not exercise this authorisation for an amount higher than 10% of the outstanding share capital at the time of exercise of the authorisation. The capital increase may take place at a subscription price set by the Board of Directors, including a potential favourable price.

Any new shares shall have the same rights as the existing shares of the company.

DIVIDENDS AND SHARE BUYBACK

For 2018 Netcompany will not pay out dividends as free cash flow will be used to deleverage and on potential acquisitions. During 2019 Netcompany will execute the purchase of treasury shares for the value of DKK 50m as planned in the IPO.

INVESTOR RELATIONS

Netcompany seeks full transparency and an open dialogue with all investors and analysts about the company's business and financial performance. Netcompany strikes to ensure equal, timely and adequate information for all investors by publishing all information on Netcompanys homepage, where users can also subscribe to Netcompany's announcement service.

https://www.netcompany.com/int/Investor-Relations

FINANCIAL CALENDER 2019

29 January 2019	Deadline for shareholders to submit proposals for the agenda of the Annual General Meeting 2019
6 February 2019	Annual Report for the financial year 2018
13 March 2019	Annual General Meeting 2019
8 May 2019	Interim report for first 3 months of 2019
21 August 2019	Interim report for the first 6 months of 2019
6 November 2019	Interim report for the 9 months of 2019

SHARE DATA

Stock exchange	Nasdaq Copenhagen A/S
Index OMX	LargeCap
Sector	Technology
ISIN code	DK0060952919
Short code	NETC
Share capital	DKK 50.000.000
Nominal size	DKK 1
Number of shares	No. 50.000.000
Restriction in voting rights	No

Entity details

ENTITY

Netcompany Group A/S
Grønningen, 17, 1
1270 Copenhagen, Denmark

Central Business Registration No:
39 48 89 14

Registered in: Copenhagen, Denmark

EXECUTIVE MANAGEMENT

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

Executive Management

From left:

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.

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.

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

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

PEKKA ALA-PIETILÄ, CHAIRMAN OF THE BOARD OF DIRECTORS

First elected	2017[3]
Term	2018
Nationality	Finish
Born (year)	1957
Board committee memberships	Remuneration Committee and Nomination Committee

Independence
Yes

Executive positions
None

Non-executive positions
EU's High-Level Exter Group on Artificial Intelligence (c), Artificial Intelligence Steering Group for the Finish Ministry of Economi Affairs and Employment (c), Steering Group for Public Sector Digitalisation for the Finnish Ministry of Finance (vc), Huhtamäki Oyj (c), Sanoma Oyj (c), Faux Oy (c) member of supervisory board of SAP SE

Special competencies
Strategy and general business management

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

Number of Board & committee meetings in 2018
Board meeting 6 of 7 / Committee meeting 2 of 2

3. Pekka Ala-Pietilä has been chairman of the Board of Directors of NC TopCo A/S since October 2017

BO RYGAARD

First elected	2016[4]
Term	2018
Nationality	Danish
Born (year)	1965
Board committee memberships	Remuneration Committee

Independence
No – Executive advisor to FSN Capital Partners ApS

Executive positions
Executive officer in Margot & Thorvald Dreyers Fond, Bo Rygaard Consulting and NC ShareCo 4 ApS

Non-executive positions
Skamol A/S (c), Parken Sport & Entertainment A/S (c), KFI Retail ApS, Kavi Invest A/S (m), Margot og Thorvald Dreyers Fond (m), Tatin ApS (m), Ejendomsaktieselskabet Vest (m), Racina ApS (m), Det Rytmiske Musikhus' fond (m), Statens ejendomssalg A/S (m), Krista og Viggo Petersens Fond (c), Marie & M.B. Richters Fond (m), KFI Erhvervsdrivende Fond (c), Ejendomsselskabet af 1.11.1979 ApS (m), Lalandia A/S (c), Lalandia Billund A/S (c), Accomodation Services A/S (c), EET A/S (c), ES North A/S (m).

Special competencies
Strategy, general business management and M&A

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

Number of Board & committee meetings in 2018
Board meeting 6 of 7 / Committee meeting 1 of 1

4. Bo Rygaard has been a member of the Board of Directors of NC TopCo A/S since November 2016

CARSTEN KROGH GOMARD

First elected	2016[5]
Term	2018
Nationality	Danish
Born (year)	1966
Board committee memberships	Audit Committee

Independence
No – Co-founder of Netcompany together with the CEO and COO.

Executive positions
Carsten Gomard Holding ApS, Netcompany Holding ApS

Non-executive positions
Accunia Fondsmæglerselskab A/S (m), Accunia A/S (m), ApS Komplementarselskabet Hillerød III (m), K/S Hillerød III (m), Brown Guy ApS (m), Selma Diagnostics ApS (c), Netcompany Holding ApS (m) University of Copenhagen (m)

Special competencies
General business management

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

Number of Board & committee meetings in 2018
Board meeting 7 of 7 / Committee meeting 2 of 2

5. Carsten Krogh Gomard has been a member of the Board of Directors of NC TopCo A/S since February 2016

Board of Directors

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

JUHA CHRISTENSEN

First elected	2016[6]
Term	2018
Nationality	Danish
Born (year)	1964
Board committee memberships	Remuneration Committee

Independence
Yes

Executive positions
CEO CloudMade, CEO of Truly ApS

Non-executive positions
CloudMade Ltd (c), CloudMade Inc. (c), CloudMade GmbH (c), Cogniance Inc (c), The Pad Inc. (c), Buttonwood Financial Inc. (c), Brandworkz Ltd (c), Bang & Olufsen A/S (vc)

Special competencies
Technology market insight, business development

Educational background(s)
Business Administration, London Business School

Number of Board & committee meetings in 2018
Board meeting 7 of 7 / Committee meeting 1 of 1

PERNILLE FABRICIUS

First elected	2017[7]
Term	2018
Nationality	Danish
Born (year)	1966
Board committee memberships	Audit Committee

Independence
Yes

Executive positions
Group CFO of John Guest International

Non-executive positions
MT Højgaard A/S (m), Højgaard Holding A/S (m), Royal Greenland A/S (m), Gabriel Holding A/S (m), Gabriel A/S (m), Gabriel Ejendomme A/S (m), Gabriel Innovation A/S (m), Zenxit A/S (m), John Guest International Ltd (m), John Guest Limited (m), John Guest Engineering (m) and John Guest Speedfit (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

Number of Board & committee meetings in 2018
Board meeting 7 of 7 / Committee meeting 2 of 2

THOMAS BROE-ANDERSEN, VICE-CHAIRMAN

First elected	2016[8]
Term	2018
Nationality	Danish
Born (year)	1972
Board committee memberships	Audit Committee, Nomination Committee

Independence
No – Partner in FSN Capital Partners ApS

Executive positions
Maglemosevej Invest ApS

Non-executive positions
Fitness World A/S (m), Fitness World Group A/S (m), Gram Equipment A/S (m), GEH Invest ApS (c), EET A/S (m), EET Holdings A/S (m), Forward TopCo A/S (m), Ton TopCo ApS (c), Kg BidCo ApS (m), FSN HoldCo ApS (c)

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

Number of Board & committee meetings in 2018
Board meeting 7 of 7 / Committee meeting 3 of 3

6. Juha Christensen has been a member of the Board of Directors of NC TopCo A/S since November 2016

7. Pernille Fabricius has been a member of the Board of Directors of NC TopCo A/S since October 2017

8. Thomas Broe-Andersen has been a member of the Board of Directors of NC TopCo A/S since January 2016

Statement by the Board of Directors and Executive Management

The Board of Directors and the Executive Management have today considered and approved the annual report of Netcompany Group A/S for the financial year 1 January - 31 December 2018 for the Group and 16 April - 31 December 2018 for the Parent. 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 2018 and of the results of their operations and cash flows for the financial year 1 January - 31 December 2018 for the Group and 16 April - 31 December 2018 for the Parent.

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, 6 February 2019

EXECUTIVE MANAGEMENT

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 NETCOMPANY GROUP A/S

OPINION

We have audited the consolidated financial statements and the parent financial statements of Netcompany Group A/S for the financial year 1 January – 31 December 2018 for the Group and 16 April – 31 December 2018 for the Parent, which comprise the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as for the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2018, and of the results of their operations and cash flows for the financial year 1 January – 31 December 2018 for the Group and 16 April – 31 December 2018 for the Parent in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, we have not provided any prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014.

Netcompany Group A/S was founded on 16 April 2018 on which date we were appointed as auditors. Netcompany Group A/S was listed on Nasdaq Nordic Copenhagen upon completion of the initial public offering on 7 June 2018 from which date Netcompany Group A/S became a Public Interest Entity

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 1 January – 31 December 2018 for the Group and 16 April – 31 December 2018 for the Parent. These matters were addressed in the context of our audit of the consolidated financial statements and the parent financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

REVENUE RECOGNITION, INCLUDING THE MEASUREMENT AND RECOGNITION OF WORK IN PROGRESS AND PROVISIONS

Refer to notes 16 and 22 in the consolidated financial statements.

At 31 December 2018, the carrying value of the Group's work in progress amounted to a net asset of DKK 255.1 million represented by sales value of work performed of DKK 763.3 million less on account billings and prepayments from customers of DKK 508.2 million. Furthermore, the Group has recognised a provision of DKK 36.1 million covering onerous contracts, warranty obligations and project risks.

