netcompany

Creating a **sustainable** **digital** future

Annual Report 2022

Creating a sustainable digital future

By building flexible, scalable and secure digital solutions, Netcompany is positioned to drive Europe towards a sustainable future in a decade of digitalisation

In this report

At a glance

Our business

Performance review

Governance

Financial statements

Message from the CEO

André Rogaczewski comments on 2022 from a business point of view

Watch the video
https://www.netcompany.com/int/Investor-Relations/Annual-Report

Message from the Chairman

Bo Rygaard comments on 2022 from a strategic point of view

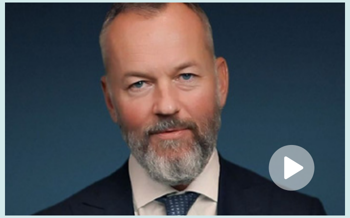
Watch the video
https://www.netcompany.com/int/Investor-Relations/Annual-Report

Other statutory reports

As part of annual reporting Netcompany have also released the following

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

ESG report
https://www.netcompany.com/int/ESG



Message from the CFO

Thomas Johansen comments on the financial performance of 2022

Watch the video
https://www.netcompany.com/int/Investor-Relations/Annual-Report

At a glance

In this section

Financial highlights

Netcompany in numbers

Revenue

5,545 52.7% ↗

DKKm

2022	5,545
2021	3,632
2020	2,839

EBITDA

1,112 31.9% ↗

DKKm

2022	1,112
2021	843
2020	809

Employees at year end

7,566 16.3% ↗

Headcounts

2022	7,566
2021	6,505
2020	3,134

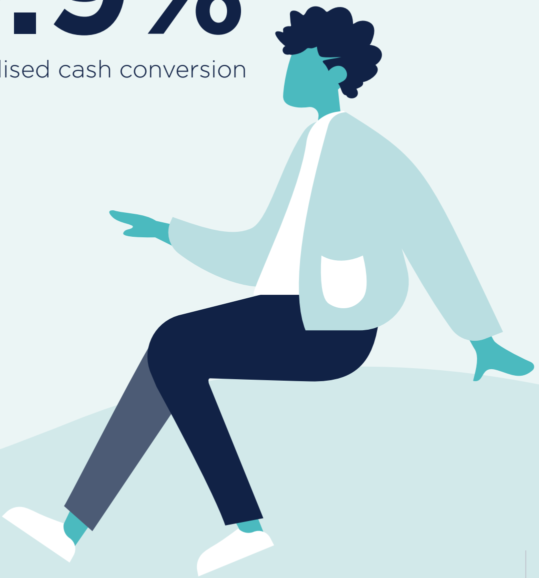
Netcompany continued to grow in revenue, adjusted EBITDA and employees. In 2022, revenue grew 52.7%, while delivering an adjusted EBITDA margin of 20% and a tax normalised cash conversion of 90.9%. End of year headcounts grew to more than 7,500 employees.

90.9%

Normalised cash conversion

20.0%

Adjusted EBITDA margin

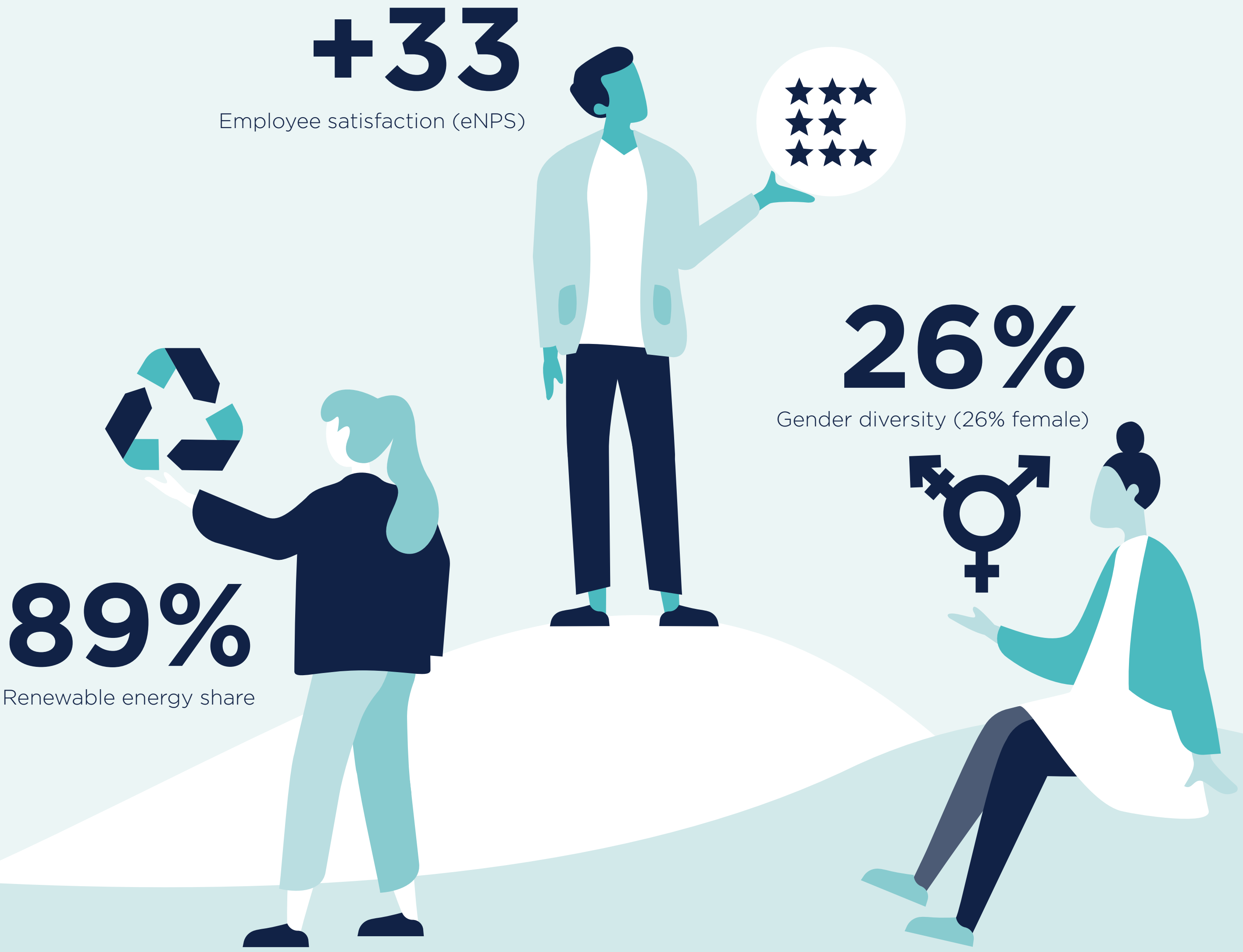


Non-Financial highlights

Netcompany in numbers

Netcompany delivers society- and business-critical IT solutions that enable and support private and public customers in their digital transformation journeys towards a sustainable future.

Netcompany's talented employees make it possible by moving forward sustainable innovation, one solution at a time.



Letter from the Chairman

Continuing growth in a challenging environment

Bo Rygaard
Chairman of the
Board of Directors

In 2022, our focus in Netcompany has been two-fold. We have accelerated our work related to realising business benefits with Netcompany-Intrasoft, and we have prioritised completion of ongoing integration efforts in existing markets.

Watch the video from our Chairman
https://www.netcompany.com/int/Investor-Relations/Annual-Report

Coming out of 2021 and entering 2022, the initial expectation for the year was, to a certain extent, that 2022 would be far less extraordinary than the previous couple of years. This turned out not to be the case – far from it. With the increased geopolitical unrest in the eastern part of Europe, increased inflation and most recently the likely beginning of a period of recession, 2022 turned out to be as challenging and complex to navigate as 2021.

In 2022, we have been pleased with the performance of our latest acquisition, Netcompany-Intrasoft and have accelerated the ongoing projects to recap business benefits faster than originally planned. As a result, we won a significant number of large contracts both in the EU and in Greece, including contracts under the EU Resilience and Recovery Facility. We are excited to see the enthusiasm of our new colleagues from Netcompany-Intrasoft and the added business benefits the acquisition already offer our customers. With the acquisition of Netcompany-Intrasoft in 2021 and the existing markets entered into through previous acquisitions, we are keen to deliver value to our shareholders through these rather than making yet another acquisition. In addition, our home-base in Denmark continues to be an important market for the Group, where we believe growth opportunities still exist, which require our attention and focus.

We are of the firm belief that the adjustments made to the organisations in Norway and in the Netherlands, combined with the project cleanups made in the middle of the year, were the right actions to take despite the temporarily dilutive impact on earnings they had. Both in Norway and in the Netherlands we stand on a significantly improved platform with highly dedicated employees and strategically interesting projects that will pave the way for our continued growth ambitions in these countries.

Our operation in the UK has shown significant improvement during 2022. The growth opportunity for Netcompany in the UK remains significant, despite the gloomy macro-economic outlook for the UK. As a consequence we continue to focus on delivering highly complex solutions within key parts of the public administration.

Despite all the challenges we have seen in 2022, we have managed to deliver results in line with the original guidance set out in January 2022 realising revenue growth of 52.7% and an adjusted EBITDA margin of 20%. A significant part of the revenue growth was attributed to the acquisition of Netcompany-Intrasoft in 2021 that accounted for 37.8 percentage points of the growth, leaving organic revenue growth at 14.9% for the year.

> "Despite all the challenges we have seen in 2022 we have managed to **deliver results in line with original guidance** set out in January 2022."

Irrespective of our strong offering and positioning in the market we are looking into a recession for 2023 that will affect most companies including Netcompany. In that aspect we expect to grow organically between 8 % and 12% in 2023 and we expect to generate an adjusted EBITDA margin between 15% and 18%.

Our communication with stakeholders
We pride ourselves on being open, direct and transparent in all we do – both in relation to customers, employees, shareholders and other stakeholders. We noted that some of our communication with shareholders and the stock market participants in general could be improved and thus, we have introduced structured summary memorandums of all publicly available and previously communicated information and we have conducted a large and extensive

"During 2022, we were **nominated** as one of three C25 companies in Denmark to receive the "**Annual Report Award 2022**" based on our 2021 Annual Report."

perception study to gain more insight into potential improvements in our communication with shareholders.

During 2022, we were nominated as one of three C25 companies in Denmark to receive the "Annual Report Award 2022" ("Årsrapportprisen 2022") based on our Annual Report last year. While we ended as the runner up, I am proud of the recognition of the good work we put into making a comprehensive and detailed annual report that gives the reader a good and relevant overview of our business and performance.

Our work as Board of Directors

During the year, we have engaged in discussions and prioritisations of the strategic direction and the financial performance, risk management and general governance with Executive Management. As a result of these discussions we have worked with Executive Management in the articulation and enhancement of the "Go-To-Market" strategy based on a set of verticals that we expect will enable and support continued growth and lead to efficiency gains – not only for Netcompany – but also for our customers.

We have also performed an evaluation of our work as Board of Directors, particularly related to our ability to fulfil our fiduciary duties as a collective body. Our conclusion is that we believe that we collectively possess adequate and relevant competences and experiences to ensure proper oversight of Netcompany. We further concluded that our level of engagement with Executive Management was highly satisfactory.

Capital Structure

During the year, we executed two share buyback programmes with a total value of DKK 100m and repaid DKK 350m of the company's debt bringing leverage from 2.7 times at the beginning of the year to 1.6 times at the end of 2022. We expect cash flow to be stronger in 2023 and will primarily use free cash flow generated to bring our debt further down.

Bo Rygaard
Chairman of the Board of Directors

"Based on **continued strong cash flow** we expect to **deleverage significantly** in 2023"

Letter from the CEO

Staying the course of becoming a European leader

André Rogaczewski
CEO and Co-Founder

Despite yet another challenging year for Netcompany - and Europe for that matter, with significantly increased geopolitical uncertainty, high inflation and a glooming recession awaiting in 2023, we delivered strong results, and grew 52.7% and realised a margin of more than 20% - in line with our guidance set out back in January 2022. Once again, I am deeply amazed by the performance our world class employees deliver together with our customers that bring industry leading solutions to life.

Watch the video from our CEO
https://www.netcompany.com/int/Investor-Relations/Annual-Report

Unlike in 2021, where we made a large transformational acquisition of Intrasoft, our focus for 2022 has to a much higher degree been on advancing and accelerating our existing businesses – not only in Denmark but also in Norway, the UK and the Netherlands, and naturally to increase the existence of joint projects between Netcompany-Intrasoft and the rest of the Netcompany Group.

At the end of 2022, we were more than 7,500 talented employees in Netcompany with skills to drive digitalisation further in Europe – not only in the short term but also with a longer perspective. We strongly believe in our focus on digitalisation to be the very foundation to enable Europe in its continuous development of wealth and prosperity, while continuing to be a free and strong democracy. With the solutions and platforms that we have developed in Netcompany, we see ourselves as stewards of the continued European digitalisation.

In 2021, we structured our Govtech Framework and flexible platform engineering approach, and with the additional platforms and products from Intrasoft now being part of our total offering, we are ready to enhance our platforms even further with a new and more structured "Go-To-Market" approach, focusing on a high degree of re-usability in the initial sales approach and in the subsequent implementation effort. We will focus on eight initial industries – both in the public and the private segment across all of our operations in Europe. This is a significant investment for the company that is also reflected in our expectations for margin in 2023. However, we remain fully convinced that the "Go-To-Market" approach, targeting industries and utilising already existing platforms and products, will be a strategic advantage to Netcompany. These offerings help governments and businesses across markets, pave the way for a successful and sustainable business model in the future, leading to better scalability and efficiency gains.

Accelerating digital transformation of societies

During the year, Netcompany has been a key driver of continued digitalisation – both in the public and the private sector. In the public sector the continued challenging development in the demographics of societies paired with the increased insecure geopolitical situation has underpinned the need for effective and robust digital transformation projects.

We have worked with a number of tax administrations in different European countries to ensure that the basis for a well-functioning welfare system is upheld through continued renewal of system infrastructure and solutions. This is often building on relationships and solutions already sold by Intrasoft in previous years. The same goes for our focus into the customs area, where all EU member states have to comply with the EU Unified Customs Code regulation, some by the end of 2023 and others by 2025.

Our presence within the private segment is to a large degree still rooted in our Danish operation based on strong and long relationships with leading enterprises such as Novo Nordisk, TopDanmark and Copenhagen Airport to mention a few.

The common denominator for the projects embarked on in the private sector has been reduction of Opex via an initial investment in Capex. In simple terms this means that the only way many large enterprises can optimise the running of their operation is through investment into new digital solutions and platforms unlocking value and potential. In a recession scenario such investments will become even more acute as they will be defining which enterprises prevail and which will go out of business.

> "At the end of 2022 we were more than **7,500 talented employees** in Netcompany with **skills to drive digitalisation further in Europe –** not only in the near term but also with a longer perspective."

"Our reputation as a leading IT company with **exceptional career opportunities for IT professionals** supports our high demand for new recruits – not only in Denmark but throughout the entire Group."

We are recognised and positioned as a highly valued partner in delivering complex technology transformation to support both private and public businesses throughout Europe, which, in the uncertain times ahead of us, gives me a belief in our ability to prevail as a winner on the other side of the uncertainty.

Optimising performance throughout the Group

We have focused our efforts on ensuring strong operational capabilities in both the Norwegian and Dutch operations and we are confident that these will yield noticeable results in 2023. We have further expanded our footprint in the UK market and delivered strong growth during the year. We expect the UK to be a significant growth driver for the Group in the near term given the sheer magnitude of the market and our strong references based on impeccably well executed project deliveries during the year.

Performance in Netcompany-Intrasoft has been strong and we have seen an increased exchange of ideas and knowledge between employees throughout the entire Group based on the platforms and products already developed. Further, our offerings towards the EU, other EU countries and the Greek home market of Netcompany-Intrasoft have strengthened during the year.

IT people leading IT people - in a structured "Go-To-Market" approach - the core of our future success

IT people leading IT people is a guiding principle in Netcompany and constitutes a unique differentiator creating high value for our customers.

To ensure that we can meaningfully scale this approach throughout Europe we are excited about our significant investment into the new "Go-To-Market" approach as we believe this will bring additional new customers to Netcompany, enhance our footprint with existing customers and at the same time impose a more efficient operation – to the benefit of both Netcompany and our customers.

To realise that potential, we are dependent on attracting new talent. It continues to make me proud that so many great people share our vision and pursue a career in Netcompany. In times of increased uncertainty and a recession in the horizon Netcompany will still be a natural place for outstanding talents with IT competences to seek into in order to fulfil their ambitions. I am therefore pleased to have welcomed more than 2,400 new employees to Netcompany during the year throughout the Group. Our reputation as a leading IT company with exceptional career opportunities to IT professionals supports our high demand for new recruits – not only in Denmark but throughout the entire Group.

I am also pleased to see the eagerness and motivation from both the Danish part of Netcompany and the new colleagues from Netcompany-Intrasoft, when working together on joint projects, especially within the customs area. This will be transformational – not only for Netcompany but also for the customers we serve.

We will continue to invest significantly in our people, our training activities, and social company events to always stay among the best places to work for IT professionals.

I am enthusiastic about the future and confident in our vision to become a European leader.

André Rogaczewski
CEO and Co-Founder

At a glance

Netcompany ambition

Netcompany's ambition is to become a market leader within IT services in Europe

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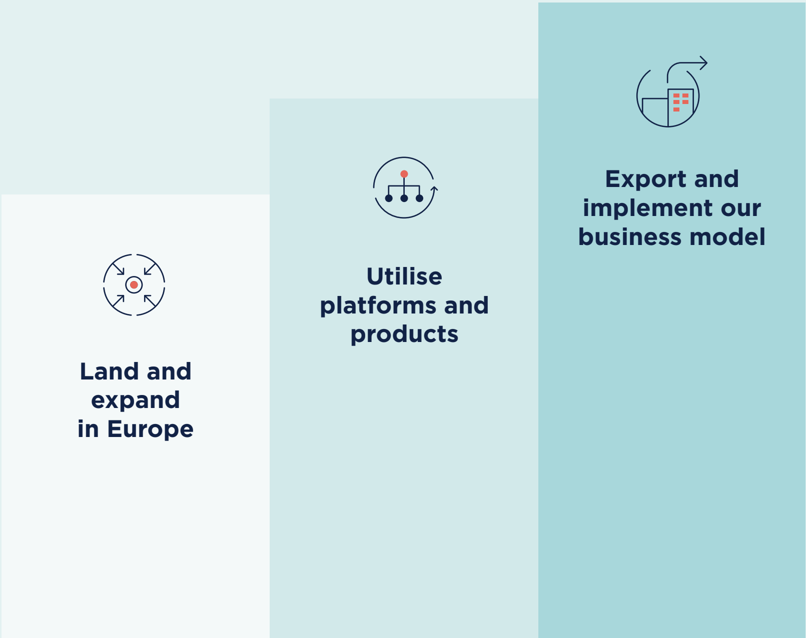
Three main pillars have been defined to realise the Netcompany ambition



At a glance

Netcompany DNA

Netcompany's DNA is driven by the purpose to help customers become successful and sustainable

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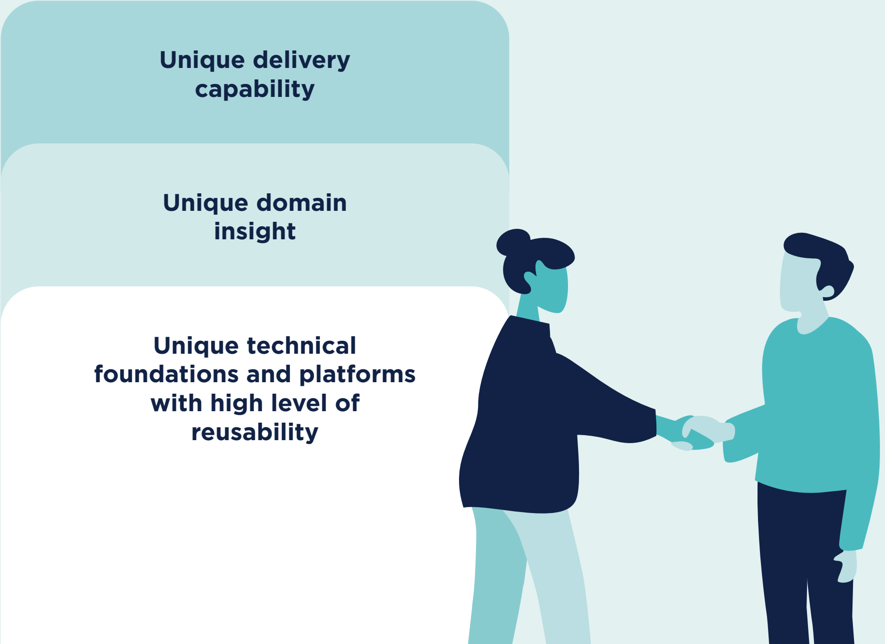
The Netcompany DNA is composed of three unique strings



At a glance

Product suite

Netcompany product suite aims to accelerate deliveries to industries within both the private and public segment

Read more page 24

Target Industries

Public segment

- **Tax & Customs**
- **Public safety**
- **Healthcare**
- **Digital Government**

Private segment

- **Transportation and logistics**
- **Telecoms**
- **Finance**
- **Energy and Utilities**

At a glance

People & talents

The backbone of Netcompany is and has always been the employees and the talent they possess

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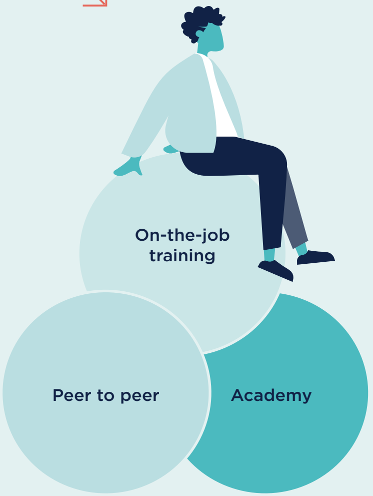
Netcompany takes a threefold approach to the employee learning environment



Centres of Excellence

Netcompany's Centres of Excellence are at the very core of the organisation and is where best practices and solutions are shared

Global Mobility

Netcompany offers the opportunity for employees to work abroad

At a glance

Netcompany-Intrasoft

Update on the largest acquisition in Netcompany's history

Read more
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At a glance

Key trends

In a challenging year for Europe, Netcompany have remained focused and agile to accommodate customer needs

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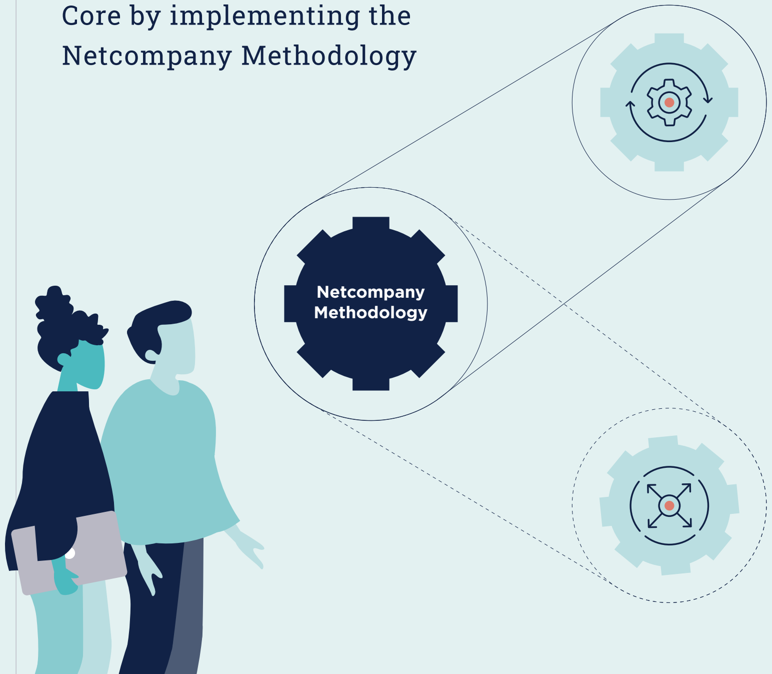
Joint projects will gradually transform Netcompany-Intrasoft into Netcompany Core by implementing the Netcompany Methodology