Significant judgements are required by Management in determining the stage of completion and estimating profit on the individual project, including assessment of specific project risks and assessment of potential onerous contracts. In addition, the Group's accounting for arrangements with multiple elements is subject to complexity, as the total contract value is allocated to each identified element and recognised as revenue as the services are delivered.

Due to the complexity in the judgements combined with the significance of revenue and work in progress, revenue recognition, based on the stage of completion method and measurement and recognition of work in progress, is considered to be a key audit matter.

HOW THE MATTER WAS ADDRESSED IN OUR AUDIT

We tested the internal controls relating to contract approval and assessment of expected profitability, monitoring of project development, time registration, estimation of expected costs to completion and assessment of project risks and potential onerous contracts.

We obtained an overview of the Group's contracts in progress at 31 December 2018. We selected a sample of contracts to be tested in detail, based on an assessment of project risk and materiality. For the selected contracts, we tested and challenged the Group's assumptions for determining the stage of completion, estimation of expected costs to completion and estimated profits and we tested the application of the Group's accounting for multiple element arrangements.

Furthermore, we tested and challenged the Group's accounting and assessments in relation to change orders, warranty issues, onerous contracts and other identified project risks.

For contracts completed during the year, we have – among other audit procedures - applied audit procedures to match revenue transactions with external payment data and compared actual profitability with expected profitability.

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.

AUDIT´S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we ave complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 6 February 2019

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

Financial statements

Financial statements

Statement of comprehensive income for 2018 for the Group

	Notes	2018 DKK'000	2017 DKK'000
Revenue	4	2,053,216	1,416,085
Cost of services	5	-1,236,699	-803,384
Gross profit		**816,516**	**612,701**
Sales and marketing costs	6	-11,871	-9,707
Administrative costs	7	-290,428	-201,023
Special items	9	-34,488	-32,928
EBITA (non-IFRS)		**479,729**	**369,042**
Amortisation	10	-115,389	-95,890
Operating profit (EBIT)		**364,340**	**273,152**
Financial income	11	22,245	10,189
Financial expenses	11	-130,903	-82,304
Profit before tax		**255,682**	**201,037**
Tax on profit for the year	12	-74,465	-59,428
Profit for the year		**181,217**	**141,608**
Earnings per share (DKK)	19	3.65	2.92
Diluted earnings per share (DKK)	19	3.65	2.92
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Fair value adjustment of interest rate swap		5,083	12,564
Settlement of interest swap reclassified to profit	11	33,392	0
Exchange rate adjustments on translating foreign subsidiaries		817	-2,847
Deferred cost of hedging reserve		-2,879	-9,716
Settlement of hedging instrument reclassified to profit	11	-10,649	0
Tax of other comprehensive income	12	-5,528	-627
Other comprehensive income / loss		**20,415**	**-625**
Comprehensive income for the year		**201,632**	**140,983**

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

Balance sheet of the Group at 31 December 2018

	Notes	2018 DKK'000	2017 DKK'000
Goodwill	13	2,108,688	2,108,688
Other intangible assets	13	375,753	495,230
Intangible assets		**2,484,441**	**2,603,918**
Leasehold improvements	14	4,103	3,936
Equipment	14	30,529	20,043
Right of use asset	14	82,651	30,528
Property, plant and equipment		**117,284**	**54,507**
Other receivables		13,053	8,776
Deferred tax	12	1,162	0
Financial assets		**14,215**	**8,776**
Non-current assets		**2,615,940**	**2,667,202**
Trade receivables	15	457,518	445,363
Contract work in progress	16	284,717	139,166
Other receivables		467	11,008
Prepayments		19,044	12,279
Receivables		**761,746**	**607,816**
Cash	17	**107,666**	**194,479**
Current assets		**869,412**	**802,296**
Assets		**3,485,352**	**3,469,497**

Balance sheet of the Group at 31 December 2018

	Notes	2018 DKK'000	2017 DKK'000
Share capital	18	50,000	49,637
Fair value adjustment of interest rate swap		0	-30,011
Exchange rate adjustments on translating foreign subsidiaries		-2,116	-2,932
Deferred cost of hedging reserve		0	10,411
Retained earnings		1,758,365	1,616,745
Equity		**1,806,251**	**1,643,851**
Borrowings	20	1,105,780	1,264,895
Leasing		54,149	17,609
Deferred tax liability	12	89,387	112,418
Non-current liabilities		**1,249,316**	**1,394,922**
Leasing		29,325	13,610
Prepayments received from customers	16	29,610	36,246
Trade payables		54,185	50,552
Other payables	21	266,089	223,087
Provisions	22	36,087	30,396
Income tax payable	12	14,490	76,833
Current liabilities		**429,785**	**430,723**
Liabilities		**1,679,101**	**1,825,646**
Equity and liabilities		**3,485,352**	**3,469,497**

Statement of changes in equity for the Group for 2018

	Share capital	Fair value adjustment of interest rate swap	Exchange rate adjustments 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 2017	69,283	-39,811	-85	17,990	1,213,125	1,260,503
Effect as of 1 January 2017 of the exchange of shares in Netcompany Group A/S for shares in NC TopCo A/S (note 1)	-21,258	0	0	0	21,258	0
Restated equity at 1 January 2017	48,025	-39,811	-85	17,990	1,234,383	1,260,503
Capital increase	1,611	0	0	0	240,754	242,365
Profit for the year	0	0	0	0	141,608	141,608
Other comprehensive income / loss for the year	0	9,800	-2,847	-7,578	0	-625
Equity at 31 December 2017	**49,637**	**-30,011**	**-2,932**	**10,411**	**1,616,745**	**1,643,851**
Equity at 1 January 2018	49,637	-30,011	-2,932	10,411	1,616,745	1,643,851
Capital increase	363	0	0	0	6,585	6,949
Obligation to purchase treasury shares (note 18)	0	0	0	0	-50,000	-50,000
Share-based remuneration (note 8)	0	0	0	0	3,818	3,818
Profit for the year	0	0	0	0	181,217	181,217
Other comprehensive income / loss for the year	0	30,011	817	-10,411	0	20,415
Equity at 31 December 2018	**50,000**	**0**	**-2,116**	**0**	**1,758,365**	**1,806,251**

Cash flow statement for 2018 for the Group

	Notes	2018 DKK'000	2017 DKK'000
Operating profit (EBIT)		364,340	273,152
Depreciation and amortisation	10	155,737	129,213
Non-cash (share-based remuneration)		3,818	0
Working capital changes	23	-132,597	-95,046
		391,297	**307,319**
Income taxes paid		-166,935	-35,356
Financial income received		21,036	1,179
Financial expenses paid		-58,959	-77,805
Cash flows from operating activities		**186,439**	**195,337**
Net cash outflow on acquisition of subsidiaries	26	0	-120,260
Acquisition of property, plant and equipment		-22,866	-16,744
Acquisition of intangible assets		0	-11,103
Other receivables (deposits)		-4,336	-2,344
Cash flows from investing activities		**-27,202**	**-150,451**
Proceeds from issue of share capital		6,949	16,728
Proceeds from borrowings		1,229,539	92,000
Repayment of borrowings		-1,433,865	0
Repayment of interest and currency swaps		-22,743	0
Repayment of leasing debt		-24,432	-16,573
Cash flows from financing activities		**-244,551**	**92,155**
Increase in cash and cash equivalents		**-85,314**	**137,041**
Cash and cash equivalents at 1 January		194,479	31,988
Cash and cash equivalents at acquisition date of subsidiaries	26	0	26,287
Effect of exchange rate changes on the balance of cash held in foreign currencies		-1,501	-836
Cash and cash equivalents at 31 December	17	**107,666**	**194,479**

Cash flow statement for 2018 for the Group (continued)

Reconciliation of liabilities arising from financing activities	Borrowings (note 20)	Leasing	Interest rate swaps fair value hedging or economically hedging financing liabilities (note 21 and 24)	Total
	DKK'000	DKK'000	DKK'000	DKK'000
Opening balance 1 January 2018	1,264,895	31,219	28,007	1,324,121
Proceeds from borrowings	1,229,539	0	0	1,229,539
Repayments	-1,433,865	-24,432	-22,743	-1,481,040
Fair value adjustments (non-cash)	0	0	-5,264	-5,264
Leasing (non-cash)	0	76,687	0	76,687
Amortisation of loan costs (non-cash)	38,635	0	0	38,635
Exchange rate adjustments (non-cash)	6,576	0	0	6,576
Closing balance 31 December 2018	**1,105,780**	**83,474**	**0**	**1,189,254**

Reconciliation of liabilities arising from financing activities	Borrowings (note 20)	Leasing	Interest rate swaps fair value hedging or economically hedging financing liabilities (note 21 and 24)	Total
	DKK'000	DKK'000	DKK'000	DKK'000
Opening balance 1 January 2017	1,178,012	25,339	27,974	1,231,325
Proceeds from borrowings	92,000	0	0	92,000
Repayments	0	-16,573	0	-16,573
Fair value adjustments (non-cash)	0	0	32	32
Leasing (non-cash)	0	21,437	0	21,437
Amortisation of loan costs (non-cash)	6,560	0	0	6,560
Acquired entities repayments (non-cash)	0	1,016	0	1,016
Exchange rate adjustments (non-cash)	-11,677	0	0	-11,677
Closing balance 31 December 2017	**1,264,895**	**31,219**	**28,007**	**1,324,121**

Notes to the consolidated financial statements

Notes

Notes to the consolidated financial statements

1. ACCOUNTING POLICIES

Netcompany Group A/S was founded by the then majority shareholder of NC TopCo A/S on 16 April 2018 and was dormant until 7 June 2018.

On 7 June 2018, all shareholders of NC TopCo A/S exchanged their shares in NC TopCo A/S for new shares in Netcompany Group A/S via a share-for-share exchange and from which date Netcompany Group A/S became the parent company of the Group. Netcompany Group A/S is regarded in reality to be a continuation of the former NC TopCo A/S Group and considering that the shareholder structure until to the completion of the IPO was identical with NC TopCo A/S, the share-for-share exchange has been regarded as a transaction between common control parties exempted from IFRS 3 "Business Combinations". On this basis, the consolidated financial statements of Netcompany Group A/S are prepared on basis of the historical financial information of NC TopCo A/S as if Netcompany Group A/S had always been the parent of the Group and hence no revaluations of the underlying identifiable assets and liabilities of the NC TopCo A/S Group has been reflected in the consolidated financial statements of Netcompany Group A/S.

Netcompany Group 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 statement.

Netcompany Group 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 financial statements are prepared in accordance with IFRS standards and interpretations applicable to the 2018 financial year. Netcompany has early adopted IFRS 9, 15 and 16 in 2017. For description, please refer to the Annual Report of 2017 for NC TopCo A/S.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise Netcompany Group A/S (Parent) and the entities (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 Netcompany Group 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 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 and translated using historical rates.

When subsidiaries, which prepare 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.

Notes to the consolidated financial statements

1. ACCOUNTING POLICIES (CONTINUED)

STATEMENT OF COMPREHENSIVE INCOME

Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

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.

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 adjusted for non-cash operating items, working capital changes as well as financial income received and 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 from 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, payments 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 2018, 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 the Group´s ordinary activities.

Such costs and income comprise expenses for restructuring, fundamental structural changes in the business, M&A and IPO related costs. 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.

Notes to the consolidated financial statements

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

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 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 22.

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

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 measurement 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. See note 13.

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.

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 is based on the present value of future cash flows, churn rates or the expected cash flows related to the specific asset. Estimates and methodologies used, can have a material impact on the respective values and ultimately the amount of the fair values recognised. See note 26.

3. EFFECT OF THE CHANGE IN ACCOUNTING POLICIES

Revised and new standards and interpretations issued, but not yet effective or approved by the EU at the time of publication of this Annual Report 2018, have not been incorporated into this report.

There have been no changes in accounting policies in 2018. The Group early adopted IFRS 9, 15 and 16 in 2017. For description, please refer to the Annual Report of 2017 for NC TopCo A/S.

4. SEGMENT INFORMATION

Business segments have been identified as operating segments which is consistent with the internal reporting to Executive Management and Board of Directors.

We consider Executive Management to be the operating decision making body, as all significant decisions regarding business development are taken in that forum.

Netcompany strategic business areas consists of public and private. The public business area covers public companies or companies acting as a public company, seen from a business aspect. The private business area covers all other companies.

Netcompany is geographical represented in Denmark, Norway, United Kingdom, Poland & Vietnam.

Notes to the consolidated financial statements

4. SEGMENT INFORMATION (CONTINUED)

Revenue types	**2018 Public DKK'000**	**2018 Private DKK'000**	**2018 Total DKK'000**	**2017 Public DKK'000**	**2017 Private DKK'000**	**2017 Total DKK'000**
Development	575,326	430,060	1,005,386	440,399	206,481	646,880
Maintenance	576,768	471,061	1,047,829	289,761	479,444	769,205
Revenue by type, total	**1,152,094**	**901,121**	**2,053,216**	**730,160**	**685,925**	**1,416,085**

Business segments	**2018 Public DKK'000**	**2018 Private DKK'000**	**2018 Total DKK'000**	**2017 Public DKK'000**	**2017 Private DKK'000**	**2017 Total DKK'000**
Revenue	1,152,094	901,121	2,053,216	730,160	685,925	1,416,085
Cost of services	-692,146	-544,553	-1,236,699	-453,709	-349,675	-803,384
Gross profit	**459,948**	**356,569**	**816,517**	**276,451**	**336,250**	**612,701**
Sales and marketing costs	-7,251	-4,621	-11,872	-5,441	-4,267	-9,707
Administrative costs	-178,079	-112,349	-290,428	-114,145	-86,879	-201,023
Adjusted EBITA	**274,618**	**239,599**	**514,217**	**156,866**	**245,104**	**401,969**
Adjusted EBITA margin	*23.8%*	*26.6%*	*25.0%*	*21.5%*	*35.7%*	*28.4%*
Special items	-19,172	-15,316	-34,488	-19,723	-13,205	-32,928
EBITA (non-IFRS)	**255,446**	**224,283**	**479,729**	**137,143**	**231,899**	**369,042**
EBITA margin	*22.2%*	*24.9%*	*23.4%*	*18.8%*	*33.8%*	*26.1%*
Amortisation	-65,245	-50,144	-115,389	-53,748	-42,142	-95,890
Operating profit	**190,201**	**174,139**	**364,340**	**83,394**	**189,757**	**273,152**
Operating profit margin	*16.5%*	*19.3%*	*17.7%*	*11.4%*	*27.7%*	*19.3%*

Notes to the consolidated financial statements

4. SEGMENT INFORMATION (CONTINUED)

Segment information related to operating entities	Denmark 2018	Norway 2018	United Kingdom 2018	Total 2018
	DKK'000	DKK'000	DKK'000	DKK'000
Revenue from external customers	1,543,764	171,312	338,139	2,053,216
EBITA, operating entities (non-IFRS)	**435,959**	**28,094**	**15,676**	**479,729**

Segment information related to geographical areas	Denmark 2018	Norway 2018	Poland 2018	United Kingdom 2018	Vietnam 2018	Subtotal 2018	Elimination 2018	Total 2018
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Revenue from external customers	1,543,764	171,312	0	338,139	0	2,053,216	0	2,053,216
Revenue from internal sales	45,096	1,215	91,757	1,000	20,395	159,463	-159,463	0
Revenue, legal entities	**1,588,861**	**172,527**	**91,757**	**339,139**	**20,395**	**2,212,678**	**-159,463**	**2,053,216**
Internal cost allocation	-105,682	-11,972	-2,679	-38,623	-557	-159,512	159,512	0
Other costs	-1,043,003	-136,638	-85,348	-290,495	-17,953	-1,573,437	-50	-1,573,487
EBITA, legal entities (non-IFRS)	**440,175**	**23,917**	**3,730**	**10,020**	**1,886**	**479,729**	**0**	**479,729**
Non-current assets						**Total**	**Other non-current assets**	**Reconciled to financial statements**
Intangible assets	2,484,441	0	0	0	0	2,484,441	0	2,484,441
Tangible assets	87,567	3,830	13,277	11,315	1,295	117,284	0	117,284
Financial assets	9,777	1,493	894	645	243	13,053	1,162	14,215
Total	**2,581,785**	**5,323**	**14,171**	**11,961**	**1,539**	**2,614,778**	**1,162**	**2,615,940**

There is one customer who accounted for more than 10% of Group revenue in 2018. This customer is situated in Denmark.

Notes to the consolidated financial statements

4. SEGMENT INFORMATION (CONTINUED)

Segment information related to operating entities	Denmark 2017	Norway 2017	United Kingdom 2017	Total 2017
	DKK'000	DKK'000	DKK'000	DKK'000
Revenue from external customers	1,220,311	133,919	61,855	1,416,085
EBITA, operating entities (non-IFRS)	**328,977**	**27,712**	**12,353**	**369,042**

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 customers	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, legal entities	**1,235,897**	**133,919**	**114,218**	**61,855**	**3,116**	**1,549,005**	**-132,920**	**1,416,085**
Internal cost allocation	-120,006	-3,760	-6.039	-3,086	0	-132,891	132,891	0
Other costs	-837,147	-99,267	-61,125	-46,706	-2,827	-1,047,071	29	-1,047,043
EBITA, legal entities (non-IFRS)	**278,743**	**30,892**	**47,054**	**12,063**	**289**	**369,042**	**0**	**369,042**

Non-current assets						Total	Other non-current assets	Reconciled to financial statements
Intangible assets	2,603,918	0	0	0	0	2,603,918	0	2,603,918
Tangible assets	31,117	7,533	14,247	943	667	54,507	0	54,507
Financial assets	7,251	0	918	580	27	8,776	0	8,776
Total	**2,642,286**	**7,533**	**15,165**	**1,523**	**694**	**2,667,202**	**0**	**2,667,202**

There is one customer who accounted for more than 10% of Group revenue in 2017. This customer is situated in Denmark.

Notes to the consolidated financial statements

5. COST OF SERVICES

	2018 DKK'000	2017 DKK'000
Project costs	371,496	168,586
Staff costs (note 8)	853,669	624,070
Depreciation (note 10)	11,534	10,728
Total cost of services	**1,236,699**	**803,384**

§ 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 any impairment losses relating to property, plant and equipment used for projects that are directly incurred to achieve revenue for the year.