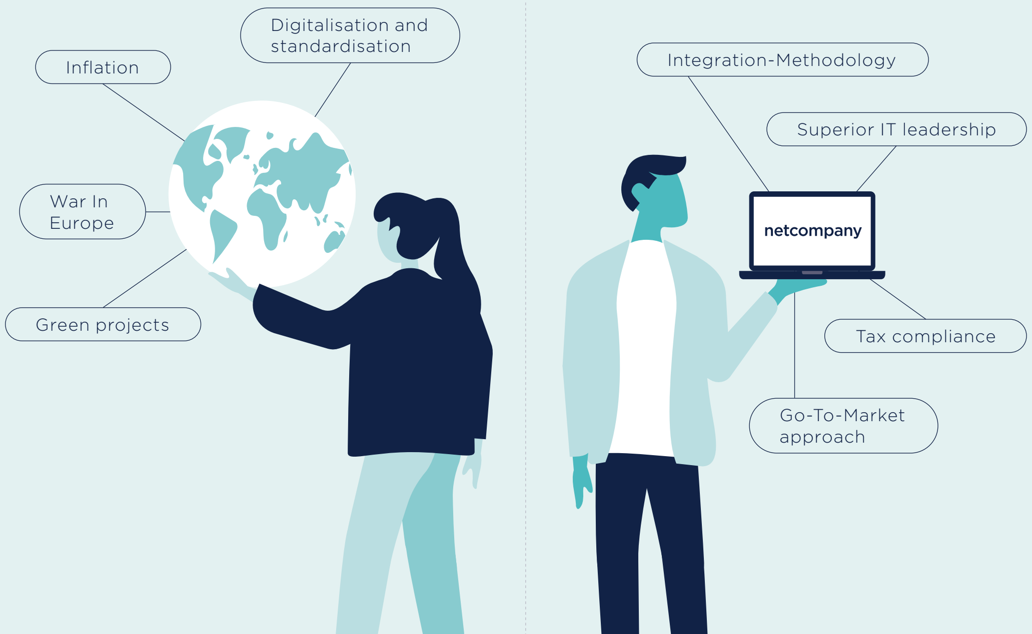


Netcompany Core entails
Netcompany Denmark
Netcompany Norway
Netcompany UK and
Netcompany Netherlands

Netcompany Expand entails
Netcompany-Intrasoft
acquired in October 2021

External

Internal



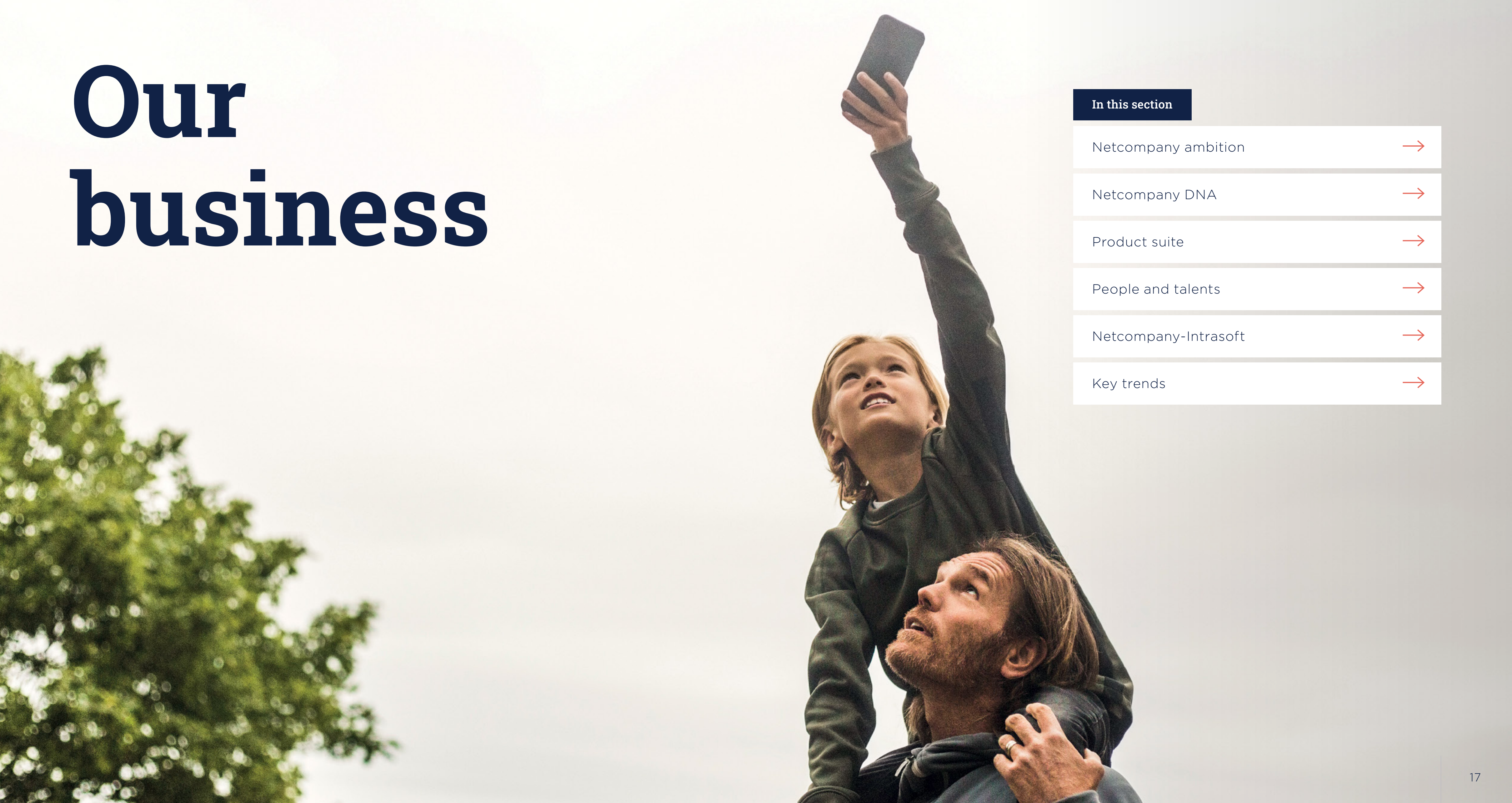
Financial highlights and key figures

DKK million	2022	2021	2020	2019	2018
Income statement					
Public revenue	3,594.9	2,210.4	1,777.7	1,455.5	1,152.1
Private revenue	1,949.7	1,421.6	1,060.9	998.3	901.1
Revenue by segments, total	**5,544.6**	**3,632.0**	**2,838.6**	**2,453.9**	**2,053.2**
Development revenue	2,640.2	2,302.4	1,517.0	1,257.7	1,005.4
Maintenance revenue	2,876.1	1,328.0	1,321.6	1,196.1	1,047.8
License revenue	28.3	1.5	0	0	0
Revenue by type, total	**5,544.6**	**3,632.0**	**2,838.6**	**2,453.9**	**2,053.2**
Organic revenue	4,172.8	3,346.4	2,812.4	2,416.5	1,777.5
Non-organic revenue	1,371.9	285.6	26.2	37.4	275.7
Revenue by growth, total	**5,544.6**	**3,632.0**	**2,838.6**	**2,453.9**	**2,053.2**
Special items	0.0	-37.7	0.0	-4.4	-34.5
Adjusted EBITDA	1,106.2	880.9	809.4	673.6	554.6
EBITDA	1,112.1	843.0	809.4	669.2	520.1
Adjusted EBITA	967.6	793.2	744.4	617.4	514.2
EBITA	973.5	755.3	744.4	613.0	479.7
Operating profit (EBIT)	839.4	703.8	644.9	511.3	364.3
Net financials	-69.9	-33.4	-47.0	-14.0	-108.7
Net profit	602.8	574.3	321.9	388.5	181.2
Financial position					
Investments in tangible assets	52.2	46.2	23.9	24.6	22.9
Investments in intangible assets	118.0	11.3	0	0	0
Total assets	7,193.9	7,021.1	4,039.4	3,727.6	3,485.4
Equity	3,526.9	3,037.9	2,428.6	2,071.7	1,806.3
Dividends paid	0.0	49.1	0	0	0
Net increase in cash and cash equivalents	-117.3	93.5	233.6	23.6	-85.3

DKK million	2022	2021	2020	2019	2018
Cash flow figures					
Cash flow from operating activities	773.0	465.6	580.9	460.3	186.4
Cash flow from investing activities	-244.3	-1,254.5	-101.6	-73.3	-27.2
Cash flow from financing activities	-646.0	882.4	-245.7	-363.4	-244.6
Free cash flow	602.7	408.0	557.0	435.8	163.6
Net increase in cash and cash equivalents	-117.3	93.5	233.6	23.6	-85.3
Earnings per share					
Earnings per share (DKK)	12.27	11.73	6.56	7.91	3.65
Diluted Earnings per share (DKK)	12.15	11.59	6.53	7.89	3.65
Employees					
Average number of full-time employees	6,906	3,787	2,768	2,293	1,861
Financial ratios					
Revenue growth	52.7%	27.9%	15.7%	19.5%	45.0%
Gross profit margin	32.0%	36.7%	40.7%	40.6%	39.8%
Adjusted EBITDA margin	20.0%	24.3%	28.5%	27.5%	27.0%
EBITDA margin	20.1%	23.2%	28.5%	27.3%	25.3%
Adjusted EBITA margin	17.5%	21.8%	26.2%	25.2%	25.0%
EBITA margin	17.6%	20.8%	26.2%	25.0%	23.4%
Operating profit margin	15.1%	19.4%	22.7%	20.8%	17.7%
Effective tax rate	20.3%	21.1%	28.7%	21.9%	29.1%
Return on equity	18.4%	21.0%	14.3%	20.0%	10.5%
Solvency ratio	49.0%	43.3%	60.1%	55.6%	51.8%
ROIC	12.0%	14.8%	11.2%	13.6%	6.6%
ROIC (Adjusted for Goodwill)	36.6%	54.1%	53.7%	58.4%	27.9%
Cash conversion ratio	85.2%	66.4%	139.4%	93.2%	60.3%

Above figures have been calculated in accordance with formulas on page 146.

Our business



In this section

Netcompany ambition

Netcompany's ambition is to become a market leader within IT services in Europe by 2030. To succeed, Netcompany focus on the following main pillars:

Land and expand in Europe

Netcompany will focus on expanding market share and enter new countries in Europe, either by larger acquisitions where scale is instantly achieved based on existing products and customers or through organic build up based on specific new customer wins that will yield significant projects at establishment in a given new country.

At the same time Netcompany will continue to focus on attracting the best talent, educating them rigorously, ensuring quality "side by side" training with more experienced colleagues and optimising sourcing of talent throughout the Group.

Utilise platforms and products

A key part of the Netcompany delivery model is to use common tools and methodologies for developing and documenting new solutions, which have secured a wide portfolio of platforms that are possible to utilise across different sectors.

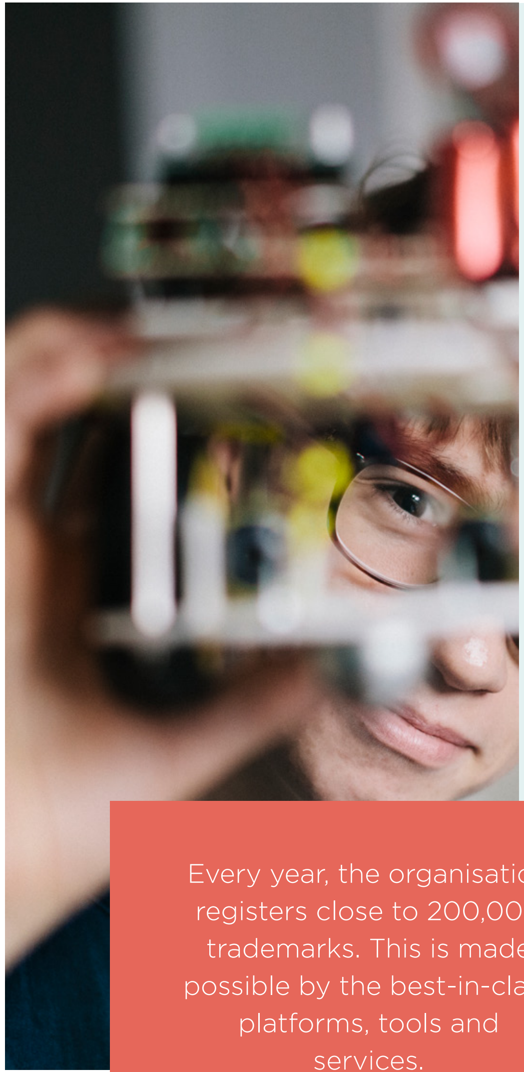
Netcompany will be able to present flexible, well proven and relevant solutions that comes with pre-defined logic and capabilities, which will significantly reduce time to market, and in turn reduce customers total cost of ownership. Netcompany firmly believe this to be a differentiating factor yielding a real and tangible advantage when competing for new projects in both public and private segment.

Export and implement our business model

The way Netcompany operates, develops and implements complex solutions is unique and difficult to emulate – if at all possible. The Netcompany methodology is implemented throughout a large part of the Group and in larger acquisitions the methodology will be applied on new joint projects won between Netcompany and the acquired company, thereby gradually transitioning the methodology to that of Netcompany.

Establishment into smaller markets will be greenfield whereas transformational acquisitions are only expected if they add products/platforms and customers that will accelerate growth in both the new and existing larger markets.

In special cases, smaller "bolt-on" acquisitions, based on getting access to specific products and technologies, in existing markets, could be relevant.



Case story

Spearheading innovation by protecting intellectual property rights

Intellectual property rights are fundamental for businesses to innovate and thrive. And they strongly benefit the European economy, as the industries involved play a crucial role in the prosperity of EU member countries.

The European Union Intellectual Property Office (EUIPO) helps businesses across Europe and the world protect their innovations and inventions through design registrations and trademarks. If their unique designs and trademarks are not protected in all regions where they operate, businesses risk their ideas being stolen or misused. Similarly, businesses also need to know that their own inventions are unique and have not already been trademarked or registered by someone else.

The EUIPO is the organisation that safeguards both. Every year, the organisation registers close to 200,000 trademarks. This is made possible by the best-in-class platforms, tools and services that enable the public to check for or register trademarks and designs at both a European and international level.

Netcompany supports the EUIPO with IT services that use the latest technologies to enable their day-to-day operations. Netcompany is also supporting the implementation of EUIPO's 2025 Strategic Plan for an intellectual property excellence hub that will assist European businesses to become more competitive in an ever more global and digital environment.

Every year, the organisation registers close to 200,000 trademarks. This is made possible by the best-in-class platforms, tools and services.

Netcompany DNA

In a challenging time with high inflation, energy crisis and war, Netcompany maintains focus on the long term ambition to help build strong sustainable societies and successful companies and ultimately create better lives for everyone.

In the past two decades Netcompany has gained a large and unique knowledge in several industries, while realising high growth, based on a solution oriented work model with a strong proof of client successes and a superior talent model with IT leaderships.

Over time, Netcompany has become a trusted advisor to governments across existing markets, and proven its ability to deliver across markets. That trust have been mirrored with large private enterprises particularly in Denmark. In addition, Netcompany also built a wide portfolio of platforms and technical foundations, which combined with strong delivery expertise lay the fundament for the future success of Netcompany.

Netcompany has over time built a large part of the Danish critical IT infrastructure across public industries, and remains **focused to improve and ensure that the Danish public infrastructure is best in class.**

The Netcompany DNA is composed of three unique strings

Unique delivery capability

From home markets, Netcompany bring a unique way of working and a track record of delivering on time, on budget and with high quality

Unique industry insight

The focus will be on sectors with a digital ambition, understanding their business domain and all relevant new technology adoption

Unique technical foundations and platforms

With a constant desire to reuse, Netcompany has built a strong library of technical platforms, accelerators and components to lower risk and ensure efficient and reliable implementation

Industry insight

Netcompany has carefully selected 4+4 industries (4 in public and 4 in private) through market segmentation by spend, fit-of-offerings and existing relationships combined with market maturity assessments. The selected target industries will be our main focus areas for growth, while a general opportunistic sales approach is maintained.

Target Industries

Public segment

- **Tax & Customs**
- **Public Safety**
- **Healthcare**
- **Digital Government**

Private segment

- **Transportation and logistics**
- **Telecoms**
- **Finance**
- **Energy and Utilities**

Core libraries of codebase and operational guidelines in the foundations as well as technologies and platforms such as Govtech, Digital Post, Digital Wallet, Ermis, Icarus, E-Hospital, Profits, DX4B, Airhart and Pulse will work as accelerators for growth in these selected industries.

To ensure focus on targeted industries, Netcompany has reorganised and introduced new roles and will be adding additional experienced industry leaders to push and support sales across markets, assets, and platforms to accelerate growth.

While Netcompany is already at an advanced stage given the platforms developed so far, the introduction of an industry focus will require investments in 2023 - and beyond - to fully realise the expected benefits.

"Go-To-Market" approach

Based on domain insight, Netcompany has structured a "Go-To-Market" approach driven by the purpose to help governments and businesses across markets to become successful and sustainable. The purpose is key in the way Netcompany do business and support additional industry focus through Industry Leads.

Industry Leads – globally and locally – are dedicated to sharing knowledge within the industry, across markets and between customers, hence Netcompany, in collaboration with customers and industries, seek to be part of the innovation and enhancement of the entire industry and thereby also become the "partner of choice" for customers.

This is a result of 20+ years of knowledge and several large complex deliveries within selected industries, which have given Netcompany the possibility to build a wide portfolio of foundations and platforms and further enriched Netcompany with the knowledge and insight into several industries/domains.

Netcompany's outside/in focus is essential to identify tenders and projects early in the process and enable a strong dialogue with customers. This will also contribute to gain

further knowledge about customers within targeted industries, and at the same time make it feasible to build a strong purpose in each target industry and utilise the right people to innovate on technologies and platforms as soon as a possible demand becomes apparent.

Unique platforms, combined with strong references, embassy partnerships, world class events and costumer to costumer meetings organised internally, has positioned Netcompany with the ability to retain, renew and expand customers and increase share of wallet.

Composable platforms

Netcompany has in the last couple of years introduced composable platforms such as the Govtech platform, Composable Enterprises and with the acquisition of Netcompany-Intrasoft expanded the portfolio of platforms to reuse and work as a foundation.

This modular design of composable platforms enables customers to “recompose” when needed, increasing competitiveness while strengthening resilience to changing business environments.

The structure of composable platforms and the building blocks for more standardised product offerings is based on common foundations.

The key benefits from composability are:

Flexibility

Pick and choose from the modules you want to create unique system verticals.

Best-of-need

Reduce complexity and pay only for what your business truly needs.

Rapid innovation

Build, test and release more rapidly. Fluid configuration and frequent releases replace big bang releases.

Independence

Avoid monoliths, legacy build-up and vendor lock-in. Easier to attract new IT talent.

Business-IT continuum

Stronger alignment between business and IT, resulting in more cohesive applications.

Foundations
To scale the Netcompany delivery mechanism, Foundations have been introduced. These are reusable core libraries that will be the foundation of all new customer solutions going forward. Foundations are to be implemented on all Netcompany deliveries during the coming years.

The Netcompany Foundation will work as a solid common starting point for all new projects and not only include a production proven codebase, but also include support/guidelines for technical functionality including transactions, logging, security, configuration etc.

The foundations are well documented architecture, built, tested and operated by a central team dedicated to maintaining and constantly improve and ensure that the technologies and operational guidelines are updated to best practice. In addition, delivery quality assurance processes ensures that Netcompany methodology is applied effectively across all projects and technologies as well.

By using a standardised "starter kit" for customer solutions Netcompany will accelerate deliveries, and customers will stand on the shoulders of solutions already delivered and in production. This will give Netcompany the opportunity to focus on the customer needs, not blurred by technology and allow long term efficiency growth.

The foundations will also improve the internal delivery culture in Netcompany, hence terminology will become more clear, and pop up courses and "Centres of Excellence" will be used to a higher extent than previously.

Correct focus

- Focus on customer needs - not technology

Risk mitigation

- Production ready code
- Proven architecture
- Performance tested
- Security tested
- Scalable
- Stable and reliable code
- Reference application

Prebuild done

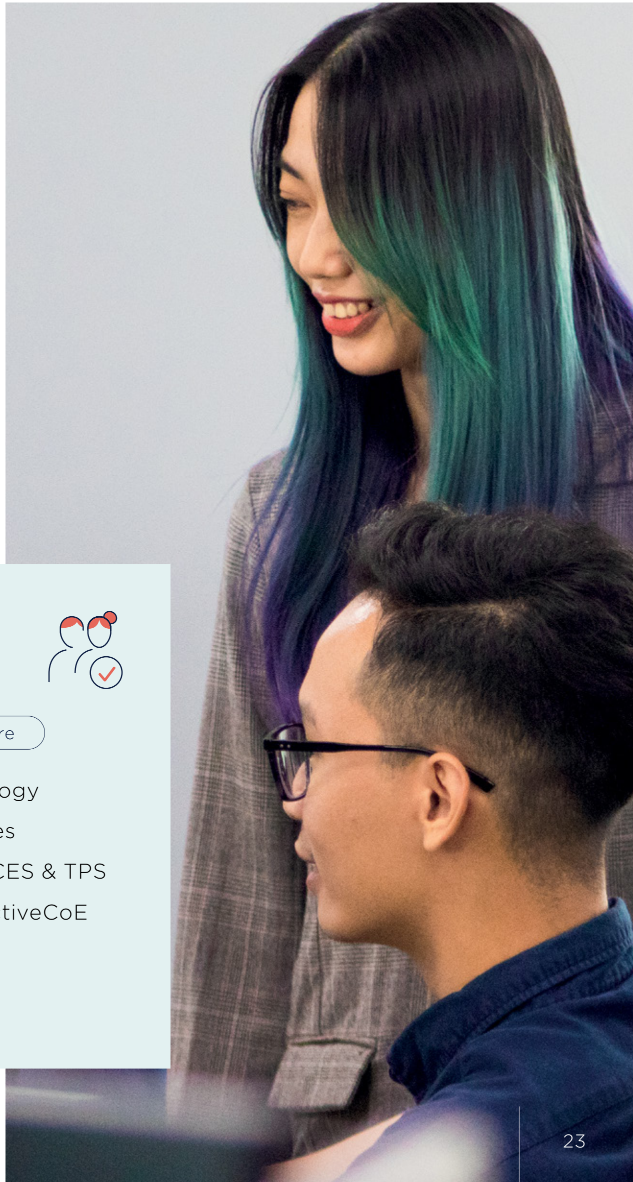
- Get off to a quick start
- Improved delivery timescales
- Re-use across solutions
- The right choices have already been made

Documentation

- Detailed design
- Programming guidelines
- Installation guide
- Maintenance guide
- Technical infrastructure
- Software architecture

Delivery culture

- Clear terminology
- Pop-up courses
- Integrated in CES & TPS
- Established activeCoE



Product suite

Netcompany product suite will accelerate deliveries and will constantly be updated and maintained to meet the demand in target industries.

By delivering large complex projects to public and private customers in different European markets over the last 20+ years, Netcompany has build a wide knowledge base and portfolio when it comes to IT solutions. The domain know-how, and technologies developed, covers many industries, some more complex than others.

Platforms and technologies
In recent years, Netcompany has allocated resources to develop and maintain platforms and technologies that have been delivered and proven to customers in both the public and private sector.

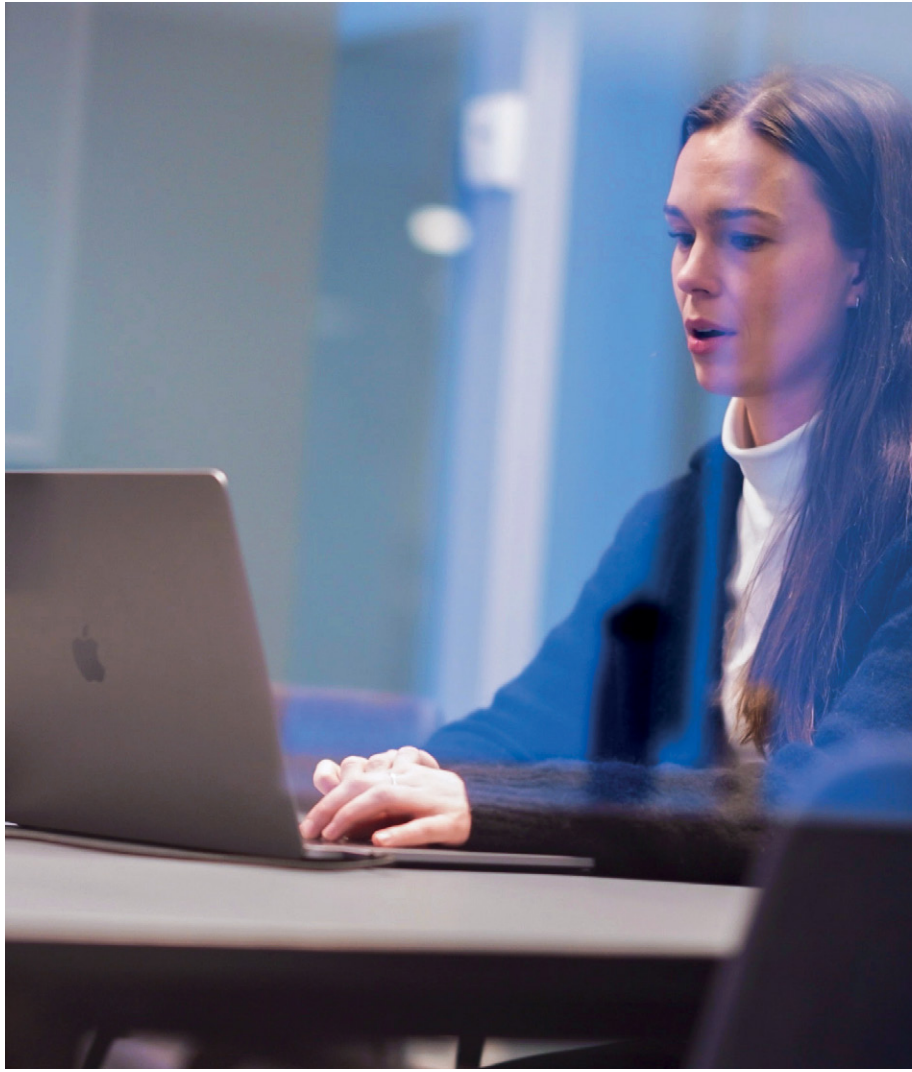
In 2022, Netcompany has intensified focus on target industries selected on the basis of market capacity, maturity assessments and internal know-how, technologies and relations.

By continuously adding functionality, and by standardising the platform offering to the extent possible, Netcompany is able to deliver both society critical IT solutions embarking on the digital transformation and innovative and unique solutions that comes with predefined logic and capabilities.

These solutions are faster to implement and flexible enough to scale and adapt, which will reduce time to market and have the characteristic of standardised products and platforms.

The domain know-how and product suite will work as accelerators and assists stakeholders to improve the digital agenda within each industry.

Centre of Excellence ensures that the product suite is up to date and in accordance with the best practice.



Netcompany industries and current product suite offering

Tax and Customs

Netcompany-Intrasoft have more than 20 years of know-how in the EU institutions (TAXUD) and WCO policy frames and offer the "**ERMIS**" and "**Proteus**" platforms configured and adapted to use in Customs authorities system landscape. In addition, the "**Netcompany Tax**" platform covers taxation with an integrated solution to manage revenue collection and taxpayer compliance, social securities and pensions.

Level of reusability

●●○

Public Safety

Netcompany solutions support citizens and public safety officers at border controls, prisons, patrol cars and immigration authorities in safeguarding communities. Netcompany's products and platforms enable authorities to perform important tasks such as registration of immigrants and immediate response to urgent events like terrorism.

Level of reusability

●○○

Healthcare

Netcompany has during the pandemic assisted governments in several markets developing the corona passports and furthermore taken part in digitising hospitals with focus on home hospitalisation and modernising hospital operations in a matter that changes the entire way of operating a hospital.

Level of reusability

●○○

Digital Government

The Group have a highly configurable functionally complete Digital Government product suite with the Govtech framework, Digital Post platform, "**Mit.dk**", Social security platform, "**PERSEUS**" and knowledge from many large complex deliveries for critical IT infrastructure.

Level of reusability

●●○

Transportation and logistics

Netcompany has together with Copenhagen Airport entered a joint venture in developing a digital airport. This platform, "**Airhart**", has afterwards been adapted to also support the digital transport and logistic across other industries than airports.

Level of reusability

●●○

Telecoms

The Group have extensive know-how combined with scalable platforms and solutions ready to assist European telecom operators with digitally transforming their BSS/OSS ecosystems. Offerings are based on executing multiyear framework contracts with major European telecom operators.

Level of reusability

●○○

Finance

Based on deep banking experience and the robust core banking platform "**PROFITS**", Netcompany-Intrasoft has developed "**DX4B**"; a standardised, future proof, cloud-based banking & finance system used to provide modern solutions for Electronic Money Institutions, Neobanks & Fintechs, Credit Services, etc. The digital platform "**Mit.dk**" is also to be utilised within Finance.

Level of reusability

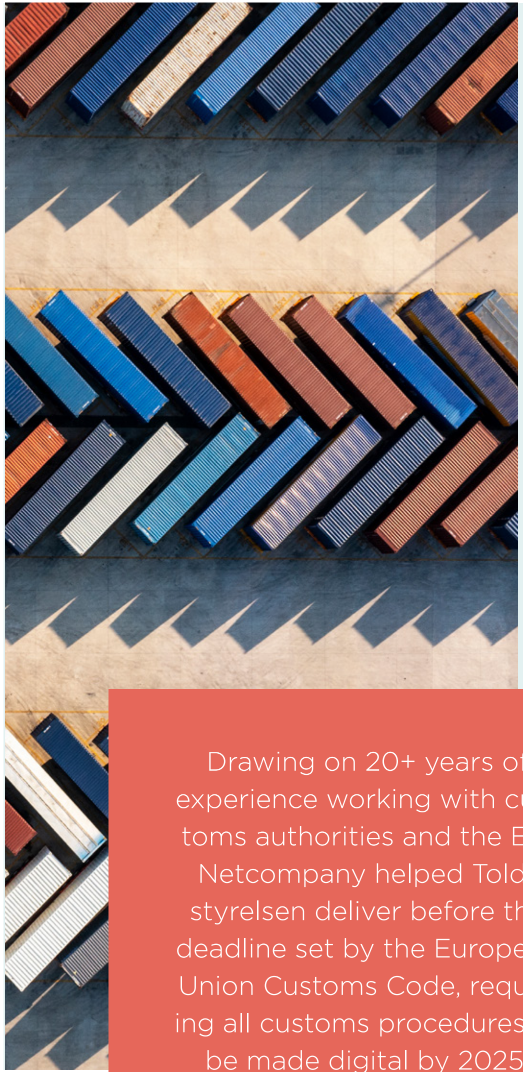
●●○

Energy and utilities

Based on deep knowledge, Netcompany participates in the current digitalisation and green transformation of the power sector and provides a range of proven utility platforms to support core processes such as "**Netcompany Billing**" and "**Pulse**" as the heart of data processing and support the energy consumers with self-service portal and market leading customer journeys using "**Mit.dk**".

Level of reusability

●●○



Drawing on 20+ years of experience working with customs authorities and the EU, Netcompany helped Toldstyrelsen deliver before the deadline set by the European Union Customs Code, requiring all customs procedures to be made digital by 2025.

Case story

Digitalising customs procedures to pave the way for other EU countries

Netcompany has successfully delivered a new customs procedure system for Toldstyrelsen, the Danish Customs Agency, well ahead of the 2025 EU deadline.

Toldstyrelsen's task is to make it easy for citizens and businesses to pay the correct customs duty and to safeguard Denmark against the import of illegal and harmful goods. Historically, this meant people had to follow complex, paper-based procedures. Toldstyrelsen needed a modern and efficient digitalised system to simplify Danish customs procedures and comply with new EU rules.

Drawing on 20+ years of experience working with customs authorities and the EU, Netcompany helped Toldstyrelsen deliver before the deadline set by the European Union Customs Code, requiring all customs procedures to be made digital by 2025.

The new Declaration Management System supports Toldstyrelsen's vision of ensuring correct settlement, easy trade and effective control of goods. It is built using flexible and future-proof architecture, which allows for scalability and full performance and accommodates the anticipated increase in annual customs declarations. The system also enables the biggest postal and carrier suppliers to be quickly onboarded, so they can manage their customs declarations more effectively than the old solutions.

Apart from building the procedure system, Netcompany has also trained Toldstyrelsen's Customs Officers in its use – to make sure that the skills and expertise are there to make the transition from paper-based to digital procedures as smooth as possible.

People and talent of Netcompany

The backbone of Netcompany is and has always been the employees and the talents they possess. The complexity of delivering best-in-class IT-solutions requires the top IT-talent available and a continuing development of employees.

Netcompany Academy is a well structured merit based career development programme

Talents
It is not only the individual employee's responsibility to utilise and develop their talents, it is also up to Netcompany to create an environment that allows each employee, regardless of personal circumstances, (cultural background, ethnicity, gender, sexual orientation etc), to thrive and unfold their talent.

Creating the optimal environment for employee's talent utilisation is beneficial, both to the company and for the individual employee. Maximum talent utilisation contributes to Netcompany's primary goals – "On time, budget and scope".

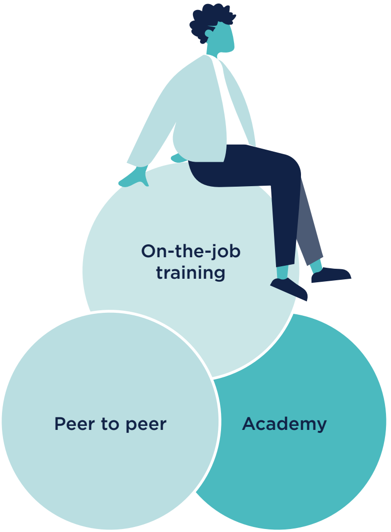
Simultaneously, maximum talent utilisation benefits the individual employee aiding their personal development and growth and building a strong platform for current and future career and life.

Being a people and knowledge based company, the ability to retain talent is a key objective. Therefore, Netcompany has built a company culture that combines personal growth, wellbeing, and the sense of belonging with a best-in- class learning environment and a strong performance culture.

Learning environment

Netcompany takes a threefold approach to the employee learning environment.

On-the-job training
Utilising the knowledge and talent of Netcompany employees and enabling them to pass this on to new talents in Netcompany, is an important strategic tool to ensure a quick onboarding process and minimising the time it takes before an employee is ready to contribute to the deliverance of the Group's complex IT-projects.



Netcompany has faith in new employees and trust them to contribute from the beginning, but no one is on their own in Netcompany. Under the guidance of one of the many masters in Netcompany, both new and more senior employees will be learning on the projects and continuing to develop their IT skills and talents. As the knowledge and skills of the employees develops, the corresponding tasks, area of responsibility etc. continuously changes to match the skill level and to challenge employees to reach the next level. This process is ongoing throughout every employee's career.

Peer to peer
Netcompany makes use of direct career coaching from senior peers or managers. Every employee is assigned a mentor, that will support the mentee in their career development and will make sure that the mentee continuously improves and prepares for the next career step.

The mentor provides a real-life visualisation of the career opportunities in Netcompany and through that provides career inspiration for the mentee. The mentor will also provide the mentee with a long-term relationship with a senior colleague, that can act as an anchor in a fast-paced and continuingly expanding organisation.

Academy
The peer-to-peer and on the job training does not stand alone. All Netcompany employees are enrolled into the Netcompany Academy. The purpose of the Netcompany Academy is to support the continuous development and progress within the group and ensure that every employee's IT-toolbox is equipped with the necessary tools to solve every complex task of the next generation IT-solutions.

Netcompany Academy is comprised of several different learning modules. These learning modules are designed in a way, so that time and content are tailored to the individual employee's career progression and are linked to the Netcompany career models, career paths and specific roles. Netcompany Academy plays a key role in ensuring continuous career development and progression for employees. The aim is to align the academy progress to each individual employees preferred pace, personal interest and aspiration.

Centers of Excellence

Sharing of knowledge is something Netcompany care about.

The Centres of Excellence are at the very core of the organisation and are professional communities where best practices and solutions are shared within a wide range of technologies, platforms and disciplines with each other – across business areas, projects and geographical borders.

These knowledge sharing communities bring together different expertise and know-how and functions as a strategically important tool, that strengthen cooperation and help to propagate and shape the Netcompany way.

Netcompany Culture

Global Mobility

Netcompany offer the opportunity for employees to work abroad for an extended period of time, while fulfilling potential dreams of living and working in a different country and experiencing a new and exciting culture.

While working abroad, employees play a vital role in the Integration of new acquisitions and the “integration” of the Netcompany way, thus strengthening the cooperation beyond borders in the Netcompany Group.

With the acquisition of Intrasoft, new territories were added to Netcompany, and global mobility plays a vital part in the integration of these.

IT people leading IT people
At Netcompany, IT people lead IT people. This unique aspect has been the root of Netcompany's success and is something that Netcompany is proud of. Netcompany believe that people with an IT background are the most qualified to steer IT projects and ensure that the customers are satisfied with the result.

Netcompany office location
Netcompany strongly believe in the value of a modern and inclusive office location to create a strong and inspiring working environment. While also embracing a hybrid working model including virtual teams, Netcompany believe in the value of the office location as an accelerator to build a solid company culture.

Award high performers
Netcompany believe in awarding high performers. If an employee makes a substantial contribution to the deliverance of a project and continuously show a high degree of motivation, skill, ambition, and overall embrace the Netcompany way and culture, the employee should be awarded in accordance with their contribution to the Group.

Awarding high performers acts as motivation towards new and current employees, by displaying that dedicated work pays off and simultaneously functions as a retention tool towards employees, since it is living proof that dedicated work and achievements will be adequately rewarded.

Netcompany After Dark
It is Netcompany's belief that getting to know each other outside of work will create a better work environment with improved cooperation and a high level of job satisfaction.

Netcompany After Dark is the social clubs of Netcompany. After Dark offers a wide variety of clubs, that are created and run by employees and Netcompany encourages participation and creation of new clubs if anyone is holding on to a bright idea. People across departments get together to play their favourite sport or plan and host social event and parties, all the while creating long lasting connections and friendships.

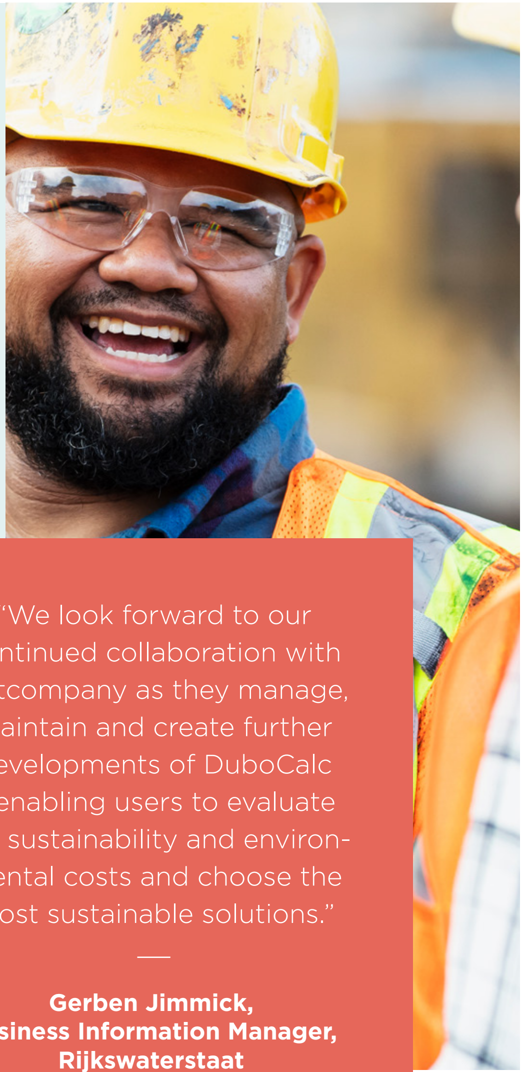
Employee Resource Groups
During 2022, Netcompany introduced Employee Resource Groups (ERG). These are voluntary, employee-led groups of employees who share characteristics or life experience – or are valued allies. Netcompany aspires to drive inclusion and belonging in the workplace, which was the main reason for the creation of the ERG initiative.

This initiative will aid in the creation of a more inclusive work environment by identifying and addressing blind spots and areas of improvement related to an inclusive workplace. Each individual ERG is focused on one specific area where a diversity and inclusion perspective is applicable. This single focus ensures that no areas are neglected, and the adequate resources are allocated to tackle any potential diversity and inclusion concern, or improvement identified by the ERG.

Case story

Building a greener future: DuboCalc calculates and reduces the environmental impact of construction projects

Smarter solutions are a must for a greener tomorrow. To ensure more transparency and pave the way for more sustainable solutions in construction projects, Netcompany is working with Rijkswaterstaat to manage, maintain and host DuboCalc: a tool used to calculate the impact of materials and methods used in the construction lifecycle – from extraction to demolition and recycling.



Rijkswaterstaat, the implementing organisation of the Dutch Ministry of Infrastructure and Water Management, are responsible for the design, construction, management and maintenance of the Netherlands' main infrastructure facilities, including water, roads and the environment.

Rijkswaterstaat is committed to supporting a more sustainable living environment – for a greener tomorrow. To ensure more transparency and pave the way for more sustainable solutions in construction projects, they have developed DuboCalc: a software tool that calculates the environmental impact of material, a construction or construction method. It calculates all effects of material and energy from cradle to grave.

Rijkswaterstaat uses DuboCalc as one of the instruments for fulfilling the BPKV sustainability criterion. Rijkswaterstaat's challenge is to make sure the Environmental Cost Indicator (MKI) calculations can be reproduced accurately over the next 10 to 15 years, no matter which version of DuboCalc is used to generate them.

Over the next three years, Netcompany will help Rijkswaterstaat future-proof DuboCalc, by managing, maintaining and hosting all the different versions and advising on how to build a new and improved platform.

"We look forward to our continued collaboration with Netcompany as they manage, maintain and create further developments of DuboCalc – enabling users to evaluate the sustainability and environmental costs and choose the most sustainable solutions."

—

Gerben Jimmick, Business Information Manager, Rijkswaterstaat

Update on the largest acquisition in Netcompany Group

Netcompany-Intrasoft

A strong foothold for digitalisation to accelerate in Europe

Strategic update

The strategic rationale behind the acquisition of Netcompany-Intrasoft remains intact. During 2022, this has been demonstrated through better opportunities to enter/win tenders, even in markets with no foothold. The improved joint competences and capabilities have strengthened the Groups market position and will over time work as an accelerator to improve the financial performance for the Group.

Netcompany-Intrasoft in short

In October 2021, Netcompany acquired Intrasoft, having more than 2,800 employees working from 13 different countries with Greece, Belgium and Luxembourg as main markets.

In 2022, the Group took advantage of the expected sales synergies and entered large EU projects, which would not have been possible without the combined knowledge.

Joint projects

One of the strategic priorities in the post-acquisition integration, is the engagement into new joint projects between Netcompany Core and Netcompany-Intrasoft, and during 2022, several joint projects between Netcompany Core and Netcompany-Intrasoft were initiated. These projects covers both private, public and EU segments, some based on the product suite described on page 25.

Platforms

With the inclusion of Netcompany-Intrasoft additional platforms were introduced to the Group. While Netcompany-Intrasoft continued utilising the platforms on their engagements with existing customers, Netcompany Core joined some of the teams in further development of existing platforms. Development of platforms is carefully chosen based on the overall Group target verticals and sales approach and driven by the demand seen in the market.

Business practices

Working together on joint projects or technologies also presents opportunities for improving business practices. During the development and deliverance of Netcompany's best-in-class IT-solutions the immense knowledge and best practices from Netcompany-Intrasoft's highly skilled IT-people will be adopted and integrated into the already established business practices of Netcompany.

Netcompany-Intrasoft is well established in delivering complex IT-Solutions within several European markets, including the European Union. This market position needs, at the very least, to be maintained, by utilising what is already working, while the Netcompany Methodology is mainly implemented on joint projects.

Update on the EU Recovery and Resilience Facility (RRF)

With 25 out of 27 Member States recovery and resilience plans endorsed by the EU Commission and the Council, the digital expenditure is estimated at 26% of the total recovery and resilience facility (RRF). Hence the original target was 20% of the total RRF of EUR 723.8bn, the actual plans add another EUR 40+bn equal to DKK 300+bn to the digital transformation to be spent between 2021 and 2026. Digital projects under the RRF thereby increased from around DKK 1,100bn to DKK 1,400bn.

In Greece, around DKK 20bn is scheduled to boost the digital transformation of the public sector and close to DKK 2.8bn for digitalisation of businesses over a five-year period. During 2022, Netcompany has entered several contracts under the RRF.

External

Key trends

2022 was a challenging year for Europe with war in Ukraine, energy supply constraints and high inflation, all prompting an increased desire to digitalise.

War in Europe

The geopolitical tensions have created the need for a trustworthy European leader within IT services, Netcompany is not represented in Ukraine or Russia and thereby not directly exposed to the invasion of Ukraine, Netcompany has instead been engaged in providing tangible support to Ukrainian refugees fleeing to Poland. Netcompany supported HumanDoc in developing a case management system assisting specific needs for refugees such as legalisation of stay, legal consulting, medical support, social security, work permit registration etc.

Inflation

Inflation in Europe has reached the highest levels in decades as a result of the pandemic and broken supply chains. War in Ukraine has furthermore accelerated the global inflationary pressure on energy and commodity prices affecting all the markets Netcompany is present in.

Increased consumer and energy prices have not had any material impact on Netcompany directly until now. Looking into a recession in 2023 it is to be expected that both public and private customers will reduce spend to some degree at the same time salaries and costs in general are expected to be at elevated levels.

Digitisation and standardisation

As the amount of data has "exploded" in the past decade customers across all industries are keen to make their business more digitised to gain a better insight into their own business and customers. This has accelerated the transition into more digitised industries seeking standardised and at the same time flexible and scalable solutions.

Netcompany accommodates the demand with agile solutions and a wide portfolio of plug and play solutions in the Govtech Framework, Composable Enterprise Framework and further rapidly adaptable platforms and products.

Green projects

The dependency on energy and the consequence when supply is reduced, have accelerated the green transition, which have increased the interest in IT-projects and digitalisation. In addition, some customers require their business partners or projects to be “green”- either in a matter of more energy efficient solutions or actual ISO certifications.

Netcompany has always been looking into the most energy efficient solutions. In 2022, Netcompany entered a sustainable linked loan tied up to ESG KPIs and more than 80% of energy spent was renewable. Currently, Netcompany Denmark is in the process of getting ISO 14001 certified.

Internal

Key trends

In 2022, Netcompany focused on completing the integration of Netcompany Norway and UK, and the continued turnaround of Netcompany Netherlands. In addition, focus on joint projects with Netcompany-Intrasoft accelerated during the year.

Integration methodology

Implementation of the Netcompany methodology is a prerequisite for the success in Netcompany Core. By cross utilising talents from the home market into acquired entities, Netcompany ensures that the career development model, integrated sales and decentralised management approach and agile delivery driven methodology will become the prime way of doing business.

The methodology is also applied to joint projects between Netcompany Core entities and Netcompany Expand.

Superior IT leadership

IT people leading IT people is a guiding principle in Netcompany and constitutes a unique differentiator creating high value for customers. Skilled and dedicated IT professionals are a vital factor for Netcompany's continuous ability to deliver high quality solutions on time and on budget for the operating markets.

Netcompany aims to become a strategic business partner for customers by having skilled and dedicated IT professionals leading the projects, understanding the project both from a technology and business perspective.

Go-To-Market approach

To ensure that Netcompany can scale the delivery driven business model and continuously fulfil high growth expectations, Netcompany has initiated the implementation on a new a Go-To-Market approach.

With this approach Netcompany will introduce target industries selected in respect of the capacity and scalability in each market and drive growth through these.

Netcompany will reuse platforms and products to the extent possible which will facilitate scaling and lead to efficiency gains.

Tax compliance

Netcompany has an ambition to provide transparent information on our tax approach and positions as taxes are considered an important part of our corporate social responsibility. Netcompany strive to comply with both global and local tax legislation and act as a "Good Corporate Citizen" from a tax payment perspective.

Performance review

In this section

Outlook

2022 financial performance and 2023 guidance.

Financial performance against guidance for 2022
With the acquisition of Intrasoft International S.A in October 2021 a range of detailed performance metrics were introduced for 2022, with the ambition to create full transparency of the performance of Netcompany-Intrasoft as a standalone business. During the year, more business than anticipated was done as joint projects shifting revenue and margins from Netcompany Core to Netcompany-Intrasoft, making it less relevant to view performance against individual targets but rather focus on targets for the Group all together.

Group revenue grew by 52.5% in constant currencies in 2022 – well within the guided range of 48% and 56% as set out in the beginning of the year, and slightly above the narrowed guidance range between 50% and 52% as communicated in connection with the Q3 2022 report.

Group adjusted EBITDA margin in constant currencies was slightly above 20% - also in line with the original guided target of above 20% as set out in the beginning of the year and reiterated in connection with the Q3 2022 report.

52.5%
Revenue growth in constant currencies

Netcompany reiterated guidance in connection with Q3 2022 report, well within original guidance.