Costs of services are expensed as the projects progresses.

6. SALES AND MARKETING COSTS

	2018 DKK'000	2017 DKK'000
Sales and marketing costs	8,830	7,092
Staff costs (note 8)	3,042	2,616
Total sales and marketing costs	**11,871**	**9,707**

§ 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 addition, sales and marketing costs comprise advertising costs, travelling and entertainment expenses, etc.

Notes to the consolidated financial statements

7. ADMINISTRATIVE COSTS

	2018 DKK'000	2017 DKK'000
Administrative costs	155,763	113,402
Staff costs (note 8)	105,851	65,026
Depreciation (note 10)	28,815	22,595
Total administrative costs	**290,428**	**201,023**

§ ACCOUNTING PRINCIPLES

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 any impairment losses relating to property, plant and equipment used for administration.

8. STAFF COSTS AND REMUNERATION

	2018 DKK'000	2017 DKK'000
Salary and wages	922,518	664,576
Pension contributions	11,280	10,157
Other social security costs	17,373	14,264
Other staff costs	11,391	2,716
Total staff costs	**962,561**	**691,713**
Presented as follows in income statement:		
Costs of services	853,669	624,070
Sales and marketing costs	3,042	2,616
Administrative costs	105,851	65,026
Total staff costs	**962,561**	**691,713**
Average number of employees	**1,861**	**1,256**

§ ACCOUNTING PRINCIPLES

Staff costs comprise salaries and wages including value of share-based incentive programmes and cash bonus arrangements 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 Management, Board of Directors and Key Management Personnel (consisting of contry managers) is as follows:

	2018 DKK'000	2017 DKK'000
Remuneration to the Executive Management		
André Rogaczewski	5,737	3,218
Claus Jørgensen	5,949	3,479
Thomas Johansen	4,659	1,103
Carsten Gomard	0	2,062
Total short-term remuneration	**16,345**	**9,863**
André Rogaczewski	379	0
Claus Jørgensen	379	0
Thomas Johansen	211	0
Total share-based remuneration expensed	**969**	**0**
Total	**17,314**	**9,863**
Remuneration to the Board of Directors		
Pekka Ala-Peitilä	1,050	500
Thomas Broe-Andersen	0	0
Juha Christensen	438	333
Carsten Gomard*	1,000	357
Pernille Fabricius	525	131
Bo Rygaard	438	332
Total	**3,450**	**1,653**
Remuneration to Key Management Personnel	**6,649**	**4,115**

* Including consulting fee paid to legal entity controlled by the Board member, see note 29.

The Group does not have post-employment benefits or termination obligations for further description of Executive Management's and Board of Directors' remuneration, please refer to Remuneration Report.

Share-based remuneration

	2018 DKK'000	2017 DKK'000
Share-based remuneration expensed:		
Management	969	0
Employees	2,848	0
Total	**3,818**	**0**

Notes to the consolidated financial statements

8. STAFF COSTS AND REMUNERATION (CONTINUED)

Restricted stock units in Netcompany shares

	1 January	Issued	Expensed	Cancelled	Outstanding	Value at grant date	Vesting date
	No.	No.	No.	No.	No.	DKK´000	
2018 Shares allocated (management)	0	33,637	-6,252	0	27,385	5,214	30 June 2021
2018 Shares allocated (employees)	0	108,418	-18,292	-1,936	88,190	16,800	31 December 2021
Total allocated shares	**0**	**142,055**	**-24,544**	**-1,936**	**115,575**	**22,014**	

During 2018, 142,055 RSU´s (Restricted Stock Units) were granted of which 33,637 were granted to Executive Management and 108,418 were granted to Key Management Personnel and other employees.

The fair value of the RSU's at grant date was DKK 22 million. The cost associated herewith is expensed over the vesting period.

Cost related to RSU's recognised in 2018 is presented in table "share based remuneration" on page 67. The numbers of shares granted is determined by the stock price on the current day, measured against the value of grant for each person.

The share-based incentive program based on RSU´s will continue in 2019. The Group's share-based incentive schemes are further detailed in the Remuneration report.

9. SPECIAL ITEMS

	2018	2017
	DKK'000	DKK'000
Costs related to transaction with FSN	0	1,719
Costs related to transaction with FSN total	**0**	**1,719**
Costs related to IPO	33,002	17,462
Costs related to M&A	1,486	13,747
Costs related to IPO and M&A total	**34,488**	**31,209**
Total special items	**34,488**	**32,928**

Notes to the consolidated financial statements

10. AMORTISATION AND DEPRECIATION

	2018 DKK'000	2017 DKK'000
Amortisation		
Amortisation of technology and software*	10,582	10.581
Amortisation of trademark	8,389	8,389
Amortisation of order back-log	31,569	23,418
Amortisation of customer relationships	64,850	53,502
Total amortisation	**115,389**	**95,890**
Depreciation		
Depreciation of technology and software*	4,088	4,883
Depreciation of leasehold improvements	1,672	1,173
Depreciation of equipment	11,001	8,460
Depreciation of right of use assets	23,587	19,107
Total depreciation	**40,349**	**33,623**

* 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 presented as follows in the income statement:

	2018 DKK'000	2017 DKK'000
Cost of services	11,534	10,728
Administrative costs	28,815	22,595
Amortisation	115,389	95,890
Total depreciation and amortisation	**155,737**	**129,213**

§ ACCOUNTING PRINCIPLES

Please refer to notes 13 & 14.

11. FINANCIAL INCOME AND EXPENSES

	2018 DKK'000	2017 DKK'000
Financial income		
Interest on corporate income tax	3	211
Exchange rate adjustments, bank loan	8,329	8,799
Settlement of deferred cost of hedging reserve	10,649	0
Other interest income	3,264	1,179
Total Financial income	**22,245**	**10,189**
Financial expenses		
Income tax surcharge	0	2,257
Interest expense, borrowings	38,881	62,439
Interest, leasing	1,244	853
Exchange rate adjustments	14,446	7,702
Settlement of interest rate swap	33,392	0
Other loan costs	34,922	0
Other interest expenses	8,018	9,053
Total Financial expenses	**130,903**	**82,304**

§ ACCOUNTING PRINCIPLES

These items comprise interest income and expenses, currency gains and losses, amortisation of loan costs, tax surcharge and tax relief under the Group's Tax Schemes. In connection with the refinancing please refer to note 24.

Notes to the consolidated financial statements

12. TAX

Current Tax	2018 DKK'000	2017 DKK'000
Current tax	97,395	78,384
Prior year	1,204	0
Change in deferred tax	-24,134	-18,956
Total current tax	**74,465**	**59,428**
Profit before tax	255,680	201,037
Tax at a rate of 22%	56,250	44,228
Tax-based value of non-deductible expenses	18,387	15,993
Tax-based value of non-taxable income	-429	0
Prior year	1,204	0
Change in tax rates	-364	0
Effect of different tax rates in foreign subsidiaries	-583	-793
Total current tax	**74,465**	**59,428**
Effective tax rate	**29.1%**	**29.6%**

Tax payable and tax receivable	2018 DKK'000	2017 DKK'000
Tax payable and tax receivable		
Tax payable at 1 January, net	-76,833	-30,977
Foreign exchange adjustments	-464	562
Addition, acquisition of entity	0	-717
Prior year adjustment	-1,204	0
Payment relating to prior years	75,300	4,389
Current tax for the year	-97,395	-78,384
Current tax interest for the year	0	-2,046
Current tax for the year recognised in other comprehensive income for the year	-5,528	-627
Payments relating to the current year	91,635	30,968
Tax receivable / payable at 31 December, net	**-14,490**	**-76,833**
Current tax is presented as follows in the balance sheet:		
Tax receivable (assets)	0	0
Tax payable (liabilities)	-14,490	-76,833
Tax receivable / payable at 31 December, net	**-14,490**	**-76,833**
Deferred tax has been presented as follows in the balance sheet:		
Deferred tax asset	1,162	0
Deferred tax liability	-89,387	-112,418
Total deferred tax	**-88,225**	**-112,418**
Deferred tax:		
Non-current assets	-76,145	-102,222
Work in progress	-13,239	-10,763
Current assets	-46	0
Current liability	1,206	567
Total deferred tax	**-88,225**	**-112,418**

Notes to the consolidated financial statements

12. TAX (CONTINUED)

Deferred tax (assets/liabilities) in relation to:	Property, plant & equipment 2018	Right of use assets 2018	Intangible assets 2018	Work in progress 2018	Current assets 2018	Current liability 2018	Share-based payments 2018	Total 2018
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Opening balance 1 January 2018	3,195	40	-105,458	-10,763	567	0	0	**-112,418**
Recognised in profit / loss	521	118	25,412	-2,476	-623	398	785	**24,134**
Effect of currency exchange adjustments	24	3	0	0	10	0	22	**59**
Closing balance 31 December 2018	**3,741**	**161**	**-80,046**	**-13,239**	**-46**	**398**	**807**	**-88,225**

Deferred tax (assets/liabilities) in relation to:	Property, plant & equipment 2017	Right of use assets 2017	Intangible assets 2017	Work in progress 2017	Current liability 2017	Total 2017
	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 profit / loss	-898	40	21,698	-2,344	459	**18,956**
Effect of currency exchange adjustments	-8	0	0	0	4	**-4**
Acquisitions	0	0	-20,394	0	28	**-20,366**
Closing balance 31 December 2017	**3,195**	**40**	**-105,458**	**-10,763**	**567**	**-112,418**

§ ACCOUNTING PRINCIPLES

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in profit 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 when the deferred tax is expected to crystallise as current tax.

Notes to the consolidated financial statements

12. TAX (CONTINUED)

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 2018 DKK'000	Goodwill 2017 DKK'000
Cost at 1 January	2,108,688	1,883,883
Adjustments to prior year	0	10,106
Additions, acquisition of subsidiaries	0	214,700
Cost at 31 December	**2,108,688**	**2,108,688**
Carrying amount at 31 December	**2,108,688**	**2,108,688**

The carrying amount of goodwill allocated to cash-generating units is as follows:

	2018 DKK'000	2017 DKK'000
Cash-generating unit:		
Netcompany A/S[9]	1,775,312	1,775,312
Netcompany Norway AS	118,676	118,676
Netcompany UK Ltd.[10]	214,700	214,700
Total	**2,108,688**	**2,108,688**

[9] Including subsidiary Netcompany Poland Sp. Z o.o.
[10] Including subsidiary Netcompany Vietnam Company Ltd.

§ 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. Goodwill derives from acquisitions of Netcompany A/S (1 February 2016), Netcompany Norway AS (22 November 2016) and Netcompany UK Ltd. (25 October 2017).

Software

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.

Notes to the consolidated financial statements

13. INTANGIBLE ASSETS (CONTINUED)

	Technology and software 2018 DKK'000	Trademark 2018 DKK'000	Order back-log 2018 DKK'000	Customer relationships 2018 DKK'000	Total 2018 DKK'000
Other intangible assets					
Cost at 1 January	65,729	167,776	95,911	344,276	673,692
Cost at 31 December	**65,729**	**167,776**	**95,911**	**344,276**	**673,692**
Amortisation at 1 January	-29,014	-16,079	-41,226	-92,144	-178,462
Amortisation for the year	-14,670	-8,389	-31,569	-64,850	-119,477
Amortisation at 31 December	**-43,684**	**-24,467**	**-72,794**	**-156,994**	**-297,939**
Carrying amount at 31 December	**22,045**	**143,309**	**23,117**	**187,282**	**375,753**

	Technology and software 2017 DKK'000	Trademark 2017 DKK'000	Order back-log 2017 DKK'000	Customer relationships 2017 DKK'000	Total 2017 DKK'000
Other intangible assets					
Cost at 1 January	65,729	167,776	64,430	268,421	566,356
Additions, acquisition of subsidiaries	0	0	31,481	75,855	107,336
Cost at 31 December	**65,729**	**167,776**	**95,911**	**344,276**	**673,692**
Amortisation at 1 January	-13,550	-7,690	-17,808	-38,642	-77,690
Amortisation for the year	-15,464	-8,390	-23,418	-53,502	-100,773
Amortisation at 31 December	**-29,014**	**-16,080**	**-41,226**	**-92,144**	**-178,463**
Carrying amount at 31 December	**36,715**	**151,697**	**54,685**	**252,132**	**495,230**

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.

Other intangible assets
Other intangible assets acquired in a business combination consists of technology, order back-log, customer relationships and trademark. Intangible assets acquired in a business combination are recognised separately from goodwill and 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.

Notes to the consolidated financial statements

13. INTANGIBLE ASSETS (CONTINUED)

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

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.

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.

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 for intangible assets arising from changes in the assumptions used to determine the recoverable amount, the asset's carrying amount is adjusted to the recoverable amount, however, not exceeding the carrying amount that the asset would have had if the impairment had not been made. Impairment losses of goodwill may not be reversed.

Impairment tests

The tests at 31 December 2018 showed that the recoverable amounts were estimated to be higher than the carrying amounts and therefore no impairment loss has been recognised with respect to fair value.

Netcompany shares were priced at DKK 220 per share at 31 December 2018, equal to a market capitalisation of DKK 11,000 million, which is significantly higher than shareholder's equity at 31 December 2018.

The value in use amounts were calculated as future free cash flows based on budgets for 2019 and forecast for the following 5 years.

For the purpose of determining the recoverable amounts a terminal growth rate of 2 % has been used and a after tax discount rate based on the weighted average cost of capital (WACC) between 9.5% to 11.6% (2017: 13.7% to 15.4%).

Notes to the consolidated financial statements

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements 2018	Equipment 2018	Right of use assets 2018	Total 2018
	DKK'000	DKK'000	DKK'000	DKK'000
Cost at 1 January	5,938	33,286	60,714	99,938
Additions	1,491	21,375	98,602	121,468
Disposals	-273	-35	-47,671	-47,978
Exchange rate adjustments	169	21	780	970
Cost at 31 December	**7,326**	**54,648**	**112,425**	**174,399**
Depreciation at 1 January	-2,002	-13,243	-30,186	-45,431
Depreciation for the year	-1,672	-11,001	-23,587	-36,260
Disposals	226	21	23,387	23,634
Exchange rate adjustments	225	103	612	940
Depreciation at 31 December	**-3,223**	**-24,119**	**-29,774**	**-57,116**
Carrying amount at 31 December	**4,103**	**30,529**	**82,651**	**117,283**

	Leasehold improvements 2017	Equipment 2017	Right of use assets 2017	Total 2017
	DKK'000	DKK'000	DKK'000	DKK'000
Cost at 1 January	3,079	19,344	36,304	58,727
Additions	2,194	14,471	23,426	40,091
Correction to prior years	665	-580	0	85
Additions, acquisition of subsidiaries	0	626	984	1,610
Disposals	0	-575	0	-575
Cost at 31 December	**5,938**	**33,286**	**60,714**	**99,938**
Depreciation at 1 January	-829	-5,358	-11,079	-17,266
Depreciation for the year	-1,173	-8,460	-19,107	-28,740
Disposals	0	575	0	575
Depreciation at 31 December	**-2,002**	**-13,243**	**-30,186**	**-45,431**
Carrying amount at 31 December	**3,936**	**20,043**	**30,528**	**54,507**

§ 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 are 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 1-10 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-cancelling period is DKK 105k. All other lease contracts are recognised on the balance sheet according to IFRS 16.

Notes to the consolidated financial statements

15. TRADE RECEIVABLES

	2018 DKK'000	2017 DKK'000
Trade receivables	457,518	445,363

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

	2018 DKK'000	2017 DKK'000
Aging of receivables that are not impaired		
Trade receivables, Not overdue	274,666	314,867
Trade receivables, 0-30 days overdue	170,024	75,018
Trade receivables, 31-60 days overdue	11,796	22,501
Trade receivables, 61-90 days overdue	273	12,155
Trade receivables, Over 90 days overdue	759	20,822
Total trade receivables	**457,518**	**445,363**

At 31 December 2018, the Group has recognised bad debt provisions of DKK 0k (DKK 0k), and no bad debt losses have been incurred during the year (DKK 0k).

§ ACCOUNTING PRINCIPLES

Trade receivables include receivables from sales. Trade 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

	2018 DKK'000	2017 DKK'000
Selling price of work performed	763,299	409,323
Prepayments received	-508.192	-306,403
Total contract work in progress	**255,107**	**102,920**

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

	2018 DKK'000	2017 DKK'000
Contract work in progress	284.717	139,166
Prepayments received from customers	-29,610	-36,246
Total contract work in progress	**255,107**	**102,920**

§ ACCOUNTING PRINCIPLES

Contract work in progress consists of client related assets and liabilities
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

Revenue recognised
Revenue recognised in the financial year that was included in the contract portfolio at the beginning of the period amounts to DKK 259.7 million (2017: 92.5 million).

The recognition of revenue is to some extent impacted by management estimates and judgement for contract work in progress in relation to determining stage of completion and expected profitability of the individual projects, and hence, revenue recognised in subsequent years may be impacted by changes in estimates to the revenue recognised in previous years. Though, revenue recognised from contract work in progress in 2018 and 2017 has not been impacted by any significant changes to the revenue recognised in previous years.

Future performance obligations
The Group defines future performance obligations as Fixed-Price contracts. Future performance obligations represent contractual values less revenue recognised at 31 December 2018 for the Group's contract portfolio at year-end. As of 31 December 2018, the Group has future performance obligations of DKK 63.6 million out of a contract portfolio of DKK 826.9 million (2017: DKK 244.2 million out of DKK 653.6 million).

The assessment of the timing of expected revenue recognised from the future performance obligations is subject to some uncertainty. However the Group expects – in all material respects - to recognise the revenue in future as follows:

	<1 year		1-5 years		>5 years	
	2018	2017	2018	2017	2018	2017
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Expected revenue recognition of future performance obligations	**63,631**	**231,336**	**0**	**12,907**	**0**	**0**

17. CASH AND CASH EQUIVALENTS

	2018	2017
	DKK'000	DKK'000
Deposits at banks	107,666	194,479
Total cash and cash equivalents	**107,666**	**194,479**

§ 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

	No. of shares	No. of votes
Shares	**50,000**	**50,000**

The share capital equals DKK 50,000,000 divided into shares of DKK 1 each or multiples hereof.