Financial metrics in constant currencies	Target 2023	Actual performance 2022	Updated target Q3	Original target 2022
Organic revenue growth in Netcompany Core	-	13.7%	14-16%	14-19%
Group organic revenue growth	-	14.7%	14-16%	13-18%
Non-organic revenue growth	-	37.8%	37-39%	35-38%
Group revenue growth	**8-12%**	52.5%	50-52%	48-56%
Adjusted EBITA margin from Netcompany Core	-	21.1%	21-23%	>23%
Adjusted EBITDA margin from Netcompany Core	-	23.7%	23-25%	>25%
Adjusted EBITDA margin in Netcompany-Intrasoft	-	11.9%	9-11%	>9%
Group adjusted EBITDA margin	**15-18%**	20.0%	>20%	>20%

Guidance for 2023

The financial guidance for the Group for 2023 is based on an assumption that Europe will be in a recession for part of the year. While it is expected that the demand for continued digitalisation of both societies and enterprises will continue to be present it is inherently difficult to predict timing of new projects in a recession scenario, which is reflected in our expectations for 2023.

It is also anticipated that the recession will lead to more "wait and see" situations related to decisions on when to initiate new projects with our customers, which potentially will have negative impact on revenue growth and margin. It is further anticipated that price adjustments will be lower than underlying CPIs as a recessionary market makes large 1:1 CPI-based price increases difficult.

The Group does not expect any non-organic contribution to revenue growth or margin for 2023.

Fewer working days in Denmark, Norway and UK will have a negative impact on margin of around 0.5 percentage point.

Salary costs are expected to increase more than normal as a combination of regular salary increases and increase of variable remuneration. This will impact margin by around 1.5 percentage points.

The move to a new corporate headquarter in Copenhagen is expected to have a dilutive impact on margin of around 0.5 percentage point.

The introduction of the new "Go-To-Market" approach requires investments in 2023 and is expected to impact margin negatively by around 0.5 percentage point.

Investments into new office facilities for Netcompany-Intrasoft and investment into a common administrative IT infrastructure for Netcompany-Intrasoft is expected to impact margins negatively by around 0.5 percentage point.

Expected discontinuation of Netcompany-Intrasoft in Africa and the Middle East is of minor impact and is included in the guidance.

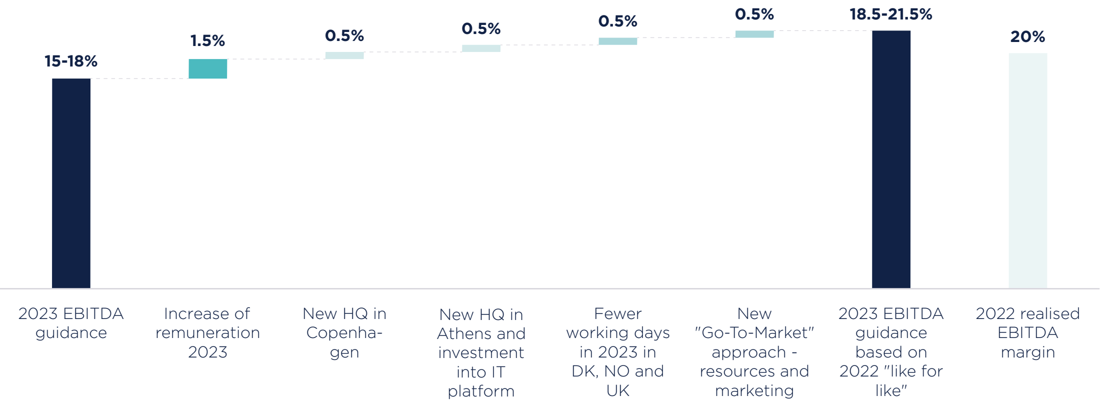
For 2023, Netcompany expects to grow revenue in constant currencies by between 8% and 12% and expect adjusted EBITDA margin to be between 15% and 18%.

Free cash flow from operations is expected to increase in absolute terms from the level of 2022. Free cash flow will for all material matters be used to deleverage the debt ratio of 1.6x end of 2022 significantly.

The Group does not expect to initiate any share buyback programmes or to pay out dividends during 2023.

Netcompany's expectations for 2023 reflects an unprecedented uncertainty in Europe, not only related to macroeconomic factors but also to continued high uncertainty regarding the geopolitical environment in Europe as well as globally, which might have even further negative spillover effects on Europe.

Expected margin for 2023 compared to realised 2022 margin



Case story

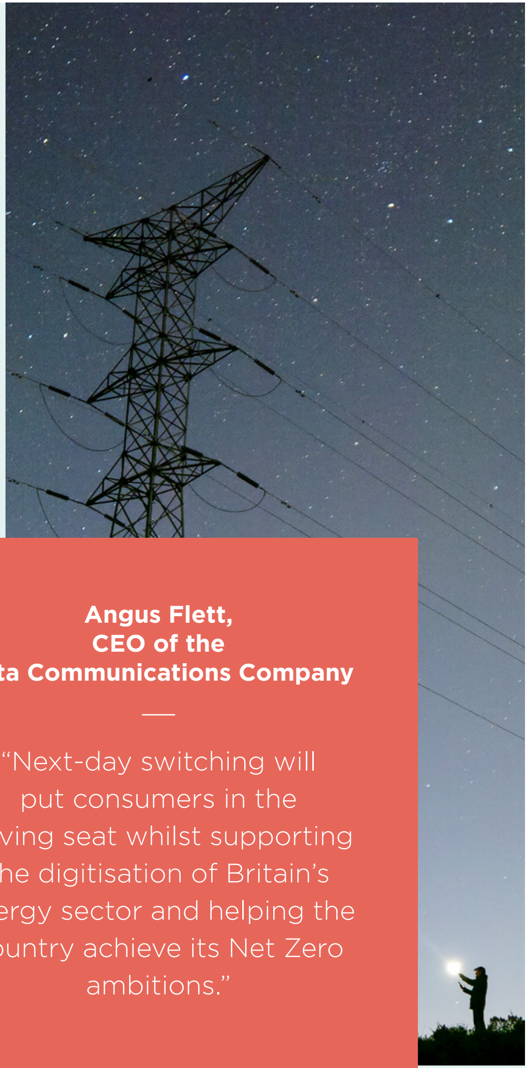
Switching energy suppliers smoothly: enabling a more efficient and competitive energy market in Britain

Switching energy suppliers in Britain used to be a complex process. It often led to delays, errors, frustrations and failure – which cost people money and led to a lack of trust. Netcompany has helped transform the nation's energy industry, making it faster and more efficient to switch energy suppliers to the benefit of every household in the country.

Switching energy suppliers has, for many years, been a complex and slow process in Britain. That is why Ofgem, the independent energy regulator, partnered with the Data Communications Company to deliver the Faster and More Reliable Switching Programme, designed to make the switching process quicker and more consistent for consumers.

The Data Communications Company appointed Netcompany as the Faster Switching Programme's SI in February 2019. The energy industry is complex, with many stakeholders, and each has its own challenges and objectives, including different systems and ways of handling data. We recognised early on that the Faster Switching Programme was not in itself overly complex. However, the number of parties involved created complexity. Netcompany has helped to make sure that all needs were considered, all design and data issues were overcome and ensured that solutions were workable.

Together with Ofgem and the Data Communications Company, Netcompany has created a solution that ensures a more efficient switching of suppliers, to the benefit of consumers. The result is a fast-switching ecosystem that has the potential to transform Britain's energy industry and put users in control of their choice of supply.



Angus Flett,
CEO of the
Data Communications Company

"Next-day switching will put consumers in the driving seat whilst supporting the digitisation of Britain's energy sector and helping the country achieve its Net Zero ambitions."

Financial overview

Performance overview DKK million	**2022 (reported)**	**2022 (constant)**	**2021**	**Change (reported)**	**Non-organic impact from Netcompany-Intrasoft S.A.**	**Change (constant)**
Revenue	5,544.6	5,538.9	3,632.0	52.7%	37.8pp	52.5%
Cost of service	-3,772.2	-3,764.9	-2,298.7	64.1%	48.4pp	63.8%
Gross profit	**1,772.5**	**1,774.0**	**1,333.3**	**32.9%**	**19.5pp**	**33.1%**
Gross profit margin	32.0%	32.0%	36.7%	-4.7pp	-4.3pp	-4.7pp
Sales and marketing costs	-41.0	-41.0	-36.7	11.7%	13.4pp	11.7%
Administrative costs	-763.9	-761.2	-503.4	51.7%	28.6pp	51.2%
Adjusted EBITA	**967.6**	**971.8**	**793.2**	**22.0%**	**13.6pp**	**22.5%**
Adjusted EBITA margin	17.5%	17.5%	21.8%	-4.4pp	-3.2pp	-4.3pp
Special items	0.0	0.0	-37.7	-100.0%	0.0pp	-100.0%
Other operating income	5.9	5.9	-0.2	-33.0pp	-33.0pp	169.9pp
EBITA	**973.5**	**977.7**	**755.3**	**28.9%**	**14.8pp**	**29.5%**
EBITA margin	17.6%	17.7%	20.8%	-3.2pp	-3.1pp	-3.1pp
Amortisation	-134.1	-134.1	-51.4	160.7%	44.0pp	160.7%
Operating profit (EBIT)	**839.4**	**843.7**	**703.8**	**19.3%**	**12.7pp**	**19.9%**
Operating profit margin	15.1%	15.2%	19.4%	-4.2pp	-2.8pp	-4.1pp
Net financials	-69.9	-69.9	-33.4	109.4%	48.9pp	109.2%
Fair value adjustments of contingent consideration	-7.9	-7.9	78.9	-110.0%	0.0pp	-110.0%
Income / loss from investment in joint venture	-5.9	-5.9	-21.7	-73.0%	0.0pp	-73.0%
Income / loss, investment in associates	0.8	0.8	0.0	N/A	0.0pp	N/A
Profit before tax	**756.5**	**760.8**	**727.6**	**4.0%**	**10.1pp**	**4.6%**
Tax	-153.8	-153.7	-153.3	0.3%	16.0pp	0.2%
Effective tax rate	20.3%	20.2%	21.1%	-0.7pp	1.4pp	-0.9pp
Profit	**602.8**	**607.2**	**574.3**	**5.0%**	**8.5pp**	**5.7%**

Netcompany-Intrasoft, acquired at 31 October 2021, is not fully included in the reported figures for 2021 and the impact from Netcompany-Intrasoft for the period 1 January 2022 until 31 October 2022 is shown in the table as non-organic impact from Netcompany-Intrasoft, whereas impact from 1 November 2022 and onwards will be seen as organic impact.

Organically, Netcompany realised revenue growth of **14.9%** and an adjusted EBITDA margin of **20%**

Netcompany Group
Revenue grew by 52.7% in 2022 (constant 52.5%) to DKK 5,544.6m. Organic revenue growth was 14.9% and non-organic revenue growth was 37.8% - in line with initial expectations for 2022 of total revenue growth of between 48% and 56%. The year was impacted by a number of events – some externally driven and some internally driven that all had a dilutive impact on both revenue and margins. Irrespectively, Netcompany recorded a 20% adjusted EBITDA margin – also in line with initial expectation set out for 2022.

20.0%

Adjusted EBITDA margin

Continued strong demand for digitalisation services laid the foundation for continued growth in the public segment across all business areas, particularly in the UK, and continued growth in the private segment, particularly in Denmark.

Despite a challenging macroeconomic environment for most of 2022 – driven by a highly insecure geopolitical environment in Europe throughout most of the year as well as increased inflation with increased worries about recession in the second half of the year, the demand for digitalisation projects has remained intact in broad terms.

Netcompany attracted more than 2,400 new employees to the Group in a labour market that has seen a significantly changed mood during the year. In the beginning of the year employee churn was high driven by a heated labour market, which changed drastically in the second half of the year leading to significantly lower churn rates. At the end of 2022 the Netcompany Group totalled more than 7,500 highly talented and skilled employees.

Gross profit margin for the year was 32% compared to 36.7% realised in 2021. The dilutive impact on gross profit margin from Netcompany-Intrasoft was 4.3 percentage points in 2022, as Netcompany-Intrasoft has had a full year dilutive impact on Group numbers in 2022 compared to only two months for 2021. The remaining dilutive impact on gross profit margin of 0.4 percentage point was driven by a combination of employee benefits introduced in Denmark and lower utilisation particularly in Denmark and Norway compared to 2021, whereas the performance in the UK to some degree counteracted that impact. The performance of the Dutch operation did not have a material impact on gross profit margin for 2022.

Reduced variable remuneration for partners and principals in Denmark, Netherlands and Norway reduced cost and impacted margin positively.

Sales and marketing costs increased by 11.7% to DKK 41m. The inclusion of Netcompany-Intrasoft accounted for 13.4 percentage point of the increase, why sales and marketing spend in Netcompany Core decreased, which was more a result of certain one-off costs realised in 2021 than a sustained lower spend going forward. The increased spend was a result of the accelerated awareness building of the Netcompany brand throughout Europe and the increased focus on the renewed "Go-To-Market" strategy based on platforms focused on - and targeting specific industries.

Administrative costs increased by 51.7% to DKK 763.9m, of which the inclusion of Netcompany-Intrasoft accounted for 28.6 percentage points. The remaining increase was related to general underlying costs driven by increased FTE's across Netcompany Core. The reduction of variable remuneration for local management in Denmark, Norway, Netherlands and Poland impacted administrative costs positively (meaning lower costs) in 2022.

Adjusted EBITDA margin was 20% for the year compared to 24.3% in 2021. The lower adjusted EBITDA margin was driven by the inclusion of Netcompany-Intrasoft that had a dilutive impact on margin of 3.1 percentage point and lower margin in Netcompany Core for the remaining 1.2 percentage points.

Depreciation was DKK 138.6m – an increase of 57.9% compared to 2021. The inclusion of

Netcompany-Intrasoft accounted for DKK 38.9m of the increase. In addition, the relocation to new corporate headquarters in Copenhagen during 2023 resulted in a total of DKK 30m in costs related to termination and refurbishment of current head quarter, which are to be depreciated over the termination period of six months, of which the first DKK 5m was depreciated in December 2022.

Amortisation was DKK 134.1m compared to DKK 51.4m in 2021. The amortisation of the purchase price allocated to intangible assets related to the acquisition of Intrasoft International S.A in 2021 accounted for DKK 88.5m total amortisation in 2022.

Net financial costs for the year was DKK 69.9m compared to DKK 33.4m in 2021. The increase was driven by higher interest costs on the debt related to the acquisition of Intrasoft International S.A for a full year compared to only two months in 2021. In addition, the interest rate on the debt increased by 243bps end of 2022 compared to end of 2021 driven by the increased interest rate level during 2022.

A fair value adjustment of DKK 7.9m impacted earnings negatively and reflected an increase in the final purchase price of the Dutch entity acquired in 2019.

Tax on profit for the year was DKK 153.8m equivalent to an effective tax rate of 20.3% compared to 21.1% for 2021.

Net profit for the year was DKK 602.8m compared to DKK 574.3m for 2021, or an increase of 5%.

Parent Company

The Parent company's objective is as a holding company to hold, directly or indirectly shares. The assessment of the performance within the Parents investments was satisfying and in accordance with expectations. The Parent's income statement for the year ended 31 December 2022 resulted in a loss of DKK 40.1m compared to a loss of DKK 18.9m in 2021. The financial position at 31 December 2022 showed an equity of DKK 1,269.7m and total assets of DKK 5,242.8m compared to DKK 1,415.8m and DKK 4,929m last year.

During 2021 and 2022, The Danish Business Authority commenced a compliance review of Netcompany Groups A/S' Annual Reports for 2020 and 2021, please refer to Note 1 for further information.

Case story

Future-proofing Denmark's democracy with a secure election process platform

Strong, stable societies are built on democratic foundations. Without this, citizens cannot benefit from the fair and equitable practices that enable them to participate fully in society. Netcompany is helping to secure Denmark's democratic future with a new election process platform.

Danish democracy is among the highest rated in the world, with trust in free and fair elections being particularly high[1]. But Danish elections rely on an IT platform that is almost 50 years old. To maintain the outstanding standard of democracy and ensure citizens' trust, a new modern and secure solution to govern the electoral process was commissioned.

Netcompany is working closely with KOMBIT and municipality users, to build a new platform to provide secure, transparent and efficient election process support – from handling voter lists and candidates to tabulating and announcing results. The project will also include an offline solution to be installed at Denmark's 1,500 polling stations, which will enable a secure voting process.

Netcompany will be testing the solution extensively in 2022-2023 before rolling it out in 2024 across all 98 municipalities, five regions, the Ministry of the Interior and Housing, and the National Social Appeals Board.

Netcompany's simple, secure and robust solution for a new selection platform will be used at the next municipal and regional election in 2025 and beyond –securing Danish democracy for years to come.

1 Denmark is ranked in the top three in the Electoral Integrity Global Report 2019-2021

Søren Kromann, COO, KOMBIT

"Delivering and implementing a new election system supports the Danish democracy as it is a fundamental building block of civil liberty. Stability, transparency, and security are of utmost importance. That is why we have remarkably high expectations for the quality of the new system that Netcompany is building."

Operating entities

Denmark

Netcompany Denmark grew 11.1%, negatively impacted by sickness and allocating of resources internationally.

11.1%
Revenue growth

42.8%
Gross profit margin

30.2%
Adj. EBITDA margin

2,659
Client facing FTEs

Norway

Netcompany Norway grew by 8.9%, negatively impacted by sickness and adjustments made to three projects.

8.9%
Revenue growth

14.4%
Gross profit margin

-4.2%
Adj. EBITDA margin

297
Client facing FTEs

United Kingdom

Netcompany UK grew by 31.7% driven by the public sector, while margin improved significantly due to increased utilisation and activity.

31.7%
Revenue growth

29.3%
Gross profit margin

18.0%
Adj. EBITDA margin

505
Client facing FTEs

Netherlands

Netcompany Netherlands grew revenue by 25.1% solely driven by the public sector, and improved margin.

25.1%
Revenue growth

16.3%
Gross profit margin

-11.3%
Adj. EBITDA margin

137
Client facing FTEs

Intrasoft

Netcompany-Intrasoft delivered above expectations and increased revenue by 12.4% (pro-forma), and improved margin

12.4%
Revenue growth (proforma)

20.3%
Gross profit margin

11.9%
Adj. EBITDA margin

2,856
Client facing FTEs

Netcompany Denmark

Revenue in the Danish business unit grew by 11.1% in 2022 to DKK 2,877.2m. Growth was driven by both the public and private segment that grew 9.7% and 13%, respectively. Demand for Netcompany services remain high and during the year new customers were added whilst existing customers continued to increase their relationship with Netcompany.

During the first half of 2022, Netcompany experienced elevated levels of sickness and churn rates higher than normal, which impacted revenue growth negatively. Both measures were improved though in the second half of the year with sickness levels coming down gradually, however still at an elevated level, whereas churn rates have dropped steeply as the uncertainty in the macro-economic environment continues to increase.

As in previous years a number of the Danish resources work on international projects – including the work related to establishing an adequate pipeline in Sweden to support opening of a Swedish office during 2023.

During the year the number of client facing employees increased by 16.2% to 2,659.

Figures in constant currencies is measured by using the monthly average exchange rates for 2021.

2022 in constant currencies DKK million	**Denmark**	**Norway**	**United Kingdom**	**Netherlands**	**Intrasoft**	**Total**
Revenue from external customers	2,877.2	291.0	535.4	102.7	1,732.7	5,538.9
Gross profit	**1,231.4**	**41.8**	**156.9**	**16.7**	**351.3**	**1,798.2**
Gross profit margin	42.8%	14.4%	29.3%	16.3%	20.3%	32.5%
Local admin costs	-362.5	-54.1	-60.8	-28.4	-145.3	-651.3
Adjusted EBITDA before allocated cost from HQ	**868.9**	**-12.3**	**96.2**	**-11.6**	**206.0**	**1,147.0**
Adjusted EBITDA margin before allocated cost from HQ	30.2%	-4.2%	18.0%	-11.3%	11.9%	20.7%
Allocated costs from HQ	-27.0	-3.0	-5.8	-1.4	0.0	-37.3
Special items, allocated	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation	-75.4	-7.3	-10.8	-5.5	-38.9	-137.8
Amortisation	-77.4	-8.5	-15.6	-4.0	-28.6	-134.1
Other operating income	0.0	0.0	0.0	0.0	5.9	5.9
EBIT	**689.0**	**-31.2**	**63.9**	**-22.6**	**144.4**	**843.7**
Client facing FTEs.	2,659	297	505	137	2,856	6,453

Figures for Netcompany-Intrasoft only includes performance in November and December 2021, as Netcompany-Intrasoft was acquired on 31 October 2021.

2021 in reported currencies DKK million	**Denmark**	**Norway**	**United Kingdom**	**Netherlands**	**Intrasoft**	**Total**
Revenue from external customers	2,590.4	267.3	406.7	82.1	285.6	3,632.0
Gross profit	**1,126.2**	**65.3**	**105.9**	**9.9**	**55.3**	**1,362.5**
Gross profit margin	43.5%	24.4%	26.0%	12.0%	19.4%	37.5%
Local admin costs	-297.3	-40.2	-54.2	-23.9	-27.6	-443.3
Adjusted EBITDA before allocated cost from HQ	**828.8**	**25.1**	**51.7**	**-14.0**	**27.6**	**919.2**
Adjusted EBITDA margin before allocated cost from HQ	32.0%	9.4%	12.7%	-17.1%	9.7%	25.3%
Allocated costs from HQ	-28.2	-3.4	-5.2	-1.5	0.0	-38.3
Special items, allocated	-28.3	-3.5	-4.5	-1.5	0.0	-37.7
Depreciation	-61.6	-6.0	-8.7	-5.2	-6.3	-87.8
Amortisation	-37.5	-4.6	-6.7	-2.1	-0.5	-51.4
Other operating income	0.0	0.0	0.0	0.0	-0.2	-0.2
EBIT	**673.3**	**7.7**	**26.6**	**-24.4**	**20.6**	**703.8**
Client facing FTEs.	2,289	266	408	142	449	3,553

Gross profit margin for the Danish business unit was slightly lower at 42.8% compared to 43.5% in 2021. The elevated level of sickness, and the employee benefits introduced at the beginning of the year impacted gross profit margins negatively. This was somewhat offset by the impact that the reduction in variable remuneration to partners and principals had on salaries.

Adjusted EBITDA margin was 30.2% compared to 32% in 2021. The lower gross profit impacted naturally adjusted EBITDA margin, however the negative impact was to some extent offset by the impact from the reduced variable remuneration to local management.

Netcompany Norway

In the Norwegian business unit revenue grew 8.9% to DKK 291m in 2022. Revenue growth was solely driven by growth in the private segment, while growth in the public segment was flat compared to 2021. As in Denmark, the Norwegian business also observed elevated levels of sickness impacting revenue growth negatively particular in the first half of 2022. However, the adjustment made to three projects in the Norwegian project portfolio in Q2 was the main factor for the lower than anticipated growth in Norway.

During the year client facing employees increased by 11.6% to 297.

Gross profit margin was 14.4% compared to 24.4% in 2021. The lower gross profit margin was mainly a result of the project adjustments made in Q2. In addition, the onboarding of 70 new employees during Q3 had a dilutive impact on utilisation leading to lower margin.

Adjusted EBITDA margin was negative by 4.2% compared to 9.4% positive last year. In addition to the gross profit impact, lower variable remuneration impacted adjusted EBITDA positively. However, these positive impacts were offset by increased costs for rent as a new headquarter and an office in Trondheim was used for the full year. Furthermore, redundancy costs impacted adjusted EBITDA negatively in 2022.

Netcompany United Kingdom

Revenue in the UK business unit grew by 31.7% in 2022 to DKK 535.4m with underlying growth of around 60% in the public segment offset by negative growth in the private segment. The growth in the UK public segment was a result of continued focus on getting a larger footprint with fewer public segment customers and a clear and conscious decision to decommission some relationships in the private segment that were not of strategic importance to Netcompany.

Better pricing and higher utilisation supported the high growth that was further accelerated by the increase in client facing employees of 23.8% bringing the staff count to 505 at the end of 2022.

Gross profit margin increased by 3.3 percentage points to 29.3% compared to 26% in 2021. A high level of business development in the UK business unit towards the end of the year impacted gross profit margin negatively in the second half of 2022 compared to the first half of the year.

Adjusted EBITDA margin increased by 5.2 percentage points to 18% compared to 12.7% in 2021 – both as a result of the improved gross profit but also as a consequence of a high proportion of employees working from home during the year postponing the need for a third office location.

Netcompany Netherlands

In the Dutch business unit revenue grew 25.1% to DKK 102.7m in 2022. All growth was associated to the public segment as that is the only segment currently served in Netcompany Netherlands.

Gross profit margin improved by 4.3 percentage points from 12% in 2021 to 16.3% in 2022 driven by better utilisation and better rates on projects.

Adjusted EBITDA also improved significantly in 2022 from negative 17.1% in 2021 to negative 11.3% in 2022. The improved gross margin impacted EBITDA. Some of that improvement was offset by redundancy costs in the year.