The company's shares are traded on Nasdaq Copenhagen in denominations of DKK 1. No shares confer any special rights upon any shareholder. No shares are subject to restrictions on transferability or voting rights. Netcompany has entered into an agreement with Danske Bank whereby Danske Bank, on behalf of Netcompany, acquired shares for DKK 50 million equalling 322,580 to treasury shares. Netcompany will settle the amount on 12 June 2019. The commitment has been accounted for as purchase of treasury shares and thereby shown as a reduction in the retained earnings.

Notes to the consolidated financial statements

19. EARNINGS PER SHARE

Earnings per share (EPS) and diluted earnings per share (EPS-D) are calculated according to IAS 33.

	2018	2017
	DKK'000	DKK'000
Profit	181,217	141,608
Average number of shares	49,869	48,518
Average number of treasury shares	182	0
Average number of shares in circulation	49,687	48,518
Average number of diluted impact of outstanding restricted stock units	29	0
Average number of diluted shares in circulation	49,716	48,518
Earnings per share - EPS	**3.65**	**2.92**
Diluted earnings per share - EPS-D	**3.65**	**2.92**

20. BORROWINGS

Borrowings have been presented as follows in the balance sheet:

	2018	2017
	DKK'000	DKK'000
Non-current liability	1,105,780	1,264,895
Current liability*	0	0
Total borrowings	**1,105,780**	**1,264,895**

	Currency	Maturity	Type of interest	Amortised cost	Nominal value	Carrying amount
				DKK'000	DKK'000	DKK'000
Bank loans	DKK	2023	Floating	9,402	1,115,182	1,105,780
31.12.2018				**9,402**	**1,115,182**	**1,105,780**
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**

* According to the Group loan agreement Netcompany has the opportunity to voluntarily make installments at the Group's discretion before the loan matures in 2023. The Group expects to repay DKK 200 million in 2019. However, any new acquisitions can potentially change this amount.

The fair value of bank loans excluding capitalised loan costs is deemed to approximate the nominal value of the loans.

The repayment profile for the bank debt is conditional on the Group complying with certain financial ratios (covenants). In 2018, 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

The carrying value of the loans are 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.

Notes to the consolidated financial statements

21. OTHER PAYABLES

Other payables can be specified as follows:

	2018 DKK'000	2017 DKK'000
Interest and currency swap, negative fair value	0	28,007
Wages and salaries, payroll taxes, social security costs, etc.	43,822	39,261
Holiday pay obligation	96,739	70,618
VAT and duties	43,406	57,607
Obligation to purchase treasury shares, see note 18	50,000	0
Other costs payable	32,122	27,593
Total other payables	**266,089**	**223,087**

§ ACCOUNTING PRINCIPLES

The carrying amount of the above-mentioned other payables are 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.

22. PROVISIONS

	2018 DKK'000	2017 DKK'000
Onerous contracts and warranty obligations at 1 January	30,396	8,899
Used in the year	-5,000	-6,353
Provisions for the year	10,691	27,850
Onerous contracts and warranty obligations at 31 December	**36,087**	**30,396**

§ 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.

23. WORKING CAPITAL CHANGES

	2018 DKK'000	2017 DKK'000
Change in receivables	-153,930	-170,396
Change in payables	21,333	75,350
Total working capital changes	**-132,597**	**-95,046**

Notes to the consolidated financial statements

24. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

	2018 DKK'000	2017 DKK'000
Categories of financial instruments		
Trade receivables	457,518	445,363
Contract work in progress	284,717	139,166
Other receivables	467	11,008
Financial assets measured at amortised cost	**742,702**	**595,537**
Cash	107,666	194,479
Financial assets measured at fair value through P&L	**107,666**	**194,479**
Trade payables	54,185	50,552
Other payables	266,089	223,087
Borrowings	1,105,780	1,264,895
Leasing	83,474	31,219
Financial liabilities measured at amortised cost	**1,509,528**	**1,569,753**
Fair value, interest swap	0	-38,475
Fair value, currency swap	0	10,468
Financial assets/liabilities measured at fair value through other comprehensive income	**0**	**-28,007**

POLICY FOR MANAGEMENT OF FINANCIAL RISKS

There is no change in Netcompany's financial risk assessment compared to last year. 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.

LIQUIDITY RISKS

The Group attempts to maximise flexibility and minimise risks. At 31 December 2018, the Group has unutilised credit facilities of a total of DKK 244.9 million (DKK 212.5 million) excluding acquisition facility of DKK 400 million.

CREDIT RISKS

In 2018, the Group has not had any bad debt losses. Based on the customer composition and past history with no bad debt losses, the credit risk is assessed to be limited and at 31 December 2018, the Group 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, which implies limited foreign exchange risk due to the ultimate parent company's functional and reporting currency being in DKK.

The Group is exposed to exchange rate risk in the countries where the Group has it sales activities outside Denmark, which means Norway, United Kingdom and to a lesser extent, exchange rate risk in Poland and Vietnam, which is used as sourcing centers and therefore do not have an exchange rate risk related to sales activities. With respect to subsidiaries situated in United Kingdom, Norway, Poland and Vietnam there are transactions with the subsidiaries, however, their extent and risk are not significant.

The new bank loan is in DKK and the Group has therefore settled all past currency swap arrangements in relation to the refinancing in June 2018. The Group has not entered into any new hedging contracts regarding exchange rate risks during 2018.

Notes to the consolidated financial statements

24. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS (CONTINUED)

The Group´s policy is to hedge any exchange risk net exposure, that would yield a +2/-2 percentage points EBIT margin impact from a +10%/-10% change in the given currency. If all currencies that the Group is exposed to, change by +/- 10%, this will affect the EBIT by +/- DKK 5,316k.

INTEREST RATE RISKS

The interest-bearing liabilities in the Group relates to the loans obtained to finance acquisitions previous years. Following the IPO, the Group entered one overall bank agreement replacing these interest-bearing liabilities. The new bank agreement consists of committed facilities constituting a primary facility agreement of DKK 750 million, an ancillary facility of DKK 750 million and an optional facility of DKK 400 million limited to acquisitions, whereof DKK 1,115 million has been utilised on borrowings and DKK 140 million on guarantees. The bearing interest on the new entered liability is at 1.70 % p.a.

The Group's bank loan carried floating interest rates at 31 December 2018, which is depending on a covenants agreement. Current interest rate at 1.70% is equal to a yearly interest expense of DKK 19 million.

If interest rate changes, due to changes in leverage, one step up would show a new interest rate of 1.95% equal to DKK 21.7 million, whereas one step down would show interest level of 1.55% equal to DKK 17.3 million, which is equal to an increase of DKK 2.7 million or a decrease in expenses of DKK 1.7 million.

Netcompany refinanced all external borrowings in June 2018, which led to significantly lower interest rates. In connection with the refinancing, past capitalized loan costs and derivative contracts including fair value adjustments, a total of DKK 34.9 million was expensed through financial expenses and DKK 19.6 million through other comprehensive income.

The Group is to a limited extent exposed to interest rate risks relating to the cash balances, which 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 shareholders' interests. The overall objective is to ensure a capital structure that supports long-term growth whilst maximising returns for the Group's shareholders' by optimising the equity-to-debt ratio.

Notes to the consolidated financial statements

25. MATURITY ANALYSIS

The following table details the Group's contractual maturity for its financial liabilities, with agreed payment periods:

	Current		Non-current			
	<1 year		1-5 years		>5 years	
	2018	2017	2018	2017	2018	2017
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Borrowings	0	0	1,105,780	1,264,895	0	0
Leasing	29,325	13,610	43,842	17,609	10,307	0
Prepayments received from customers	29,610	36,246	0	0	0	0
Trade payables	54,185	50,552	0	0	0	0
Other payables	266,089	223,087	0	0	0	0
Total liabilities	**379,209**	**323,495**	**1,149,622**	**1,282,504**	**10,307**	**0**

The Group's contractual maturity for its non-derivative financial liabilities, with agreed payment periods are shown above. The maturity analysis is based on undiscounted cash flows, including estimated interest. Interest is included based on current rates. A more detailed maturity analysis of the Group's loans is disclosed in note 20.

Notes to the consolidated financial statements

26. ACQUISITION OF SUBSIDIARIES

2018
The Group made no acquisitions in 2018.

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

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 Netcompany UK Ltd. (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 Netcompany UK 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.

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.

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 acquisition 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.

Assets and liabilities recognised as a result of the acquisition in 2017 were as follows:

	2017 Netcompany UK Ltd. DKK' 000
Non-current assets:	
Order back-log	31,481
Customer relationships	75,855
Property, plant and equipment	626
Right of use assets	984
Other receivables	14,043
Current assets	
Trade receivables	37,701
Contract work in progress	3,279
Cash	26,287
Current liabilities:	
Leasing	-950
Deferred tax on remeasurement of certain identifiable assets	-20,394
Prepayments received from customers	-1,889
Trade payables	-29,945
Tax payable	-717
Other payables	-5,163
Net assets taken over	**131,198**
Goodwill	214,700
Total consideration	**345,898**
Less cash acquired	-26,287
Total net consideration	**319,611**

Notes to the consolidated financial statements

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

	2018 DKK'000	2017 DKK'000
Statutory audit	2,361	1,174
Other assurance agreements	4,458	563
Tax and VAT advisory services	3,846	1,054
Other services	6,459	4,702
Total fees to auditor	**17,123**	**7,493**

The fee for non-audit services delivered by Deloitte Statsautoriseret Revisionspartnerselskab to the Group amounts to DKK 14,772k and consists of assurance reports, issuance of comfort letters and other services related to the Initial Public Offering, certain VAT and tax services and issuance of various assurance reports.

28. INCOME STATEMENT CLASSIFIED BY FUNCTION

	2018 DKK'000	2017 DKK'000
Income statement		
Revenue	2,053,216	1,416,085
Cost of services, incl. depreciation and amortisation	-1,236,699	-803,384
Gross profit	**816,516**	**612,701**
Sales and marketing costs, incl. depreciation and amortisation	-11,871	-9,707
Administrative costs, incl. depreciation and amortisation	-440,306	-329,842
Operating profit (EBIT)	**364,340**	**273,152**
Financial income	22,245	10,189
Financial expenses	-130,903	-82,304
Profit before tax	**255,682**	**201,037**
Tax on the profit	-74,465	-59,428
Net profit for the period	**181,217**	**141,608**

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

	2018 DKK'000	2017 DKK'000
Cost of services	-11,534	-10,728
Administrative costs depreciation	-28,815	-22,595
Administrative costs amortisation	-115,389	-95,890
Depreciation and amortisation	**-155,737**	**-129,213**

Notes to the consolidated financial statements

29. RELATED PARTIES

As at 31 December 2018 there are no shareholders with controlling interest.

Large shareholders (>5%) consists of AC NC Holding ApS, Kapitalforeningen Danske Invest Institutional, FMR LLC, FSN Capital and The Capital Group Companies. Please refer to Shareholder Informaton in Management Commentary.

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

Until the Initial Public Offering on 7 June 2018, FSN Capital had a controlling interest in the Group. Following the IPO and until 8 November 2018, FSN Capital did no longer hold a controlling interest but had shareholding interests that led to a significant influence in the Group. The Group has incurred costs of DKK 33 million in connection with the IPO on behalf of FSN Capital and other selling shareholders.

Netcompany had transactions with companies that were under FSN Capital GP IV Limited ("FSN Capital") during 2018 where FSN Capital had majority or significant influence on Netcompany.

During the period where FSN Capital had >50% ownership, Netcompany regonised revenue from:
- Active Brands AS DKK 4 million (DKK 0 million)
- Fitness World A/S DKK 1 million (DKK 1 million)

During the period where FSN Capital had >5% ownership, Netcompany regonised revenue from:
- Active Brands AS DKK 3 million (DKK 1 million)
- Fitness World A/S DKK 2 million (DKK 1 million)

Transactions with Carsten Gomard Holding ApS comprise mainly of consultancy services amounting to DKK 563k (2017: DKK 0k).

There were no other transactions with members of Executive Management or members of the Board of Directors of the Group, other than remuneration, and furthermore no loans were granted to the Board of Directors or Executive Management in 2018 or 2017.

OWNERSHIP

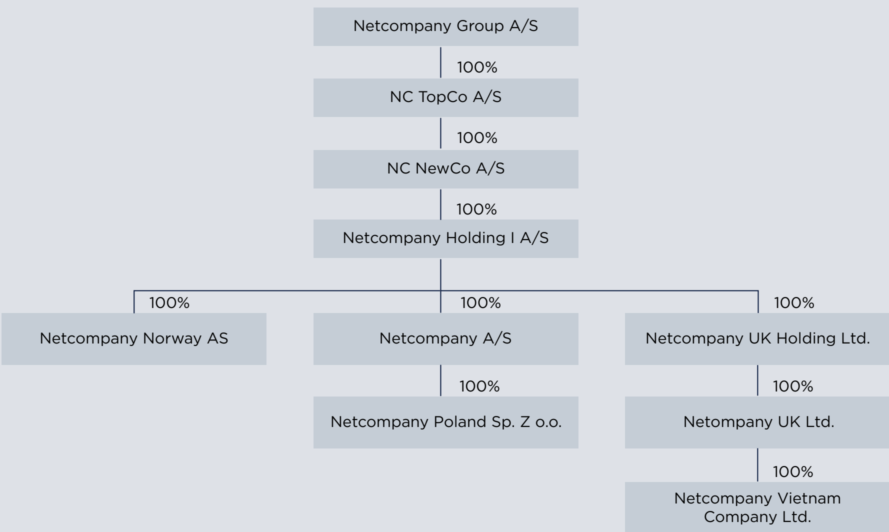
The part of Netcompany Group A/S owned by Executive Management and the Board of Directors is specified in the Remuneration report.

Notes to the consolidated financial statements

Name of entity	Location	Currency	Ownership	Function
Netcompany Group A/S	Denmark	DKK		Parent
NC TopCo A/S	Denmark	DKK	100%	Subsidiary
NC NewCo A/S	Denmark	DKK	100%	Subsidiary
Netcompany Holding I A/S	Denmark	DKK	100%	Subsidiary
Netcompany A/S	Denmark	DKK	100%	Subsidiary
Netcompany Poland sp. Z o.o.	Poland	PLN	100%	Subsidiary
Netcompany Norway AS	Norway	NOK	100%	Subsidiary
Netcompany Holding UK Ltd.	United Kingdom	GBP	100%	Subsidiary
Netcompany UK Ltd.	United Kingdom	GBP	100%	Subsidiary
Netcompany Vietnam Company Ltd.	Vietnam	VND	100%	Subsidiary

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

The Group Structure



30. COLLATERAL PROVIDED AND CONTINGENT LIABILITIES

All entities in Netcompany Group, have been provided as collateral for the Group's bank loans.

31. ADOPTION OF THE ANNUAL REPORT FOR PUBLICATION

At a meeting held on 6 February 2019, the Board of Directors adopted the annual report for publication. The annual report is presented to the Shareholders of Netcompany Group A/S for adoption at the annual general meeting.

32. 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 from 16 April 2018 to 31 December 2018 for the Parent

	Notes	2018 DKK'000
Revenue		9,000
Gross profit		**9,000**
Administrative costs	3	-19,303
Operating profit / loss (EBIT)		**-10,303**
Financial income	6	13,811
Financial expenses	6	-14,753
Profit / loss before tax		**-11,246**
Tax on profit / loss for the year	7	2,471
Profit / loss for the year		**-8,775**
Other comprehensive income / loss		0
Comprehensive income for the year / loss		**-8,775**

Balance sheet of the Parent at 31 December 2018

	Notes	2018 DKK'000
Right of use asset	8	964
Property, plant and equipment		**964**
Other receivables		279
Deferred tax		216
Investment in subsidiary	9	1,592,317
Finansial assets		**1,592,812**
Non-current assets		**1,593,776**
Receivables from Group entities		1,247,016
Tax receivables		62,255
Prepayments		427
Receivables		**1,309,698**
Cash	10	**15,806**
Current assets		**1,325,504**
Assets		**2,919,280**

	Notes	2018 DKK'000
Share capital	11	50,000
Retained earnings		1,484,511
Equity		**1,534,511**
Borrowings	12	1,105,780
Leasing		367
Non-current liabilities		**1,106,147**
Leasing		609
Payables to Group entities		220,538
Other payables	13	57,475
Current liabilities		**278,622**
Liabilities		**1,384,769**
Equity and liabilities		**2,919,280**

Statement of changes in equity for the Parent for 2018

	Share capital	Retained earnings	Total
	DKK'000	DKK'000	DKK'000
Equity at 16 April 2018	500	0	500
Capital increase	49,500	1,539,468	1,588,968
Obligation to purchase treasury shares	0	-50,000	-50,000
Share-based remuneration	0	3,818	3,818
Profit for the year	0	-8,775	-8,775
Equity at 31 December 2018	**50,000**	**1,484,511**	**1,534,511**

Cash flow statement for 2018 for the Parent

	Notes	2018 DKK'000
Operating profit (EBIT)		-10,303
Depreciation		375
Non-cash (share-based remuneration)		969
Working capital changes	14	7,048
Cash flows from operating activities		**-1,911**
Other receivables (deposits)		-279
Cash flows from investing activities		**-279**
Income taxes paid		-60,000
Financial income received		13,807
Financial expenses paid		-13,483
Net loan to Group entities		-1,026,480
Proceeds from borrowings		1,229,538
Repayment of borrowings		-125,000
Repayment of leasing debt		-387
Cash flows from financing activities		**17,995**
Increase in cash and cash equivalents		**15,805**
Cash and cash equivalents at 16 April 2018		0
Cash and cash equivalents at 31 December	10	**15,805**

Reconciliation of liabilities arising from financing activities

	Borrowings (note 12) DKK'000	Leasing DKK'000	Total DKK'000
Opening balance 16 April 2018	0	0	0
Proceeds from external financing	1,229,538	0	1,229,538
Repayment	-125,000	-387	-125,387
Amortisation of loan costs (non-cash)	1,242	0	1,242
Leasing (non-cash)	0	1,363	1,363
Closing balance 31 December 2018	**1,105,780**	**976**	**1,106,756**

Notes to the financial statements for the Parent

Notes

1. Accounting policies
2. Significant accounting estimates, assumptions and uncertainties
3. Administrative costs
4. Staff costs and remuneration
5. Depreciation
6. Financial income and expenses
7. Tax
8. Right of use asset
9. Investment in subsidiaries
10. Cash and cash equivalents
11. Share capital
12. Borrowings
13. Other payables
14. Working capital changes
15. Financial risks and financial instruments
16. Related parties
17. Collateral provided and contingent liabilities
18. Joint taxation
19. Events after the balance sheet date

1. ACCOUNTING POLICIES

Netcompany Group A/S was founded by the then majority shareholder of NC TopCo A/S on 16 April 2018 and was dormant until 7 June 2018.