Netcompany-Intrasoft

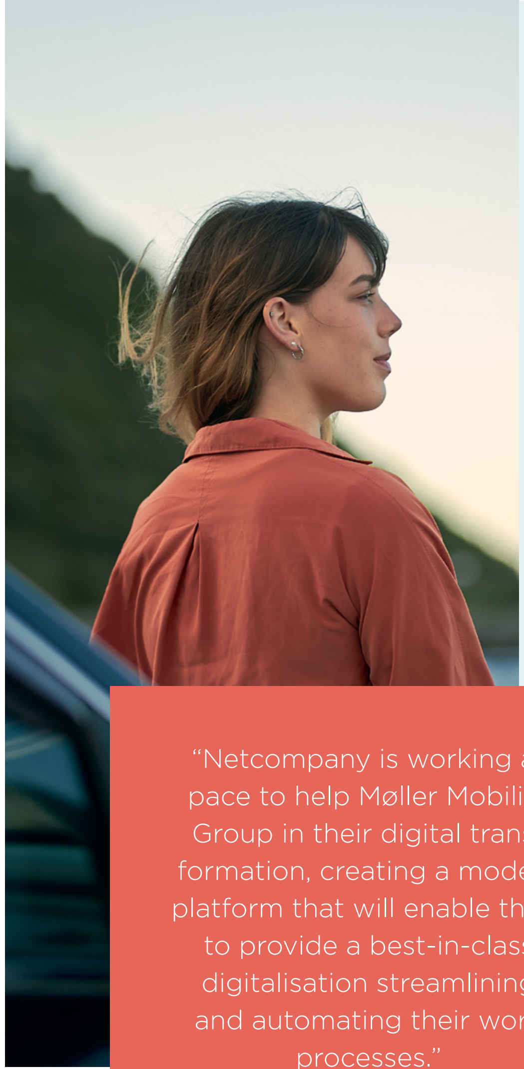
Revenue for Netcompany-Intrasoft grew by 12.4% in 2022 to DKK 1,732.7m compared to DKK 1,542m (proforma). For the 2 months of November and December organic revenue growth was 26.3%. Revenue growth was driven by the public segment including the EU driven by continued strong demand both in Greece and a number of institutions within the EU. The business conducted in the Middle East and Africa declined in volume during the year as a logical consequence of the decision to divest this region based on lack of strategic fit to the Netcompany Group strategy.

While the total funding under the Resilience and Recovery Facility for digitisation projects in Greece remain intact the timing of getting projects approved has turned out to be more cumbersome than expected. However, during the second half of the year and in particular towards the end of the year projects have been approved and awarded to Netcompany-Intrasoft, but with a delay compared to initial expectations.

In addition, Netcompany-Intrasoft accelerated revenue growth towards the end of the year recognising income from software licenses sold and from "pass-through" revenue for equipment for one specific project.

Gross profit margin was 20.3% in 2022. The delay in project awards under the RRF impacted gross profit margin negatively in 2022, but was offset by better gross profit margins in both the EU and private segment.

Adjusted EBITDA margin was 11.9% compared to 9.4% in 2021 (proforma) driven by an improved gross profit.



"Netcompany is working at pace to help Møller Mobility Group in their digital transformation, creating a modern platform that will enable them to provide a best-in-class digitalisation streamlining and automating their work processes."

Case story

Transforming the world of mobility from A to Z at record-winning pace

Netcompany is helping the largest importer and dealer of cars in Norway, Sweden and the Baltics replace its 40-year-old system and launch their digital transformation.

Møller Mobility Group (MMG) is the largest and most successful importer and dealer of Audi, VW, Skoda, Seat and Cupra cars in Norway, Sweden and the Baltics. They operate in five countries, have 140+ dealerships, 4,000+ employees, 7,000+ IT users – and import more than 53,400 cars each year.

But their business is being challenged. New and existing mobility brands are revolutionising the industry at an increasing pace, and the race towards the future of mobility is well underway.

MMG relies on a complex network of legacy applications and mainframe systems. So, they've embarked on an ambitious journey to transform their business model, organisation and IT platform to meet the demands of a more digital and environmentally friendly future.

As a strategic partner, Netcompany is supporting them in all steps of DRIVe – their programme for transformation and are working at pace to decommission their 40-year-old mainframe systems and move MMG to a new, future-proof system. The new platform will connect and organise all data to give MMG better customer insights; help MMG to digitise and optimise internal processes; enable fast onboarding of new, innovative mobility service products and experiences; and allow them to provide a best-in-class customer experience.

Revenue visibility

Revenue visibility improved by 9.3% from DKK 3,824.8m for 2022 to DKK 4,179.9m for 2023.

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

Revenue visibility for 2023 amounts to DKK 4,179.9m, of which contractual committed revenue amounts to DKK 3,753.1m and non-contractual committed engagements amounts to DKK 426.8m.

Revenue visibility improved by 9.3% from DKK 3,824.8m for 2022 to DKK 4,179.9m for 2023.

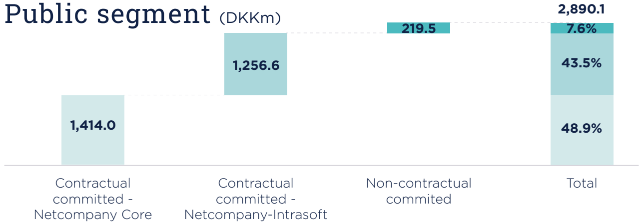
Revenue visibility for 2023 in the public segment amounts to DKK 2,890.1m, of which contractual committed revenue amounts to DKK 2,670.6m and non-contractual committed engagements amounts to DKK 219.5m.

Revenue visibility for 2023 in the private segment amounts to DKK 1,289.7m, of which contractual committed revenue amounts to DKK 1,082.5m and non-contractual committed engagements amounts to DKK 207.3m.

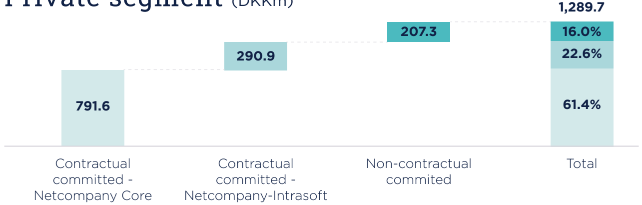
In 2023, DKK 1,547.5m is expected to be released from the Netcompany-Intrasoft order backlog, mainly within EU institutions. Of the total order backlog for Netcompany-Intrasoft DKK 6,123.7m is expected to be released in the period from 2024 to 2029.

The main part of order backlog in Netcompany-Intrasoft relates to EU framework agreements and runs up to 7 years

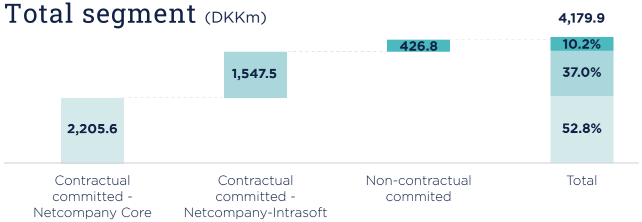
Public segment (DKKm)



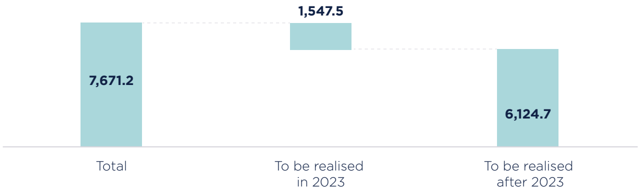
Private segment (DKKm)



Total segment (DKKm)

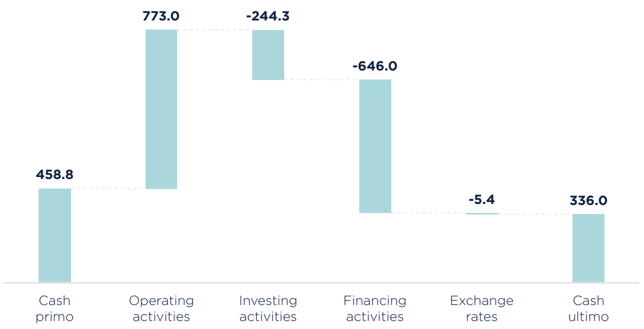


Order Backlog for Netcompany-Intrasoft (DKKm)

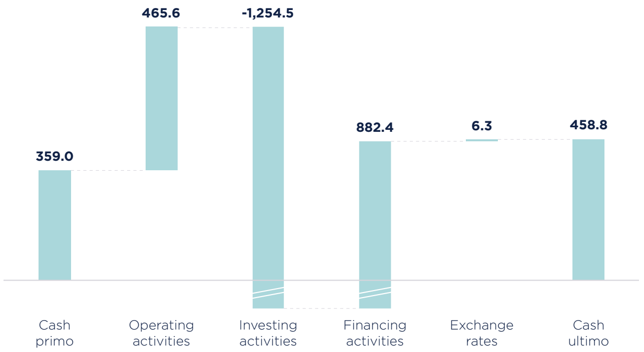


Capital

Cash flow development in 2022 (DKK'000)



Cash flow development in 2021 (DKK'000)



In 2022, Netcompany completed the scheduled refinancing of the Group loan facilities

In 2021, Netcompany acquired Netcompany-Intrasoft and entered into an additional loan agreement to facilitate the acquisition

Working capital

The combined value of work in progress, prebilled invoices and trade receivables increased by 5.4% compared to revenue growth of 52.7% in 2022 and organic revenue growth of 14.9%. As a percentage of revenue, the combined work in progress, prebilled invoices and trade receivables decreased from 46.8% in 2021 to 32.3% in 2022, which was on same level as Netcompany Core in 2021. Days sales outstanding decreased from 103.7 days in 2021 to 73.2 days in 2022, which was also on level with Netcompany Core in 2021.

Free cash flow and cash conversion

Netcompany generated a free cash flow of DKK 602.7m, which led to a cash conversion ratio normalised for tax payments and fair value adjustment of 89.8% slightly below the normalised cash conversion rate in 2021 of 94.3%.

Investments and capitalisation

In 2022, the main part of the remaining consideration for Netcompany-Intrasoft was settled and Netcompany only have a minor outstanding consideration in regard to the acquisition.

In 2022, the Group capitalised cost of DKK 98m as internally developed software and acquired rights and a full copy of the code base of Airhart for DKK 20m from Smarter Airports to be used in other industries.

Funding and capital structure

During 2022, Netcompany completed the scheduled refinancing of current Group debt to banks. The terms and margins within the signed Group facility agreement were slightly improved and also includes ESG measures. The new Group facility agreement consist of committed facilities of DKK 2,800m and an additional facility of DKK 2,000m, available only for new acquisitions, the maturity for the loan run to 2025 and can be prolonged twice by one year.

As of 31 December 2022, DKK 1,880m of the Group facility were utilised on borrowings and DKK 148.9m on guarantees, leaving a total of DKK 771.1m available in unutilised funding for normal operation if needed with no additional costs or covenants.

In addition, Netcompany-Intrasoft have local facilities of DKK 47.3m and utilised DKK 342.2m on local guarantees.

Debt ratio decreased during 2022 from 2.7x at the end of 2021 to 1.6x end of 2022. The peak in debt ratio last year was caused by the acquisition of Intrasoft and have been improved during the year due to the strong cash flow.

ESG key figures

The table below shows ESG key figures and targets for Netcompany Group.

ESG key figures overview	Total 2022	Unit	Target 2022	2022	2021	2020	2019	Target 2023
Environment								
CO_2e, scope 1 (direct GHG emissions)*	1,224.7 tons	Tons per FTE	< 0.12	0.18	0.10	0.06	0.08	< 0.23
CO_2e, scope 2 (indirect GHG emissions)*	369.9 tons	Tons per FTE	< 0.18	0.05	0.15	0.21	0.26	< 0.03
CO_2e, scope 3 (other indirect GHG emissions)*	2,868.1 tons	Tons per FTE	< 0.23	0.42	0.26	0.21	0.55	< 0.52
Energy consumption*	40,793.60 GJ	GJ per FTE	< 7.09	5.93	6.13	5.29	7.54	< 7.20
Renewable energy share**	88.53 %	%	> 78.00	88.53	77.50	71.01	75.01	> 91.00
Water consumption	11,557.6 m^3	m^3 per FTE	< 4.48	1.67	3.00	3.32	4.63	< 2.00
Social								
Average full-time employees incl. freelancers	6,906	FTE	N/A	6,906	3,787	2,768	2,293	N/A
Share of women***	26	%	26	26	25	18	19	27
Share of women - managers, principals and partners	17	%	16	17	15	11	12	17
Sickness absence	3.4	%	< 2.5	3.4	2.5	3.1	3.8	3.3
Employee satisfaction	+33	eNPS	> +30	+33	+34	+42	+42	> +30
Customer satisfaction	+55	NPS	> +18	+55	+18	+20	+22	+20
Governance								
Share of women - Board of Directors (BoD)	50	%	40	50	40	40	20	50
Attendance at the BoD meetings	94	%	> 97	94	98	100	97	> 97
CEO pay ratio	1:18	times	1:22	1:18	1:20	1:19	1:20	1:27

Scope 1, 2, 3 and energy consumption *Due to availability of more complete data and accurate emissions factors, we have recalculated scope 1, 2 and 3 emissions from previous years. The targets for 2022 were adjusted accordingly.
Renewable energy share **Due to miscalculation and a lack of data, historic figures have been recalculated, and the target for 2022 was adjusted accordingly.
Share of women ***Due to a miscalculation, the figure for 2021 has been corrected, and the target for 2022 was adjusted accordingly.

ESG in Netcompany

Netcompany is helping clients on their digital transformation journeys. With state-of-the-art IT solutions, private and public sector clients across Europe can make positive, sustainable change by replacing old legacy systems with modern solutions. Solutions that give companies and public institutions the ability to innovate and grow – to the benefit of individuals and society now and in the future.

As a responsible corporate citizen, Netcompany monitors and reports on its direct impact on the environment. In 2023, Netcompany will continue to take strides in mitigating its negative environmental footprint by improving business operations across the Group, especially within waste management and renewable energy use.

As a frontrunner in digitalisation and experts within the field, Netcompany is a trusted advisor to governments, EU institutions and private companies across Europe. The expertise of Netcompany employees is continuously developed and nurtured through formal and informal training through Netcompany Academy, and the wellbeing of each employee is ensured through personal mentorship and a buddy programme. In addition, the many opportunities to socialise via Netcompany After Dark social clubs enables employees to extend their personal and professional networks outside of their project teams.

A diverse and inclusive workplace is imperative for Netcompany to attract and retain employees and maintain competitiveness in the market. As a result of Netcompany's DE&I (diversity, equity & inclusion) efforts in 2022, all three targets related to gender activity were achieved. Netcompany will continue to promote diversity, equity and inclusion across the Group in the years to come.

The Netcompany Group ESG Report 2022 constitutes annual Communication on Progress to the UN Global Compact and report on corporate responsibility in accordance with section 99a, 99b, 99d and 107d of the Danish Financial Statements Act. The report is an integrated part of the management's review of the Netcompany Group Annual Report 2022.

ESG report 2022

Read more about the ESG at Netcompany here:

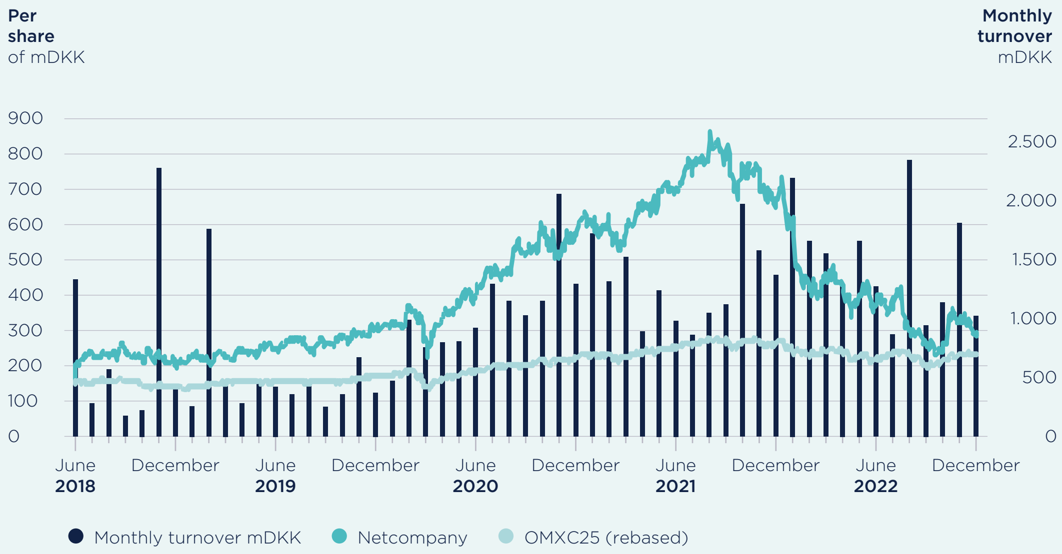
Link to ESG report

www.netcompany.com/int/ESG/Reports

Shareholder information

In 2022, Netcompany redistributed DKK 100m in cash to its shareholders through two share buyback programmes of around DKK 50m each.

Netcompany share price development since IPO



Share related keys figures	2022	2021
Share price		
Price at year-end (DKK)	294	705
Price high (DKK)	730	862
Price low (DKK)	279	519
Market value at year-end (DKKm)	14,710	35,225
No. of shares at year-end (m)	50.0	50.0
No. of circulating shares at year-end (m)	49.1	49.2
Distribution to shareholders		
Dividend paid per share (DKK)	0	1
Total dividend paid ex, treasury shares (DKKm)	0.0	49.1
Buyback of shares (DKKm)	100.8	100.0
Total distribution to shareholders (DKKm)	100.8	149.1
Shareholder return at year-end		
Share price change (%)	-58.2	13.2
Dividend return (%)	0.0	0.1
Total shareholder return (%)	-58.2	13.2
Share valuation at year-end		
Equity per share (DKK)	70.5	60.8
Price/book value (times)	4.2	11.6

The share

Netcompany shares were priced at DKK 294.2 (DKK 704.5) per share at 31 December 2022, equal to a market capitalisation of DKK 14,710m (DKK 35,225m). The share price decreased by 58.2% during 2022, compared to the Nasdaq Copenhagen blue chip index (OMXC25 CAP) which decreased by 13.5%. Netcompany share price decreased despite Netcompany delivering results in 2022 within guided expectations for the year.

Share capital & treasury shares

Netcompany's share capital is DKK 50m divided into 50 million shares. At the beginning of 2022, Netcompany held 827,110 treasury shares. Throughout 2022 Netcompany executed two share buyback programmes and bought 242,650 treasury shares. 212,151 treasury shares were used to remunerate Partners & Principals, as the second Long Term Incentive Programme vested in January 2022, and the final treasury shares related to the acquisition of Intrasoft in October 2021 was transferred during 2022 as well.

As part of the acquisition of Intrasoft International S.A, an agreement was made for a senior executive to convert the received cash element of the purchase price into Netcompany shares with a four year timely lock up period not related to employment, entailing certain possibilities to sell shares in predefined tranches from 2022 to 2025 at the prevailing share price of the time of the transaction. This option was exercised in relation to the first tranche and executed on 1 November 2022. Netcompany has in that capacity acquired 44,539 treasury shares directly from the senior executive.

At 31 December 2022, Netcompany holds a total of 901,359 treasury shares equivalent to 1.8% of the share capital. The treasury shares will continuously be used to remunerate Partners & Principals through the Long Term Incentive Plan or in connection with M&A transactions where applicable. Additional information on the holdings of Netcompany shares and restricted stock units by the members of the Board of Directors and Executive Management is disclosed in the Remuneration report and in note 7 of the financial statements.

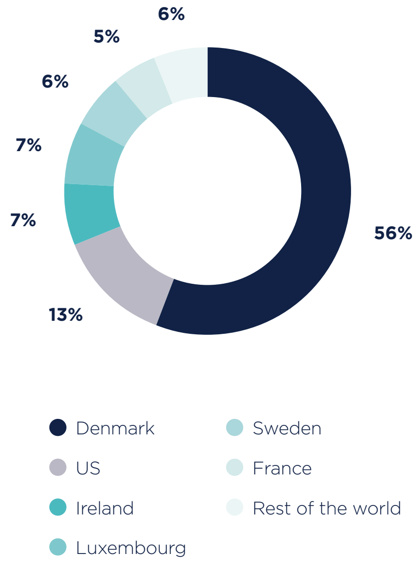
Increase of share capital

In the period until 21 May 2023, the Board of Directors is authorised to increase the company's share capital with pre-emption rights for the company's existing shareholders by up to a nominal amount of DKK 10m.

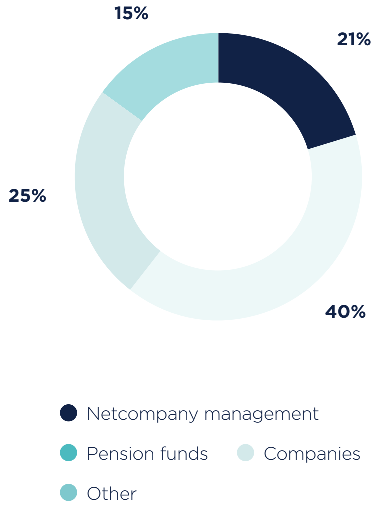
However, the Board of Directors may not exercise this authorisation for an amount higher than 20% of the outstanding share capital at the time of exercise of the authorisation. The capital increase shall take place at market price and shall be affected by cash payment, by contribution in kind or by debt conversion.

In the period until 21 May 2023, the Board of Directors is also 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 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.

Shareholder Structure by geography



Shareholder Structure by category



Shareholder structure

At 31 December 2022, Netcompany had close to 25,000 (15,798) registered shareholders. Around 44% (60%) of the registered share capital was held by shareholders based outside Denmark and around 10% (10%) of the company's share capital was held by the company's Executive Management. Netcompany estimates that pension funds held some 40% (53%) of the company's shares. In pursuance of section 55 of the Danish Companies Act the following investors have reported holdings of more than 5% of Netcompany's share capital at 31 December 2022:

- AC NC Holding ApS: 10.3%
- Danske Bank A/S: 5.1%

Share-based incentive schemes/ restricted stock units

In total, 211,754 (351,170) RSUs in relation to the share-based incentive schemes were issued at 31 December 2022, of which 54,313 (83,053) were granted to Executive Management and 157,441 (268,117) were granted to Other Key Management Personnel and Other employees. The fair value of the RSUs at grant was DKK 98.3m (DKK 102.7m). The cost related hereto is expensed over the vesting period. A total amount of DKK 24.9m (DKK 32.2m) was recognised as staff costs in the income statement in 2022.

Contingent purchase price/ restricted stock units

In connection with the acquisition of 100% of the shares of QDelft B.V. (now Netcompany Netherlands) in 2019, a total of 305,068 RSUs have been granted, which will vest in February 2023. Further 194,352 RSUs will be granted and vest in February 2023 as a result of the performance in the period 2020-2022.

Dividends and share buyback

In 2022, Netcompany redistributed DKK 100m in cash to its shareholders by means of two share buyback programmes of around DKK 50m each. To maintain a satisfactory debt level ratio no dividends are currently proposed for the year 2022. In 2023, Netcompany expects to utilise free cashflow to deleverage and hence have no plans for proposing dividends or initiate additional share buyback programs.

Investor relations

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

Recommendations on Corporate Governance:
https://www.netcompany.com/int/Investor-Relations/Announcements

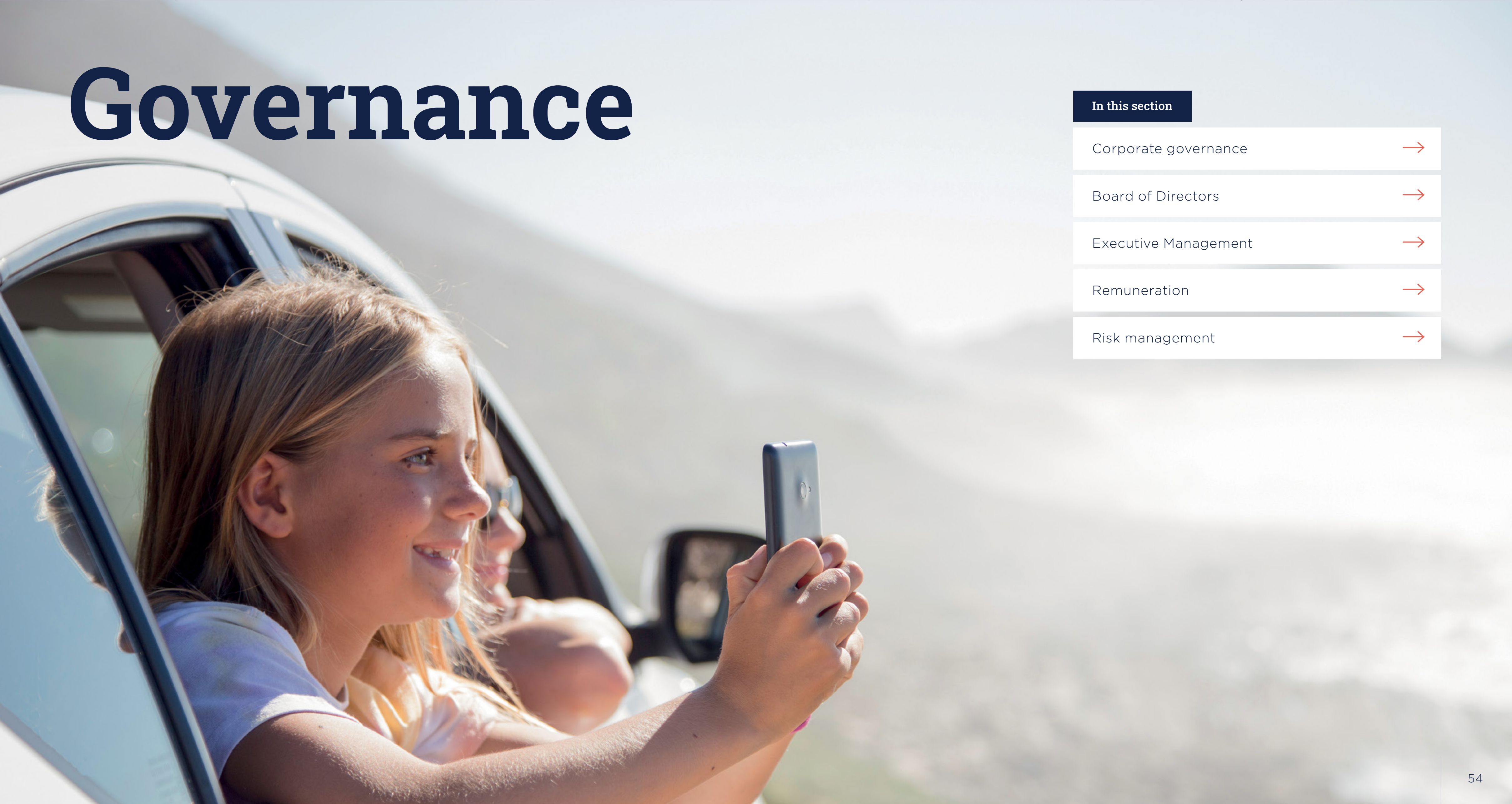
Financial calendar 2023

18 January 2023	Deadline for shareholders to submit proposals for the agenda of the Annual General Meeting 2023
25 January 2023	Annual Report for the financial year 2022
2 March 2023	Annual General Meeting 2023
4 May 2023	Interim report for the first 3 months of 2023
16 August 2023	Interim report for the first 6 months of 2023
2 November 2023	Interim report for the first 9 months of 2023

Share data

Stock exchange	Nasdaq Copenhagen A/S
Index	OMXC25
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

Governance



In this section

Corporate Governance

Netcompany has a two-tier management structure consisting of Board of Directors and Executive Management.

Governance model
The Board of Directors, which is appointed by the shareholders, supervises the work of the Executive Management and is responsible for the overall and strategic management and proper organisation of the Group's activities, while the Executive Management is responsible for the Group's day-to-day management. The division of responsibility between the Board of Directors and the Executive Management is set out in the Rules of Procedures for the Board of Directors and Executive Management Instructions.

Shareholders and general meetings
Netcompany's shareholders exercise their rights at the general meeting. The general meeting adopts decisions, such as the election of Board members and the auditor, in accordance with applicable law.

Board of Directors
For the time being, the Board of Directors of Netcompany Group A/S currently consists of six members. According to the Articles of Association, the Board of Directors must consist of at least three and not more than seven members elected at the general meeting. The Board of Directors 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 Board of Directors meets at least five times a year and holds extraordinary meetings when relevant.

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. All six members of the Board of Directors are considered independent under the "Recommendations on Corporate Governance".

During 2022, the Board of Directors conducted an evaluation of the Board of Directors and the individual members. As the Board of Directors conducted an evaluation with external assistance in 2021, the Board of Directors decided to base the evaluation on a questionnaire that the individual members of the Board of Directors had been asked to prepare and comment on. The evaluation included, among others, the effectiveness, performance, and composition of the Board of Directors, including an evaluation of the performance of the individual members of the Board of Directors as well as the collaboration with the Executive Management. As part of the evaluation, a questionnaire was sent to the members of the Board of Directors, Executive Management and Board secretary. The evaluation concluded that the Board of Directors is working well, the material is of high quality, the Board of Directors has the right competencies, and that there is a high degree of satisfaction between the Board of Directors and Executive Management.

A description of the individual board members, including their other executive positions and independence, can be found on pages 59-61.

Board Committees
In order to support the Board of Directors in Netcompany Group A/S, 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 among its own members.

Audit Committee
The Audit Committee consists of three members of the Board of Directors, Åsa Riisberg (committee chairman), Scanes Bentley, and Susan Cooklin. Its purpose is to assist the Board of Directors with the oversight of, among others, the financial and statutory audit matters, ESG reporting and internal control and risk management systems of the Netcompany Group. Further, the Audit Committee supervises the external auditor's independence and the procedure for the election of an external auditor.

The Audit Committee meets at least four times a year in connection with Netcompany's financial reporting.

Remuneration Committee
The Remuneration Committee consists of four members of the Board of Directors, Juha Christensen (committee chairman), Bo Rygaard, Scanes Bentley, and Hege Netcompany has three different board committees each with the purpose of assisting the collective Board of Directors with its preparatory tasks. Skryseth. Its purpose is to assist the Board of Directors by preparing and presenting proposals and recommendations on matters related to the remuneration of the Company's Board of Directors and Executive Management.

The Remuneration Committee meets at least twice a year.

Nomination Committee
The Nomination Committee consists of two members of the Board of Directors, Juha Christensen (committee chairman), and Bo Rygaard. Its purpose is to assist the Board of Directors by preparing and presenting decision proposals and recommendations on matters related to the composition of the Company's Board of Directors and Executive Management, including the nomination of candidates and evaluation of the composition of the Board of Directors and Executive Management.

Netcompany fully comply with **40 out of 40** recommendations according to the Danish Committee on Corporate Governance

New board member in 2022

In March 2022, Susan Cooklin joined the Board of Directors, which means Netcompany has an equal distribution of genders on the Board.

The Nomination Committee meets at least twice a year.

Executive Management
The members of the Executive Management consist of André Rogaczewski (CEO), Claus Jørgensen (COO) and Thomas Johansen (CFO). Together, they form the management registered with the Danish Business Authority.

The Executive Management is responsible for the day-to-day management. The Board of Directors has laid down instructions for the work of the Executive Management, including the division of work between the Board of Directors and Executive Management.

The Board regularly discuss the performance of the Executive Management and the Chairman of the Board of Directors has regular meetings with Executive Management, where the cooperation between the Board of Directors and the Executive Management is discussed.

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 40 out of the 40 recommendations according to the Danish Committee on Corporate Governance and prepared a statement on corporate governance for the financial year. This statement forms part of the Management's Review and can be viewed at:

Recommendations on Corporate Governance:

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

Whistleblower system

In 2017, Netcompany implemented a whistleblower system, which allows people to anonymously report serious, or suspected, offences that might impact either an individual or Netcompany Group. In 2022, as part of the integration of Netcompany-Intrasoft, local whistleblower policies were aligned with Netcompany Group's policies to comply with national regulations.

The whistleblower system allows 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 any reports to the Chairman of the Board, who will investigate the matter promptly and take appropriate action.

In 2022, four reports were submitted via the whistleblower system. Two of the reports were assessed to be out of scope by the external law firm, while appropriate action was taken for the two other reports. Netcompany take whistleblowing cases very seriously, so employees and partners are made aware of good conduct and that they can report any incidents through the whistleblower portal.

Gender Diversity

As per the amended Danish Companies Act, section 139 c(1) applicable from 1st January 2023, Netcompany Group A/S is obligated to set targets for the underrepresented gender at the Board of Directors, unless there is an equal gender distribution.

> The Board of Directors have an equal distribution of genders and consists of three women and three men.

As Netcompany Group A/S have an equal distribution of genders at the Board of Directors, no target will be set for the financial year 2023.

Netcompany Group A/S will report on the statutory requirements in 2024 for its reporting of the financial year 2023, as set out in the amended Danish Financial Statements Act, section 99(b).

It is noted that the amended Acts require reporting on an entity level – and not a Group level.

Data ethics policy

In 2020, Netcompany implemented a Data Ethics Policy, which Netcompany chose to report on even before it was a requirement. This policy is based on three key principles: security, integrity and trust.

Working as an IT-service provider, Netcompany encounter many types of data, including personal data. Internally, it is mainly the processing of data about our employees and job applicants, provided by the employees and job applicants themselves. Data about our employees and job applicants includes regular personal data, such as names, addresses and phone numbers. In the daily business operations, processing of special categories of personal data, for example, health information. In our capacity as a supplier, Netcompany process data on behalf of our customers, for example in connection with the maintenance or hosting of their systems.

Technical and organisational security is an essential part of any safe data processing. Our daily operations are based on a highly detailed security policy and organisational procedures, all of which comply with the international security standard ISO/IEC 27001. Netcompany process all data with the utmost respect for the sensitivity of the data and any privacy rights – to make sure our customers, employees, shareholders, and any other stakeholders trust is earned.

At Netcompany internal audit controls is performed to secure compliance with both information security and data protection requirements, and all our employees are regularly trained in the Netcompany Methodology. In addition to these measures, all data are securely stored at two different data centres to ensure that data availability is always upheld in the unlikely event of technical failures. Netcompany does not buy data from third parties or sell customer data to third parties. Netcompany makes use of artificial intelligence (AI) and machine learning in some of our solutions, but never in a context where such services are used for either profiling, automated decision making or similar. Machine learning is instead used for the purpose of reducing energy consumption and climate impact.

Our work to ensure diversity throughout the organisation is also part of our data ethical considerations in that it may help prevent unintentional biases in both the development of our own IT solutions and when advising our customers about their development. Whether personal or other types of data are processed, Netcompany's standards for data ethics are always applied by making sure that the processing activities and security measures match the requirements for the handling of data.

With 2022's reporting on Data Ethics Policy, Netcompany Group A/S complies with the requirements under section 99(d) of the Danish Financial Statements Act.

Read more
www.netcompany.com/int/Investor-Relations/Governance

Board of Directors

Bo Rygaard
Chairman

First elected 2016[1]
Term 2022
Born (year) 1965
Nationality Danish
Independent Yes

Committee memberships
Nomination Committee and Remuneration Committee

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

Non-executive positions
Skamol A/S (c), Kavi Invest A/S (m), Margot og Thorvald Dreyers Fond, Ejendomsaktieselskabet Vest (m), Statens Ejendomssalg A/S (vc), Fondenes Videnscenter (m), Krista og Viggo Petersens Fond (c), Marie & M.B. Richters Fond (m), KFI Erhvervsdrivende Fond (c), HusCompagniet A/S (m), KGH ApS (m), WEXØE A/S (m), WEXØE Holding A/S (m), and Sovino Brands ApS (c).

Special competencies
Strategy, general business management and M&A

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

Board meetings attended
9 out of 9

Committee meetings attended
4 out of 4

Juha Christen Christensen
Vice Chairman

First elected 2016[2]
Term 2022
Born (year) 1964
Nationality Danish
Independent Yes

Committee memberships
Nomination Committee and Remuneration Committee

Executive positions
CEO of Truly ApS

Non-executive positions
Cloud Made Ltd (c), Star Inc (c), Bang & Olufsen A/S (c), Friday PM (c).

Special competencies
Consulting, technology market insight, strategy, and M&A

Educational background(s)
Studied Business Administration, London Business School

Board meetings attended
9 out of 9

Committee meetings attended
4 out of 4

Hege Skryseth

First elected 2020
Term 2022
Born (year) 1967
Nationality Norwegian
Independent Yes

Committee memberships
Remuneration Committee

Executive positions
Executive Vice President of Equinor

Non-executive positions
Tomra Systems ASA (m), AutoStore (m)

Special competencies
Hege has extensive strategic and commercial knowledge, general business management and governance. Further, Hege has deep knowledge about the Norwegian market

Educational background(s)
Executive MBA, NHH Norwegian School of Economics & Business Administration, Norway. BA, Management, BI Norwegian School of Management, Norway

Board meetings attended
7 out of 9

Committee meetings attended
0 out of 1

[1] Bo Rygaard has been a member of the Board of Directors of NC TopCo A/S since November 2016

[2] Juha Christensen has been a member of the Board of Directors of NC TopCo A/S since November 2016

Board of Directors

Scanes Bentley

First elected 2019
Term 2022
Born (year) 1957
Nationality British
Independent Yes

Committee memberships
Audit Committee and Remuneration Committee

Executive positions
Managing Director, Scanes Bentley & Associates (own portfolio management company)

Non-executive positions
Twizzletwig Ltd (c), Northrow Ltd. (m)

Special competencies
Strategic and commercial knowledge, technology market insight

Educational background(s)
B.Sc., Political Science, University of Bristol

Board meetings attended
9 out of 9

Committee meetings attended
6 out of 7

Åsa Riisberg

First elected 2020
Term 2022
Born (year) 1974
Nationality Swedish
Independent Yes

Committee memberships
Audit Committee

Executive positions
None

Non-executive positions
Bonnier News AB (m), Dagens Nyheter (m), Bonnier Group (m), Chiesi Farmaceutici S.p.A (m), Atlas Antibodies AB (c) Internetmedicin AB (m), Patricia Industries (m)

Special competencies
Åsa has extensive knowledge and experience in overseeing accounting and auditing, financing, refinancing, M&A, private equity, and healthcare

Educational background(s)
MSc, Finance & Accounting and Finance, Stockholm School of Economics, Sweden. International Business, Hautes Etudes Commerciales HEC, France

Board meetings attended
8 out of 9

Committee meetings attended
6 out of 6

Susan Cooklin

First elected 2022
Term 2022
Born (year) 1960
Nationality British
Independent Yes

Committee memberships
Audit Committee

Executive positions
None

Non-executive positions
Electricity North West Ltd, NorteGas ES, Houses of Parliament Restoration and Renewal Programme (UK).

Special competencies
Extensive C-suite executive experience at FTSE 30 equivalent companies. Deep knowledge and delivery of technology strategies and operational delivery of complex services. Experience of both private and public sectors in the UK. Owned enterprise cyber risk for the UK rail infrastructure operation in her last executive position.

Educational background(s)
BSc Economics and Accounting

Board meetings attended
8 out of 8

Committee meetings attended
4 out of 4

Executive Management

André Rogaczewski
CEO

Nationality Danish

Born (year) 1968

Executive positions:
André Rogaczewski Holding II ApS, AR Creative ApS

Non-executive position:
Secury Payment Holding A/S (m), Smarter Airports A/S (c)[1], and Spar Nord Bank A/S (m)

Other positions:
The Danish ICT and Electronics Federation (c), the Danish Disruption Council (m), Think Tank EUROPA (m), the Technology Pact (c), the Danish Foundation for Entrepreneurship (c), Confederation of the Danish Industry (m), the Danish Ministry of Finance's Social Investment Fund (m), the University of Aalborg (m), Health Tech Hub Copenhagen (m), the Danish Government's Digitization Partnership (m)

Claus Bo Jørgensen
COO

Nationality Danish

Born (year) 1967

Executive positions:
Holdingselskabet Claus Jørgensen II ApS, CJ CCP Holding I ApS, and CJ CCP Holding II ApS (own holding companies), and AC NC Holding ApS (joint holding company between André Rogaczewski and Claus Jørgensen)

Claus Jørgensen is a co-founder of Netcompany and Chief Operating Officer since 2000. He holds a M.Sc. Economics from the University of Southern Denmark

Thomas Johansen
CFO

Nationality Danish

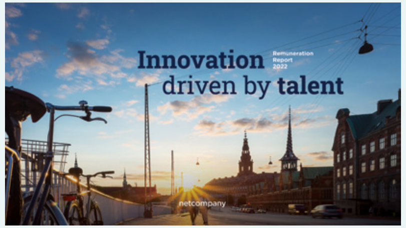
Born (year) 1970

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

[1] Smarter Airports A/S is the Joint-Venture between Netcompany and Copenhagen Airports

Remuneration

Netcompany's remuneration package and structure have been assessed as appropriate and complying with Netcompany's ambition.



Remuneration Report 2022
Read more about the examined Remuneration of Netcompany

Read the Remuneration Report
https://www.netcompany.com/int/Investor-Relations/Governance

The Remuneration Policy of Netcompany aims to set market-based salary levels for the Board of Directors (BoD) as well as Executive Management (EM) with a clear link to the creation of long term shareholder value. The current remuneration packages were adopted by the Annual General Meeting on 2 March 2022.

The remuneration package consists of the elements shown on the right.

Remuneration assessment
The Remuneration Committee performed an assessment of management remuneration, and concluded that the Remuneration Package and Policy complies with the Corporate Governance recommendations updated on 2 December 2020. The remuneration awarded was furthermore in line with the remuneration policy.

Both the Remuneration Policy and the remuneration packages for the Board of Directors were **approved by the Annual General Meeting in March 2022.**

The approved remuneration package consists of the elements shown on the right.

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 Incentive Plan	○	●	Up to 60% of fixed base salary against defined objectives and target
Long Term Incentive Plan	○	●	Up to 80% of fixed base salary measured at the time of grant
Travel allowances and other expenses	●	●	Travel expenses are reimbursed
Benefits	○	●	Company car, phone etc. comprising up to 10% of fixed base salary
Severance pay	○	●	In accordance with the employment contract, the Executive Management cannot request a severance payment
Ekstraordinary Remuneration (MSP)	○	●	The Board of Directors may extraordinarily grant mathcing shares

Board of Directors

The base fee for board members was changed to DKK 450k in 2022, which was an increase of 28%.

When comparing the increased remuneration for the Board of Directors with the average remuneration for Board of Director in the C25 benchmark, the base fee as well as committee fees level for Board members, Chairman and Vice-Chairman was in the same range as the average remuneration of the C25 companies and hence, the board fee's are suggested to remain unchanged.

Executive Management

Total salary levels for Executive Mangement is in the lower end of the C25 benchmark.

Compared to other C25 companies, a larger part of the remuneration to the Executive Management is variable and part of an incentive plan. This relates to both short and long term incentive plans. At the same time the fixed absolute annual remuneration is amongst the lowest in the C25 benchmark.

Total remuneration for the Executive Management was significantly lower in 2022 as the variable part of the remuneration was reduced to nil regarding STIP and the payout of the already granted LTIP was reduced significantly too.

5 year key figures DKK '000	2022	2021	2020	2019	2018
Remuneration of Board of Directors					
Bo Rygaard, Chairman	1,372	1,050	1,051	661	438
Juha Christensen, Vice Chairman	979	788	763	624	502
Scanes Bentley	730	438	489	394	-
Hege Skryseth	565	350	128	-	-
Åsa Riisberg	779	525	199	-	-
Susan Cooklin	525	-	-	-	-
Robbert Kuppens[1]	-	-	296	168	-
Pernille Fabricius[1]	-	-	179	855	546
Pekka Ala-Pietilä[1]	-	-	-	730	1,057
Thomas Broe-Andersen[1]	-	-	-	0	0
Carsten Gomard[1]	-	-	-	637	1,000
Remuneration of Executive Management					
André Rogaczewski, CEO	8,242	11,188	10,760	10,632	7,778
Claus Jørgensen, COO	8,265	11,247	10,929	10,502	7,990
Thomas Johansen, CFO	4,535	6,415	6,002	5,920	5,793
Financial Measures, Netcompany Group					
Revenue	5,544,646	3,631,971	2,838,590	2,453,853	2,053,216
Organic Revenue	4,172,773	3,346,387	2,812,433	2,416,493	1,777,506
Adjusted EBITDA margin	20.0%	24.3%	28.5%	27.5%	27.0%
Adjusted EBITA margin	17.5%	21.8%	26.2%	25.2%	25.0%
Average FTEs in Group	6,906	3,787	2,768	2,293	1,861
Average pay for company employees[2]	454	548	561	533	510
CEO pay ratio	1:18	1:20	1:19	1:20	1:15

[1] Retired from the Board of Directors
[2] Average pay excluding Board of Directors and Executive Management

Risk Management

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

Risk management has always been an integral part of doing business in Netcompany. Whether it be entering new business lines, onboarding new customers, embracing new technologies or ensuring new employees understand and adhere to the Groups 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 areas and with increased business complexity the natural inherent risk in the Group has increased during the past years. Entering into multi-year development contracts, running mission-critical infrastructure and expanding coverage to new countries, naturally increases the need for a more comprehensive Risk Management Framework.

Netcompany continuously improves the Risk Management Framework with the aim of strengthening management of risks across the Group.

Risk Management Framework
The overall process for the risk reporting can be illustrated as below:

RISK REPORT

Projects, Services and Operations

- A list of top risks on projects, services and operations are identified based on input from Managing Partners
- Top list is approved by Management
- The top risk projects are assessed and documented quarterly in the risk report

Information security

- A list of top risks on information assets and technologies are identified based on input from the Chief Information Officer
- Top list is approved by Management
- The top risk projects are assessed and documented quarterly in the risk report

Shared services

- A list of top risks related to shared services are identified across support functions, based on interviews and consolidation of risks from the head of Finance, Legal, HR, IT and M&A
- Top list is approved by Management
- The top risk projects are assessed and documented quarterly in the risk report

Credit, cash management and interests

- A list of top risk concerning financial risks are identified across all countries based on input from Finance and external banks
- Top list is approved by Management
- The top risk projects are assessed and documented quarterly in the risk report

Projects, Services and Operations

- A list of top political and reputational risks are identified based on interviews with executive management
- The top risk projects are assessed and documented quarterly in the risk report

The framework consists of a Risk Governance structure, defining the overall roles and mandates across Netcompany.

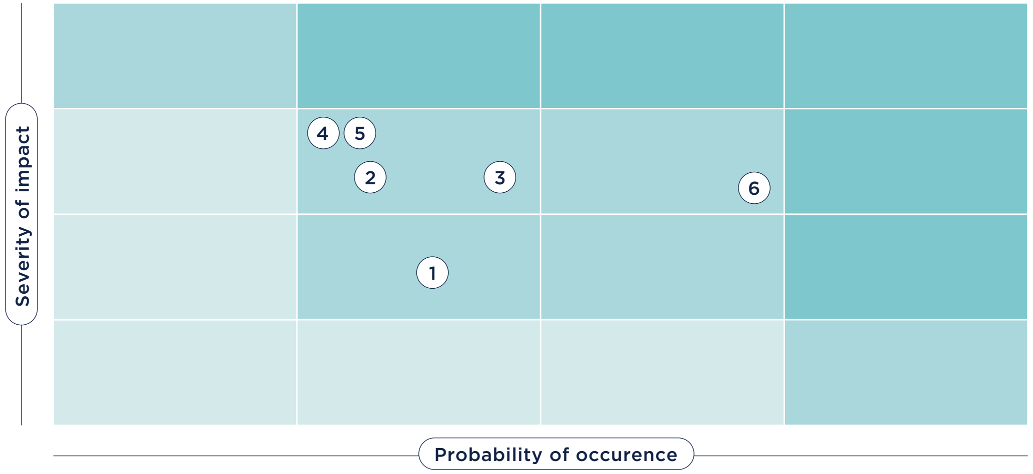
Each quarter, the main risks and accompanying mitigating actions are presented to the Audit Committee and Board of Directors, who discuss the overall risk level for the Group and ensures that Executive Management implements mitigating actions, if required, and continuously oversees the net risk exposure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

The number of main risks within the Group, assessed quarterly by the Audit Committee and Board of Directors, vary but is generally between 25 and 35. These risks all fall within the main areas as described above.

The following pages give an overview of Netcompany's key risks, including root causes and mitigation actions taken throughout the Group in 2022.

	Not able to attract and retain talent	Growth through acquisitions	Loss of existing clients	Unable to generate new business	Cyberattack	General data protection regulation
Lack of quality in deliveries	●	●	●	●	●	●
Competitive landscape	●	●	●	●	○	○
Political landscape	○	●	●	●	○	○
Market changes/global economic trends	●	●	○	●	●	○
Hacking/cybercrime	○	○	●	●	●	●
Complex contract regimes	○	●	○	●	●	○
Mitigating actions	●	●	●	●	●	●

Overview of top risks after mitigations



Heatmap of top risks
The heatmap is used in the quarterly risk assesment

1. Not able to attract and retain talent
2. Growth through acquisitions
3. Loss of existing clients
4. Unable to generate new business
5. Cyberattack
6. General dataprotection regulation

Not able to attract and retain talent

Root cause
Netcompany is built on talent and as an IT services company, future growth is directly linked to the ability to continuously attract, develop and retain talent.