On 7 June 2018, all shareholders of NC TopCo A/S exchanged their shares in NC TopCo A/S for new shares in Netcompany Group A/S via a share-for-share exchange and from which date Netcompany Group A/S became the parent company of the Group.

Since Netcompany Group A/S was founded on 16 April 2018 there is no comparative figures in the financial statements for the Parent.

Netcompany Group 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 D, see the Danish Executive Order on IFRS issued according to the Danish Financial Statements Act.

Netcompany Group 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

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 in the consolidated financial statements.

Notes to the financial statements for the Parent

2. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND UNCERTAINTIES

When applying the Parent'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 2018, 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 2018, 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

	2018
	DKK'000
Administrative costs	5,221
Staff costs (note 4)	13,707
Depreciation	375
Total administrative costs	**19,303**

4. STAFF COSTS AND REMUNERATION

	2018
	DKK'000
Salary and wages	13,703
Other social security costs	4
Total staff costs	**13.707**
Staff costs enclosed under following account balances	
Administrative costs	13.707
Total staff costs	**13.707**
Average number of employees	**3**

Notes to the financial statements for the Parent

4. STAFF COSTS AND REMUNERATION (CONTINUED)

Remuneration to the Executive Management and Board of Directors is as follows:[11]

	2018 DKK'000
Remuneration to the Executive Management	
André Rogaczewski	4,223
Claus Jørgensen	4,283
Thomas Johansen	3,772
Total short-term remuneration	**12,278**
André Rogaczewski	379
Claus Jørgensen	379
Thomas Johansen	211
Total share-based remuneration expensed	**969**
Total	**13,247**
Remuneration to the Board of Directors	
Pekka Ala-Peitilä	613
Thomas Broe-Andersen	0
Juha Christensen	255
Carsten Gomard[12]	583
Pernille Fabricius	306
Bo Rygaard	255
Total	**2,013**

[11] Part of remuneration to Executive Management (DKK 21k) and Board of Directors (DKK 563k) is regonised as administrative costs. Share-based remuneration (DKK 969k) is expensed directly on Equity.
[12] Including consulting fee paid to legal entity controlled by the Board member, see note 16.

Restricted stock units in Netcompany share

	16 April No.	Issued No.	Ex-pensed No.	Can-celled No.	Out-stand-ing No.	Value at grant date DKK'000	Vesting year
2018 Shares allocated (management)	0	33,637	-6,252	0	27,385	5,214	30 June 2021
2018 Shares allocated (Group employees)	0	108,418	-18,292	-1,936	88,190	16,800	31 December 2021
Total allocated shares	**0**	**142,055**	**-24,544**	**-1,936**	**115,575**	**22,014**	

During 2018, 142,055 RSU´s (Restricted Stock Units) were granted of which 33,637 were granted to Executive Management and 108,418 were granted to Key Management Personnel and other employees.

The fair value of the RSU's at grant date was DKK 22 million. The cost associated herewith is expensed over the vesting period.

The cost related to Group employees is recognised in the financial statements of subsidiaries.

Cost related to RSU's recognised in 2018 is presented in table "share based remuneration" on page 67. The numbers of shares granted is determined by the stock price on the current day, measured against the value of grant for each person.

The share-based incentive program based on RSU´s will continue in 2019. The Group's share-based incentive schemes are further detailed in the Remuneration report.

Notes to the financial statements for the Parent

5. DEPRECIATION

	2018 DKK'000
Depreciation	
Depreciation of right of use asset	-375
Total Depreciation	**-375**
Depreciation presented as follows in the income statement:	
Administrative costs	-375
Total Depreciation	**-375**

6. FINANCIAL INCOME AND EXPENSES

	2018 DKK'000
Financial income	
Intra-group interest income	13,811
Total Financial income	**13,811**
Financial expenses	
Intra-group interest expenses	588
Interest expenses, leasing	25
Interest expenses on bank loan	10,580
Other interest expenses	3,561
Total Financial expenses	**14,753**

7. TAX

	2018 DKK'000
Current tax	-2,255
Change in deferred tax	-216
Total current tax	**-2,471**
Profit/loss before tax	-11,246
Tax at a rate of 22%	-2,474
Tax-based value of non-deductible expenses	4
Total current tax	**-2,471**
Effective tax rate	**22.0%**

8. RIGHT OF USE ASSET

	2018 DKK'000
Cost at 16 April 2018	0
Additions	1,339
Cost at 31 December 2018	**1,339**
Depreciation at 16 April 2018	0
Depreciation for the year	-375
Depreciation at 31 December 2018	**-375**
Carrying amount at 31 December 2018	**964**

Notes to the financial statements for the Parent

9. INVESTMENTS IN SUBSIDIARIES

	2018
	DKK'000
Cost at 16 April 2018	0
Additions	1,592,317
Cost at 31 December	**1,592,317**
Carrying amount at 31 December	**1,592,317**

	Form of enterprise	Ownership	Equity	Result
Subsidiaries:			DKK'000	DKK'000
NC TopCo A/S, Copenhagen, Denmark*	A/S	100%	1,560,090	81,815

* Annual Report 2017

§ 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.

10. CASH AND CASH EQUIVALENTS

	2018
	DKK'000
Deposits at banks	15,806
Total cash and cash equivalents	**15,806**

11. SHARE CAPITAL

The share capital equals DKK 50,000k 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.

12. BORROWINGS

	2018
	DKK'000
Non-current liability	1,105,780
Current liability	0
Total borrowings	**1,105,780**

	Currency	Maturity	Type of interest	Amortised cost	Nominal value	Carrying amount
				DKK'000	DKK'000	DKK'000
Bank loans	DKK	2023	Floating	9,402	1,115,182	1,105,780
31.12.2018				**9,402**	**1,115,182**	**1,105,780**

Notes to the financial statements for the Parent

13. OTHER PAYABLES

	2018 DKK'000
Wages and salaries, payroll taxes, social security costs, etc payable	6,365
VAT and duties	815
Obligation to purchase treasury shares (note 18, Group)	50,000
Other costs payable	295
Total other payables	**57,475**

14. WORKING CAPITAL CHANGES

	2018 DKK'000
Change in receivables	-427
Change in payables	7,475
Total working capital changes	**7,048**

15. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

	2018 DKK'000
Categories of financial instruments	
Receivables from group enterprises	1,247,016
Financial assets measured at amortised cost	**1,247,016**
Cash	15,805
Financial assets measured at fair value	**15,805**
Borrowings	1,105,780
Leasing	976
Payables to group enterprises	220,538
Other payables	57,475
Financial liabilities measured at amortised cost	**1,384,769**

POLICY FOR MANAGEMENT OF FINANCIAL RISKS

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

The Parent 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.

LIQUIDITY RISKS

The Parent attempts to maximise flexibility and minimise risks. At 31 December 2018, the Parent has unutilised credit facilities of a total of DKK 0k.

CREDIT RISKS

In 2018, the Parent has not had any bad debt losses. At 31 December 2018, the credit risk is assessed to be limited and the Parent has made a provision of DKK 0k for potential bad debts.

Notes to the financial statements for the Parent

15. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS (CONTINUED)

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

OPTIMISATION OF THE CAPITAL STRUCTURE
The Parent regularly assesses whether its capital structure is in accordance with the Parent's and the Shareholders´ interest. The overall objective is to ensure a capital structure that supports long-term growth whilst maximising returns for the Parent's owners by optimising the ratio between equity-to-debt ratio.

16. RELATED PARTIES

As at 31 December 2018 there are no shareholders with controlling interest.

Large shareholders (>5%) consists of AC NC Holding ApS, Kapitalforeningen Danske Invest Institutional, FMR LLC, FSN capital and The Capital Group Companies.Please refer to Shareholder Informaton in Management Commentary.

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

Transactions with Netcompany A/S comprise of administrative services amounting to DKK 9,000k.

Transactions with Carsten Gomard Holding ApS comprise mainly of consultancy services amounting to DKK 563k.

There were no transactions with members of Executive Management or members of the Board of Directors of the Group, other than remuneration, and furthermore no loans were granted to the Board of Directors or Executive Management in 2018.

OWNERSHIP
The part of Netcompany Group A/S owned by Executive Management and the Board of Directors is specified in the Remuneration report.

17. COLLATERAL PROVIDED AND CONTINGENT LIABILITIES

Subsidiaries of Netcompany Group A/S have been provided as collateral for the Group's bank loan.

18. JOINT TAXATION

As of 16 April 2018, the Parent joined the national taxation arrangement and became the administrative company of the national taxation arrangement. The current income tax is allocated among the jointly taxed companies in proportion to their taxable income ("full allocation method").

19. 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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