Failure to continue to grow the employee base will limit the growth opportunities.

Further, the progression of newly hired consultants to become managers, principals and eventually partners represents an equally high risk, as the continued development of the hierarchy is also a prerequisite for future growth.

Risk
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 as 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 consultant and manager level in the career pyramid is crucial for continued growth.

Mitigating actions
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 countries with large pools of available relevant IT professionals.

Introduction of improved employment benefits including a significant improvement to the parental leave benefits.

Growth through acquisitions

Root cause
A key part of Netcompany´s growth strategy is to expand into new countries through acquisitions.

Risk
Integration of acquired companies into the Netcompany Core delivery model may be delayed leading to sub optimal performance. The integration projects are typically extensive and lengthy and may lead to project fatigue leading to increased employee dissatisfaction.

Larger acquisitions – like Intrasoft – may introduce new risks into the Group and/or accelerated risk taking in the acquired company in general.
Further, the decision taken not to integrate an acquired company fully into the Netcompany Core delivery model may lead to continued risk taking in the acquired company.

For both types of acquisitions, a general risk is that of losing key customers, key employees, exposure towards litigation and loss of reputation following bad projects.
Further the ongoing operation of Intrasoft's current business as a "stand alone" could lead to increased exposure on larger projects where the Group would not be able to support in crisis situations as those projects are delivered using different delivery models.

Mitigating actions
In any acquisition detailed due diligence will be conducted. When applicable, the transaction will be insured. Also, payment of substantial parts of the valuation will be based on future performance and paid only when such performance is met.

Continuous focus on achieving the goals of the integration through a structured process, including allocating Netcompany resources into external projects and internal process during the integration.

In addition, Netcompany and Intrasoft already had a long standing working relationship and have delivered projects together which has added valuable knowledge about the Intrasoft organisation into Netcompany.

Loss of existing clients

Root cause
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 of Netcompany.

Risk
Failing to meet the target of being "on time, on budget and in scope" may lead to loss of both reputation and repeat business with existing clients. Further, some contracts – particular in the public segment – include terms whereby the potential liability related to a project or ongoing maintenance of a solution developed is uncapped, which could lead to significant financial losses for Netcompany.

Mitigating actions
Ensuring that projects are monitored and assessed on an ongoing basis so that potential issues and problems are identified before they escalate.

The Netcompany project methodology ensures that no new solution is taken into production without written approval of the solution and test from the client. This also applies to upgrades, change request and changes to the solution taken into production in general. These mitigating factors ensures that while contracts from time to time have uncapped liabilities as part of the terms, the mitigated risk exposure is limited and of theoretical substance only.

Unable to generate new business

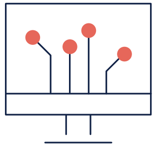
Root cause
New customers in new segments and new markets are an integrated part of Netcompany´s growth strategy, and a lack of new business being added continuously would impact Netcompany´s longer term growth trajectory.

Risk
Failing to meet the target of being "on time, on budget and in scope" may lead to loss of reputation in the market hindering Netcompany's ability to generate new business.

Inability to answer 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.

Mitigating actions
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
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.

Risk
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.

Mitigating actions
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 internal 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
The general data protection regulation (GDPR) was implemented in May 2018 with the purpose of protecting 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.

Risk
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.

Mitigating actions
At the beginning of 2018, Netcompany implemented and communicated an internal data privacy policy including a methodology framework. Furthermore, security policies including security technology, to ensure effective protection, has been implemented.

In 2020, Netcompany adopted a data ethics policy to further ensure the interface of handling all data in all matters.

Financial Statements

In this section

Financial statements – Group

Content

Notes to the consolidated financial statements

Statement of comprehensive income for the Group for 2022

DKK'000	Notes	2022	2021
Revenue	3	5,544,646	3,631,971
Cost of services	4	-3,772,174	-2,298,687
Gross profit		**1,772,472**	**1,333,284**
Sales and marketing costs	5	-41,008	-36,715
Administrative costs	6	-763,881	-503,399
Special items	8	5	-37,729
Other operating income / loss	9	5,903	-184
EBITA (non-IFRS)		**973,491**	**755,256**
Amortisation	10	-134,073	-51,424
Operating profit (EBIT)		**839,417**	**703,833**
Financial income	11	30,341	10,259
Financial expenses	11	-100,261	-43,648
Fair value adjustment of contingent consideration	16	-7,874	78,906
Income / loss from investment in joint venture	19	-5,873	-21,732
Income / loss from investment in associates		790	0
Profit before tax		**756,541**	**727,618**
Tax on profit for the year	12	-153,790	-153,316
Profit for the year		**602,752**	**574,302**
Of which			
Non-controlling interest		-617	-1,840
Netcompany Group A/S' share		603,369	576,142
Earnings per share (DKK)	26	12.27	11.73
Diluted earnings per share (DKK)	26	12.15	11.59

DKK'000	Notes	2022	2021
Other comprehensive income Items that may be reclassified subsequently to profit or loss:			
Exchange rate adjustments on translating foreign subsidiaries		-8,011	10,792
Income / loss from financial assets recognised at fair value	20	0	0
Other comprehensive income Items that may not be reclassified to profit or loss:			
Actuarial profit / loss on defined benefit plans	28	410	0
Other comprehensive income / loss		**-7,602**	**10,792**
Of which			
Non-controlling interest		208	415
Netcompany Group A/S' share		-7,810	10,378
Comprehensive income for the year		**595,150**	**585,095**
Of which			
Non-controlling interest		-409	-1,425
Netcompany Group A/S' share		595,559	586,520

Statement of financial position of the Group at 31 December 2022

DKK'000	Notes	2022	2021
Goodwill	14, 16	3,372,453	3,372,453
Other intangible assets	15, 16	507,410	523,746
Intangible assets		**3,879,863**	**3,896,198**
Investment properties	17	2,477	2,477
Other tangible assets	18	329,680	314,418
Tangible assets		**332,158**	**316,895**
Investment in joint venture	19	97,360	103,233
Investment in associates		8,001	7,211
Other securities and investments	20	1,324	2,102
Other receivables		54,932	26,225
Deferred tax assets	12	32,742	17,391
Financial assets		**194,359**	**156,162**
Non-current assets		**4,406,380**	**4,369,255**
Trade receivables	22	1,111,954	1,031,880
Receivables from joint venture		9,984	7,311
Receivables from associates		16,369	16,369
Contract work in progress	23	1,114,527	1,019,974
Other receivables		38,276	39,557
Prepayments		124,410	74,900
Tax receivable	12	35,964	0
Receivables		**2,451,483**	**2,189,992**
Cash	24	**336,048**	**458,779**
Current assets		**2,787,531**	**2,648,771**
Assets classified as held for sale	21	**0**	**3,123**
Assets		**7,193,911**	**7,021,150**

DKK'000	Notes	2022	2021
Share capital	25	50,000	50,000
Treasury shares		-313,287	-241,409
Share-based remuneration		54,226	70,177
Exchange rate adjustments on translating subsidiaries		-1,635	6,584
Retained earnings		3,730,977	3,145,769
Other reserves		410	0
Equity attributable to Netcompany Group A/S		**3,520,691**	**3,031,121**
Non-controlling interests		6,180	6,796
Equity		**3,526,870**	**3,037,918**
Borrowings	27	1,872,372	2,275,788
Pension obligations	28	13,772	18,198
Lease liability		180,514	147,979
Other payables	29	0	94,498
Deferred tax liability	12	110,992	134,255
Non-current liabilities		**2,177,650**	**2,670,719**
Borrowings	27	47,314	74,497
Pension obligations	28	5,829	0
Lease liability		85,420	98,645
Prebilled invoices	23	433,498	350,880
Trade payables		265,196	328,496
Other payables	29	640,582	446,006
Provisions	30	11,550	8,839
Income tax payable	12	0	5,150
Current liabilities		**1,489,390**	**1,312,514**
Liabilities associated with assets classified as held for sale	21	**0**	**0**
Liabilities		**3,667,040**	**3,983,233**
Equity and liabilities		**7,193,911**	**7,021,150**

Statement of changes in equity for the Group for 2022

DKK'000	Share capital	Treasury shares	Share-based remuneration	Exchange rate adjustments on translating subsidiaries	Retained earnings	Other reserves	Total equity, Netcompany Group A/S	Non-controlling interests	Total equity
Equity at 1 January 2022	**50,000**	**-241,409**	**70,177**	**6,584**	**3,145,769**	**0**	**3,031,121**	**6,796**	**3,037,918**
Profit for the year	0	0	0	0	603,369	0	603,369	-617	602,752
Other comprehensive income / loss for the year	0	0	0	-8,219	0	410	-7,810	208	-7,602
Total comprehensive income	**0**	**0**	**0**	**-8,219**	**603,369**	**410**	**595,559**	**-409**	**595,150**
Treasury shares acquired in the year	0	-111,472	0	0	-20,016	0	-131,487	0	-131,487
Treasury shares used in business combinations	0	171	0	0	388	0	559	0	559
Share-based remuneration for the year (note 7)	0	39,423	-15,952	0	1,411	0	24,882	0	24,882
Movement of non-controlling interest	0	0	0	0	0	0	0	-207	-207
Total transactions with owners	**0**	**-71,878**	**-15,952**	**0**	**-18,217**	**0**	**-106,046**	**-207**	**-106,254**
Equity at 31 December 2022	**50,000**	**-313,287**	**54,226**	**-1,635**	**3,730,977**	**410**	**3,520,691**	**6,180**	**3,526,870**
Equity at 1 January 2021	**50,000**	**-175,000**	**42,478**	**-3,793**	**2,514,936**	**0**	**2,428,621**	**0**	**2,428,621**
Profit for the year	0	0	0	0	576,142	0	576,142	-1,840	574,302
Other comprehensive income / loss for the year	0	0	0	10,378	0	0	10,378	415	10,792
Total comprehensive income	**0**	**0**	**0**	**10,378**	**576,142**	**0**	**586,520**	**-1,425**	**585,095**
Treasury shares acquired in the year	0	-99,993	0	0	0	0	-99,993	0	-99,993
Treasury shares used in business combinations	0	29,091	0	0	103,791	0	132,882	0	132,882
Share-based remuneration for the year (note 7)	0	4,493	27,699	0	0	0	32,192	0	32,192
Dividend paid	0	0	0	0	-50,000	0	-50,000	0	-50,000
Dividend on treasury shares	0	0	0	0	900	0	900	0	900
Addition of non-controlling interest (note 16)	0	0	0	0	0	0	0	8,221	8,221
Total transactions with owners	**0**	**-66,409**	**27,699**	**0**	**54,691**	**0**	**15,981**	**8,221**	**24,203**
Equity at 31 December 2021	**50,000**	**-241,409**	**70,177**	**6,584**	**3,145,769**	**0**	**3,031,121**	**6,796**	**3,037,918**

Cash flow statement for the Group for 2022

DKK'000	Notes	2022	2021
Operating profit (EBIT)		839,417	703,833
Depreciation and amortisation	10	272,653	139,201
Non-cash	31	14,382	43,685
Working capital changes	32	-59,320	-189,249
		1,067,132	**697,470**
Income taxes paid		-234,084	-197,489
Financial income received		7,285	2,914
Financial expenses paid		-67,328	-37,298
Cash flows from operating activities		**773,005**	**465,597**
Cash outflow on acquisition of subsidiaries	16	-50,011	-1,270,938
Cash and cash equivalents at acquisition date of subsidiaries	16	0	132,415
Investment in joint venture	19	0	-55,000
Capitalisation of intangible assets		-98,046	-11,304
Acquisition of intangible assets	37	-20,000	0
Acquisition of fixed assets		-52,211	-46,246
Disposals of fixed assets		477	2,321
Other receivables (deposits)		-28,927	-5,731
Other investments/divestment		4,432	0
Cash flows from investing activities		**-244,286**	**-1,254,484**
Dividends paid		0	-49,100
Payments of treasury shares		-131,487	-99,993
Proceeds from borrowings		2,182,836	1,700,545
Repayment of borrowings		-2,610,033	-612,076
Repayment of leasing debt		-87,332	-56,988
Cash flows from financing activities		**-646,017**	**882,388**
Increase in cash and cash equivalents		**-117,298**	**93,501**
Cash and cash equivalents at 1 January		458,779	358,996
Effect of exchange rate changes on the balance of cash held in foreign currencies		-5,433	6,281
Cash and cash equivalents at 31 December	24	**336,048**	**458,779**

Reconciliation of liabilities arising from financing activities (DKK'000)	**Borrowings (note 27)**	**Leasing**	**Total**
Opening balance 1 January 2022	**2,350,286**	**246,624**	**2,596,910**
Leasing (non-cash)	0	106,643	106,643
Proceeds from borrowings	2,182,836	0	2,182,836
Repayments	-2,610,033	-87,332	-2,697,366
Loan costs on refinancing	-9,469	0	-9,469
Amortisation of loan costs (non-cash)	6,053	0	6,053
Exchange rate adjustments	13	0	13
Closing balance 31 December 2022	**1,919,686**	**265,934**	**2,185,620**

Reconciliation of liabilities arising from financing activities (DKK'000)	**Borrowings (note 27)**	**Leasing**	**Total**
Opening balance 1 January 2021	**760,556**	**92,769**	**853,325**
Leasing (non-cash)	0	127,382	127,382
Acquired entities	500,453	0	500,453
Acquired entities (non-cash)	0	83,461	83,461
Proceeds from borrowings	1,700,545	0	1,700,545
Repayments	-612,076	-56,988	-669,064
Amortisation of loan costs (non-cash)	414	0	414
Exchange rate adjustments	394	0	394
Closing balance 31 December 2021	**2,350,286**	**246,624**	**2,596,910**

Section 1

Basis of preparation

This section introduces the Group's accounting policies and significant judgements, estimates and assumptions and any effect of changes within. Netcompany aims to provide transparency on disclosed amounts and describes accounting policy and significant judgements, estimates and assumptions where relevant. A detailed specification of the Group's accounting policies is presented in relevant notes.

In this section

Note 1

Accounting policies

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 statements applicable to the 2022 financial year.

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 and the Parent's activities.

Totals in the financial statements have been calculated on the basis of actual amounts in accordance with the correct mathematical method. A recalculation of totals may in some cases result in rounding differences caused by the underlying decimals not disclosed to the reader.

The Danish Business Authority has commenced compliance review of Netcompany Group A/S' annual reports for 2020 and 2021. Based on the compliance review, the Danish Business Authority has indicated that the earn out payment related to the acquisition acquisition of QDelft B.V. (now Netcompany Netherlands) should not be included in capitalised acquisition costs and goodwill, but instead expensed as remuneration over the earn-out period in accordance with IFRS 3, section B55(a). The goodwill amount related to earn-out payment was calculated to DKK 120m at the completion of the purchase price allocation in 2019 and is included in the balance on 31 December 2022 as goodwill.

Netcompany Group A/S does not agree with the indications and is currently in a dialogue with the Danish Business Authority.

If the Danish Business Authority decides in accordance with its indications, Netcompany Group A/S will be required to update its accounting treatment of earnout payment in the Annual Reports from goodwill to remuneration for the years 2019-2022.

The possible change will impact the balance sheet by reducing the goodwill on 31 December 2022 by DKK 120m and reducing the net equity on 31 December 2022 by DKK 2m including the impact from remuneration to be treated as share based payment.

The possible change to the profit and loss over the period 2019-2022 will increase salary costs, including those from share-based payment, for the years 2019 (DKK 54m), 2020 (DKK 81m), 2021 (DKK 34m) and 2022 (DKK 23m) in addition to reversals of fair value adjustments to the earn-out in the period 2020-2022 of total DKK 71m of which DKK 8m has been recorded as a negative fair value adjustment in 2022.

No impact on total cash flow will be affected by such a technical change to the accounting policies.

Netcompany Group A/S awaits the outcome of the discussions with the Danish Business Authority before decisions of any potential changes will be conducted and published further.

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

Note 1

Accounting policies (continued)

acquiree financial statements. Netcompany-Intrasoft S.A. is recognised from 1 November 2021, when the Group acquired full control of the acquiree.

Transactions and non-controlling interest
The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss.

The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Applying materiality
The Annual Report is based on the concept of materiality, to ensure that the content is material and relevant to the readers. The consolidated financial statements consist of many transactions. These transactions are aggregated into classes according to their nature or function and presented in classes of similar items in the financial statements and in the notes as required by IFRS. If items are individually immaterial, they are aggregated with other items of a similar nature in the statements or in the notes.

The disclosure requirements throughout IFRS are substantial and provides the specific disclosures required by IFRS unless the information is considered immaterial to the economic decision making of the readers of these 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 are 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.

Revenue recognition
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 recognition of revenue can be over time or at a point in time. In general, revenue from contracts with customers is recognised when control is transferred to the customer at an amount that reflects the consideration to which Netcompany expects to be entitled in exchange for those services. Revenue is recognised over time when an asset on behalf of a customer is created with no alternative use and the Group has an enforceable right to payment for performance completed year to date, or the customer obtains control of a service

Note 1

Accounting policies (continued)

and thus has the ability to direct the use and obtain the benefit from the service.

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

License is identified on a contract by contract assessment and recognised either at a point in time or point over time on behalf of the alternative use for the group and that the costumer gets the right to use the Groups intellectual property as it exists, when the license is granted.

Consulting services are generally provided on either a time-and-material basis or on a fixed price contract basis. Revenue from time-and-material contracts 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. Reference to cost is assessed to be the most appropriate method as incurred hours are the value driver for the projects.

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

Revenue from operating solutions is recognised in the period the solutions are provided.

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 and joint ventures, activities and fixed asset investments and proceeds from the 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, instalments on interest bearing debt, payments relating to leasing obligations and dividend payments to shareholders.

Cash and cash equivalents comprise cash.

For a detailed specification of the Group's accounting policies, please see relevant notes in the consolidated financial statements.

Note 1

Accounting policies (continued)

Significant judgements, estimates and assumptions

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 that are believed to be reasonable under the circumstances. The actual results may deviate from these estimates under different assumptions or conditions.

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 it is particularly important to note the judgements, estimates and assumptions shown below. These are described in further detail adjacent to the relevant disclosed notes.

Note		Key accounting estimates and judgements	Nature of accounting impact	Impact of accounting estimates and judgements
Note 8	Special items	Judgement from management in separating special items	Judgement	● ○ ○
Note 14	Goodwill	Assumptions used in value-in-use calculations for impairment testing	Estimate	● ● ●
Note 15	Other intangible assets	Assumptions used in value-in-use calculations for impairment testing	Estimate	● ● ●
Note 16	Business combinations	Assumptions used in determining the fair value of assets and liabilities identified in the business combination	Estimate	● ● ●
Note 19	Investment in joint venture	Judgement from management in classification as joint venture based on contractual and operational relationship between the parties	Judgement	● ○ ○
Note 23	Contract work in progress	Estimates used in determining performance obligations	Judgement	● ○ ○
Note 23	Contract work in progress	Estimates used in determining the percentage of completion	Estimate	● ● ●
Note 28	Pension obligations	External and independent actuaries used for estimating the obligation	Estimate	● ○ ○
Note 29	Other payables	Assumptions used in determining the fair value of the contingent consideration	Estimate	● ○ ○
Note 30	Provisions	Assumption for provisions	Estimate	● ● ○

Note 2

Effect of the change in accounting policies

Netcompany Group has adopted relevant new or amended standards (IFRS) and interpretation (IFRIC) as adopted by the EU and which are effective for the financial year 1 January – 31 December 2022. Netcompany Group has assessed that the new or amended standards and interpretations have not had any material impact on Netcompany Group's Annual Report in 2022.

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

Section 2

Result for the year

This section covers notes related to the performance for the financial year, including segment information showing operating entities revenue and EBITDA-margin for operational entities.

Revenue

5,544.6 52.7%

DKKm

2022	5,544.6
2021	3,632.0

Adjusted EBITDA (non-IFRS)

1,106.2 25.6%

DKKm

2022	1,106.2
2021	880.9

In this section

Note 3

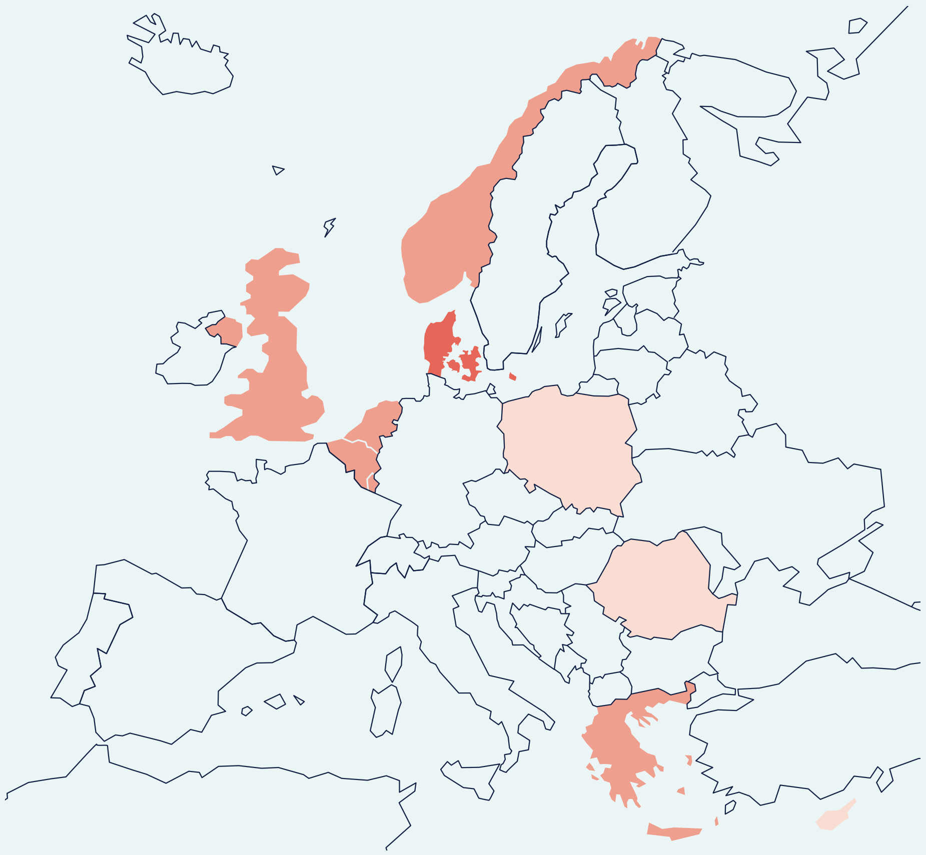
Segment information

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

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

Netcompany delivers IT solutions that enable and support private and public customers in their digital transformation. The public business area covers EU institutions, public authorities or companies acting as a public company. The private business area covers all other types of customers.

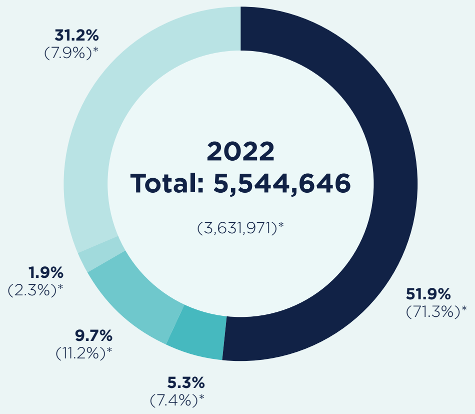
Netcompany's main geographical markets are Denmark (home market), Norway, United Kingdom, Netherlands, Greece, Belgium and Luxembourg. Besides these seven main markets in Europe, Netcompany is also geographically represented in Spain, Cyprus, Poland, Romania, and in Africa, Asia, Middle East and North America with offices in Jordan, Kenya, United Arab Emirates, United States, South Africa and Vietnam.



Netcompany home market | Netcompany main markets | Netcompany sourcing centres

Revenue per business segment

DKK'000



Netcompany Denmark | Netcompany Netherlands | Netcompany Norway | Netcompany-Intrasoft | Netcompany UK

* 2021 numbers are put in brackets

Note 3

Segment information (continued)

Revenue types (DKK'000)	**Public 2022**	**Private 2022**	**Total 2022**	**Public 2021**	**Private 2021**	**Total 2021**
Development	1,505,676	1,134,528	2,640,203	1,319,467	982,939	2,302,407
Maintenance	2,061,108	815,026	2,876,134	889,487	438,529	1,328,016
Licenses	28,132	177	28,309	1,430	117	1,548
Revenue by type, total	**3,594,916**	**1,949,731**	**5,544,646**	**2,210,385**	**1,421,586**	**3,631,971**

Business segments (DKK'000)	**Public 2022**	**Private 2022**	**Total 2022**	**Public 2021**	**Private 2021**	**Total 2021**
Revenue	3,594,916	1,949,731	5,544,646	2,210,385	1,421,586	3,631,971
Cost of services	-2,560,981	-1,211,193	-3,772,174	-1,477,646	-821,041	-2,298,687
Gross profit	**1,033,935**	**738,538**	**1,772,472**	**732,739**	**600,545**	**1,333,284**
Sales and marketing costs	-27,129	-13,879	-41,008	-23,405	-13,309	-36,715
Administrative costs	-509,936	-253,945	-763,881	-318,311	-185,089	-503,399
Adjusted EBITA (non-IFRS)	**496,870**	**470,715**	**967,583**	**391,023**	**402,147**	**793,170**
Adjusted EBITA margin (non-IFRS)	*13.8%*	*24.1%*	*17.5%*	*17.7%*	*28.3%*	*21.8%*
Special items	3	2	5	-23,521	-14,208	-37,729
Other operating income / loss	0	5,903	5,903	0	-184	-184
EBITA (non-IFRS)	**496,872**	**476,620**	**973,491**	**367,502**	**387,754**	**755,256**
EBITA margin (non-IFRS)	*13.8%*	*24.4%*	*17.6%*	*16.6%*	*27.3%*	*20.8%*

Note 3

Segment information (continued)

Public segment	**Netcompany Denmark**		**Netcompany Norway**		**Netcompany United Kingdom**		**Netcompany Netherlands**		**Netcompany-Intrasoft**	
Public segment information related to operating entities (DKK'000)	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Revenue	1,674,490	1,526,327	175,070	171,485	373,544	230,372	100,714	77,440	1,271,097	204,761
Cost of service	-1,035,834	-936,561	-149,076	-136,203	-275,705	-163,701	-84,439	-68,342	-1,015,926	-172,839
Gross profit	**638,656**	**589,765**	**25,994**	**35,282**	**97,839**	**66,671**	**16,275**	**9,098**	**255,171**	**31,922**
Gross profit margin	*38.1%*	*38.6%*	*14.8%*	*20.6%*	*26.2%*	*28.9%*	*16.2%*	*11.7%*	*20.1%*	*15.6%*
Administrative and sales costs	-250,282	-206,080	-38,310	-31,662	-53,687	-33,351	-33,415	-27,538	-137,649	-19,175
Adjusted EBITA before allocated HQ costs	**388,374**	**383,686**	**-12,316**	**3,620**	**44,152**	**33,320**	**-17,141**	**-18,440**	**117,522**	**12,747**
Adjusted EBITA margin before allocated cost from HQ	*23.2%*	*25.1%*	*-7.0%*	*2.1%*	*11.8%*	*14.5%*	*-17.0%*	*-23.8%*	*9.2%*	*6.2%*
Allocated costs from HQ	-16,185	-17,364	-1,950	-2,322	-4,207	-2,752	-1,379	-1,472	0	0
Special items	2	-17,331	0	-2,453	1	-2,426	0	-1,311	0	0
Other operating income	0	0	0	0	0	0	0	0	0	0
EBITA	**372,191**	**348,991**	**-14,266**	**-1,155**	**39,946**	**28,142**	**-18,519**	**-21,223**	**117,522**	**12,747**
EBITA margin	*22.2%*	*22.9%*	*-8.1%*	*-0.7%*	*10.7%*	*12.2%*	*-18.4%*	*-27.4%*	*9.2%*	*6.2%*

Note 3

Segment information (continued)

Private segment	Netcompany Denmark		Netcompany Norway		Netcompany United Kingdom		Netcompany Netherlands		Netcompany-Intrasoft	
Private segment information related to operating entities (DKK'000)	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Revenue	1,202,677	1,064,025	116,973	95,794	166,524	176,298	1,986	4,646	461,571	80,823
Cost of service	-633,511	-551,847	-101,385	-65,806	-108,742	-137,032	-1,509	-3,869	-366,045	-62,487
Gross profit	**569,166**	**512,177**	**15,588**	**29,988**	**57,782**	**39,266**	**477**	**778**	**95,526**	**18,336**
Gross profit margin	*47.3%*	*48.1%*	*13.3%*	*31.3%*	*34.7%*	*22.3%*	*24.0%*	*16.7%*	*20.7%*	*22.7%*
Administrative and sales costs	-164,127	-128,632	-23,244	-14,474	-20,487	-29,579	-471	-1,574	-45,911	-9,760
Adjusted EBITA before allocated HQ costs	**405,039**	**383,545**	**-7,657**	**15,515**	**37,295**	**9,687**	**6**	**-797**	**49,615**	**8,576**
Adjusted EBITA margin before allocated cost from HQ	*34.1%*	*36.0%*	*-6.5%*	*16.2%*	*22.4%*	*5.5%*	*0.3%*	*-17.1%*	*10.7%*	*10.6%*
Allocated costs from HQ	-10,857	-10,821	-1,097	-1,066	-1,606	-2,414	-23	-78	0	0
Special items	1	-10,929	0	-1,036	0	-2,097	0	-147	0	0
Other operating income	0	0	0	0	0	0	0	0	5,903	-184
EBITA	**394,183**	**361,796**	**-8,753**	**13,412**	**35,689**	**5,176**	**-17**	**-1,022**	**55,518**	**8,392**
EBITA margin	*32.8%*	*34.0%*	*-7.5%*	*14.0%*	*21.4%*	*2.9%*	*-0.9%*	*-22.0%*	*12.0%*	*10.4%*

Note 3

Segment information (continued)

Segment information related to operating entities (DKK'000)	Netcompany Denmark 2022	Netcompany Norway 2022	Netcompany UK 2022	Netcompany Netherlands 2022	Netcompany Intrasoft[1] 2022	Total 2022
Revenue from external customers	2,877,167	292,043	540,068	102,700	1,732,668	5,544,646
EBITA, operating entities (non-IFRS)	**771,298**	**-23,020**	**75,635**	**-18,537**	**168,116**	**973,491**

1 Netcompany-Intrasoft operating entity consists of all activities related to the acquired company Intrasoft International S.A. For full overview of organisation, please refer to note 37.

Segment information related to geographical areas (DKK'000)	Denmark 2022	Norway 2022	United Kingdom 2022	Netherlands 2022	Belgium 2022	Luxembourg 2022	Greece 2022	Other 2022	Total 2022
Revenue from external customers	2,915,238	295,161	555,171	109,019	672,028	155,876	584,014	258,139	5,544,646

Non-current assets (DKK'000)	Denmark 2022	Norway 2022	United Kingdom 2022	Netherlands 2022	Belgium 2022	Luxembourg[2] 2022	Greece 2022	Other 2022	Total 2022
Intangible assets	1,919,972	125,986	214,700	157,122	0	1,462,085	0	0	3,879,863
Tangible assets	90,712	45,790	17,312	21,646	37,440	12,941	34,420	71,896	332,158
Financial assets	137,053	12,731	8,144	14,614	0	4,566	4,021	13,231	194,359
Total non-current assets	**2,147,737**	**184,506**	**240,156**	**193,382**	**37,440**	**1,479,592**	**38,441**	**85,127**	**4,406,380**

2 Intangible assets recognised in accordance with the acquisition of Netcompany-Intrasoft has been allocated to Luxembourg in the split above.

Note 3

Segment information (continued)

Segment information related to operating entities (DKK'000)	**Netcompany Denmark 2021**	**Netcompany Norway 2021**	**Netcompany UK 2021**	**Netcompany Netherlands 2021**	**Netcompany Intrasoft[1] 2021**	**Total 2021**
Revenue from external customers	2,590,351	267,279	406,670	82,087	285,584	3,631,971
EBITA, operating entities (non-IFRS)	**712,123**	**12,424**	**33,535**	**-22,170**	**19,344**	**755,256**

[1] Netcompany-Intrasoft operating entity consists of all activities related to the acquired company Intrasoft International S.A. For full overview of organisation, please refer to note 37.

Segment information related to geographical areas (DKK'000)	**Denmark 2021**	**Norway 2021**	**United Kingdom 2021**	**Netherlands 2021**	**Belgium 2021**	**Luxembourg 2021**	**Greece 2021**	**Other 2021**	**Total 2021**
Revenue from external customers	2,591,948	267,740	409,572	82,447	109,944	7,039	118,032	45,248	3,631,971

Non-current assets (DKK'000)	**Denmark 2021**	**Norway 2021**	**United Kingdom 2021**	**Netherlands 2021**	**Belgium 2021**	**Luxembourg[2] 2021**	**Greece 2021**	**Other 2021**	**Total 2021**
Intangible assets	1,893,369	134,997	227,474	159,135	0	1,481,223	0	0	3,896,198
Tangible assets	117,000	58,650	9,677	11,108	34,199	18,698	41,324	26,238	316,895
Financial assets	125,313	1,731	2,457	8,128	50	546	2,127	15,809	156,162
Total non-current assets	**2,135,682**	**195,378**	**239,608**	**178,372**	**34,249**	**1,500,467**	**43,451**	**42,047**	**4,369,255**

[2] Intangible assets recognised in accordance with the acquisition of Netcompany-Intrasoft has been allocated to Luxembourg in the split above.

Note 4

Cost of services

DKK'000	2022	2021
Project costs	983,198	380,909
Staff costs (note 7)	2,764,862	1,888,564
Depreciation (note 10)	24,113	29,214
Total cost of services	**3,772,174**	**2,298,687**

§ Accounting principles

Project costs comprise external consultants/ freelancers, subscriptions etc. Staff costs comprise wages and salaries for consultants incurred to achieve revenue. Depreciation comprises of depreciation relating to non-current assets used for projects that are directly incurred to achieve revenue for the year. Costs of services are expensed as the projects progress.

Costs of services recognised in the income statement is net of capitalised costs and costs for research and development reimbursed under EU governments grants.

Grants from the government are recognised where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs they are intended to compensate.

Netcompany has not received grants related to capitalised assets.

Note 5

Sales and marketing costs

DKK'000	2022	2021
Sales and marketing costs	29,789	25,231
Staff costs (note 7)	11,218	11,484
Total sales and marketing costs	**41,008**	**36,715**

§ Accounting principles

Sales and marketing costs comprise expenses incurred for sale of the Group's projects. Staff costs comprise of wages and salaries for sales staff. In addition, sales and marketing costs comprise advertising costs, travelling and entertainment expenses, etc.

Note 6

Administrative costs

DKK'000	2022	2021
Administrative costs	369,410	237,845
Staff costs (note 7)	280,005	206,990
Depreciation (note 10)	114,466	58,564
Total administrative costs	**763,881**	**503,399**

§ Accounting principles

Administrative costs comprise costs incurred for the Group's administrative functions, including wages and salaries for administrative staff, internal consultants and management, general corporate cost, IT cost as well as depreciation relating to property, plant and equipment used for administration.

Note 7

Staff costs and remuneration

DKK'000	2022	2021
Salaries and wages	2,755,189	1,980,949
Pension contributions	33,279	16,908
Other social security costs	219,603	92,442
Other staff costs	48,015	16,739
Total staff costs	**3,056,086**	**2,107,038**
Presented as follows in income statement:		
Costs of services	2,764,862	1,888,564
Sales and marketing costs	11,218	11,484
Administrative costs	280,005	206,990
Total staff costs in income statement	**3,056,086**	**2,107,038**
Staff costs reimbursed under government grants	15,401	9,464
Capitalised staff costs	87,357	6,270
Total staff costs	**3,158,843**	**2,122,772**
Average number of employees	**6,906**	**3,787**

Average employees in 2021 are partly impacted by the acquisition of Intrasoft 31 October 2021. Average employees from the acquired entity are only included in those months where the entity is part of Netcompany Group.

§ Accounting principles

Staff costs comprise salaries and wages including the value of share-based incentive programmes and cash bonus arrangements as well as social security costs, pension contributions etc. for the Group's staff. Staff costs recognised in the income statement is net of capitalised staff costs and staff costs for research and development reimbursed under EU governments grants.

Note 7 Staff costs and remuneration (continued)

DKK'000	2022	2021
Remuneration to the Board of Directors		
Bo Rygaard	1,372	1,050
Juha Christensen	979	788
Scanes Bentley	730	438
Hege Skryseth	565	350
Åsa Riisberg	779	525
Susan Cooklin	525	0
Total remuneration to the Board of Directors	**4,951**	**3,150**
Remuneration to the Executive Management		
André Rogaczewski	5,562	8,167
Claus Jørgensen	5,586	8,226
Thomas Johansen	3,043	4,734
Total short term remuneration	**14,191**	**21,128**
André Rogaczewski	765	3,370
Claus Jørgensen	765	3,370
Thomas Johansen	425	1,872
Total share-based remuneration expensed	**1,955**	**8,613**
Total remuneration to the Executive Management	**16,146**	**29,741**
Remuneration to Other Key Management Personnel		
Short term remuneration	17,640	12,288
Pension contribution	13	38
Long term remuneration	1,274	581
Total Remuneration to Other Key Management Personnel	**18,927**	**12,908**
Total Remuneration to Executive Management and Other Key Management Personnel	**35,074**	**42,298**

Remuneration to Executive Management and Board of Directors is recognised as administrative costs.

For further description of Remuneration to the Executive Management and Board of Directors, please refer to the Remuneration Report.

Other Key Management Personnel consists of country managing partners.

During 2022, 91,393 RSUs (59,468 RSUs) were granted of which 20,516 (16,368) were granted to Executive Management and 70,877 (43,100) were granted to Other Key Management Personnel and Other employees.

The fair value of total granted RSUs at grant date was DKK 98.3 million (DKK 102.7 million). The cost associated herewith is expensed over the vesting period with DKK 24.9 million in 2022 (DKK 32.2 million).

The number of shares granted is determined by the stock price on the grant day, measured against the value of grant for each person.

The share-based incentive programme based on RSUs will continue in 2023. The Group's share-based incentive schemes are further detailed in the Remuneration Report.

DKK'000	2022	2021
Share-based remuneration expenses		
Executive Management	1,955	8,613
Other Key Management Personnel	1,274	581
Employees	21,653	22,998
Total share-based remuneration expenses	**24,882**	**32,192**

Note 7 Staff costs and remuneration (continued)

Restricted stock units in Netcompany shares	Outstanding 1 Jan 2022	Issued	Lapsed	Transferred	Outstanding 31 Dec 2022	Grant value at 31 Dec 2022	Market value at 31 Dec 2022	Vesting date
	No.	No.	No.	No.	No.	DKK´000	DKK´000	
Allocated to:								
Executive Management, 2018	3,261	0	0	-3,261	0	0	0	
Executive Management, 2019	37,263	0	0	-37,263	0	0	0	
Executive Management, 2020	26,161	0	-8,732	0	17,429	6,130	5,128	31 December 2022
Executive Management, 2021	16,368	0	0	0	16,368	9,431	4,815	31 December 2023
Executive Management, 2022	0	20,516	0	0	20,516	9,902	6,036	31 December 2024
Employees[1], 2018	102,263	0	0	-102,263	0	0	0	
Employees[1], 2019	56,188	0	0	-56,188	0	0	0	
Employees[1], 2020	67,131	0	-4,051	-11,825	51,255	18,026	15,079	31 December 2022
Employees[1], 2021	42,535	0	-2,104	-1,028	39,403	22,703	11,592	31 December 2023
Employees[1], 2022	0	70,877	-3,771	-323	66,783	32,147	19,648	31 December 2024
Total allocated shares	**351,170**	**91,393**	**-18,658**	**-212,151**	**211,754**	**98,338**	**62,298**	

Restricted stock units in Netcompany shares	Outstanding 1 Jan 2021	Issued	Lapsed	Transferred	Outstanding 31 Dec 2021	Grant value at 31 Dec 2021	Market value at 31 Dec 2021	Vesting date
	No.	No.	No.	No.	No.	DKK´000	DKK´000	
Allocated to:								
Executive Management, 2018	33,637	0	-1,390	-28,986	3,261	505	2,297	30 June 2021
Executive Management, 2019	44,605	0	-7,342	0	37,263	7,686	26,252	31 December 2021
Executive Management, 2020	26,161	0	0	0	26,161	9,200	18,430	31 December 2022
Executive Management, 2021	0	16,368	0	0	16,368	9,431	11,531	31 December 2023
Employees[1], 2018	102,969	0	-706	0	102,263	16,146	72,045	31 December 2021
Employees[1], 2019	56,914	0	-726	0	56,188	11,589	39,584	31 December 2021
Employees[1], 2020	68,123	0	-992	0	67,131	23,609	47,294	31 December 2022
Employees[1], 2021	0	43,100	-565	0	42,535	24,508	29,966	31 December 2023
Total allocated shares	**332,409**	**59,468**	**-11,721**	**-28,986**	**351,170**	**102,675**	**247,400**	

[1] Employees consists of Other Key Management Personnel and Other Employees.

Note 8

Special items

DKK'000	2022	2021
Costs related to M&A	-5	37,729
Total special items	**-5**	**37,729**

Accounting principles

Special items are 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 and M&A. They are therefore presented separately to provide a more comparable basis for assessing the underlying performance.

Significant judgements

Key assumptions involve judgement 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.

Note 9

Other operating income / loss

DKK'000	2022	2021
Rental income	316	1,210
Gain / losses on disposals	4,984	-1,017
Other income / loss	603	-378
Total other operating income	**5,903**	**-184**

Accounting principles

Other operating income comprises of income from rent of property less the administrative cost of this income.

Gains and losses on disposal of intangible assets and property, plant and equipment are determined as the sales price less selling costs and the carrying amount at the disposal date.

Note 10

Depreciation and amortisation

DKK'000	2022	2021
Depreciation		
Leasehold improvements	14,179	5,586
Equipment	34,194	27,758
Right of use assets	90,207	54,433
Total depreciation	**138,580**	**87,777**
Amortisation		
Technology and software	31,167	3,516
Trademark	20,273	10,405
Order back-log	17,120	4,742
Customer relationships	65,513	32,761
Total amortisation	**134,073**	**51,424**

Depreciation and amortisation presented as follows in the income statement: (DKK'000)	2022	2021
Cost of services	24,113	29,214
Administrative costs	114,466	58,564
Amortisation	134,073	51,424
Total depreciation and amortisation	**272,653**	**139,201**

§ Accounting principles

Please refer to notes 15 & 17.

Note 11

Financial income and expenses

DKK'000	2022	2021
Financial income		
Exchange rate adjustments	27,322	10,039
Other interest income	3,020	220
Total Financial income	**30,341**	**10,259**
Financial expenses		
Interest expense, borrowings	41,804	14,510
Interest, leasing	7,140	4,103
Exchange rate adjustments	34,715	12,906
Other finance charges	16,602	12,130
Total Financial expenses	**100,261**	**43,648**

§ Accounting principles

Financial income and expenses comprise interest income and expenses, currency gains and losses, amortisation of loan costs, tax surcharge and tax relief under the Group's Tax Schemes.

Note 12

Tax

Netcompany has an ambition to provide transparent information on the Group's tax position as taxes are considered an important part of the Group's corporate social responsibility.

Tax policy

Netcompany has chosen to have a transparent approach to the Group's tax position and to act as a "Good Corporate Citizen" from a tax payment perspective, in all and any country Netcompany is doing business in. Netcompany has a clear responsibility to comply with all current laws and regulations in each jurisdiction in which business is conducted, including the OECD Transfer Pricing Guidelines and equivalent documents.

Netcompany's tax governance is overseen by the Board of Directors who are responsible for the overall Policy and for the guidelines to which the Company shall comply. The Executive Management is responsible for monitoring tax risks on an ongoing basis and to make recommendations to the Board of Directors to ensure compliance with tax legislation at all times.

On a day-to-day basis the finance team is responsible for complying with the Group's tax guidelines and it is the responsibility of Group finance to oversee the work performed locally.

Tax risk management

Netcompany strive to comply with both global and local tax legislation but acknowledge that complying can be complex due to local tax legislation and the room for interpretation on the tax area, and that this can give rise to tax risks.

The identification of risks and mitigation hereof is part of Netcompany's risk management process and as such tax risk management is part of the ongoing risk assessment and management.

In connection with the Group's M&A activities, the Group may face situations where the target to be acquired have had different tax policies than the Group and, hence, creating a legacy of potential tax liabilities to be unwound. It is the policy that any such potential tax liability must be mitigated by presenting a specific timetable to unwind the tax liability, prior to signing definitive transaction documents.

For more details on Netcompany's approach to taxes, please refer to the tax policy in the link below.

Read more
www.netcompany.com/int/Investor-Relations/Governance

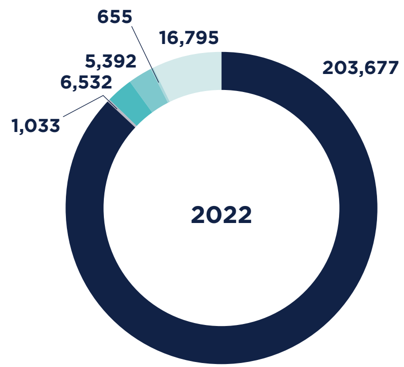
Tax contribution

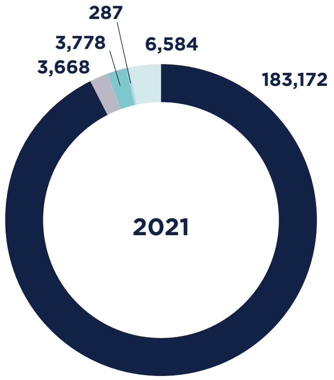
Tax contribution illustrated complies taxes on company profits.

For full overview of Netcompany's total tax contribution including personal taxes and service taxes please refer to the ESG report:

Read more about ESG
https://www.netcompany.com/int/ESG

Paid profit taxes (DKK'000)





Denmark | United Kingdom | Netcompany-Intrasoft
Norway | Poland
Netherlands | Vietnam

Note 12

Tax (continued)

Current Tax (DKK'000)	**2022**	**2021**
Current tax	194,230	184,759
Prior year	-1,619	-519
Change in deferred tax	-38,822	-30,925
Total tax for year	**153,790**	**153,316**
Profit before tax	756,541	727,618
Tax at a rate of 22%	166,439	160,076
Tax-based value of non-deductible expenses	6,651	14,963
Tax-based value of non-taxable income	-14,405	-18,884
Changes to previous years	-1,619	-519
Changes in tax rates	2,305	-2,078
Acquisition of subsidiaries	0	-1,661
Effect of different tax rates in foreign subsidiaries	-5,581	1,419
Total tax for year	**153,790**	**153,316**
Effective tax rate[1]	**20.3%**	**21.1%**

Current tax is presented as follows in the statement of financial position (DKK'000)	**2022**	**2021**
Tax receivable	35,964	0
Tax payable	0	-5,150
Total tax receivable / payable, net	**35,964**	**-5,150**

Tax payable and tax receivable (DKK'000)	**2022**	**2021**
Tax payable at 1 January, net	**-5,150**	**-42,667**
Foreign exchange adjustments	19	49
Addition, acquisition of entity	0	24,219
Changes to previous years	1,241	519
Payment relating to prior years	30,373	8,813
Current tax for the year	-194,230	-184,759
Current tax interest for the year	0	0
Payments relating to the current year	203,712	188,676
Total tax receivable / payable, net	**35,964**	**-5,150**

Deferred tax has been presented as follows in the statement of financial position (DKK'000)	**2022**	**2021**
Deferred tax asset	32,742	17,391
Deferred tax liability	-110,991	-134,255
Total deferred tax	**-78,249**	**-116,864**

Deferred tax (DKK'000)	**2022**	**2021**
Non-current assets	-93,639	-109,836
Work in progress	-28,664	-28,852
Other current assets	25,026	8,128
Non-current liabilities	-1,946	-1,917
Current liabilities	20,974	15,613
Total deferred tax	**-78,249**	**-116,864**

Note 12

Tax (continued)

Deferred tax (assets / liabilities): (DKK'000)	**Property, plant & equipment**	**Right of use assets**	**Intangible assets**	**Work in progress**	**Other current assets**	**Non-current liabilities**	**Current liabilities**	**Share-based payments**	**Total**
Opening balance 1 January 2022	9,124	314	-119,274	-28,852	8,128	-1,917	755	14,858	-116,864
Recognised in profit / loss	2,197	-6,096	20,103	189	17,070	-29	7,996	-2,607	38,822
Effect of currency exchange adjustments	-4	-3	0	0	-173	0	-10	-18	-207
Closing balance 31 December 2022	**11,317**	**-5,784**	**-99,171**	**-28,664**	**25,026**	**-1,946**	**8,740**	**12,234**	**-78,249**

Deferred tax (assets / liabilities): (DKK'000)	**Property, plant & equipment**	**Right of use assets**	**Intangible assets**	**Work in progress**	**Other current assets**	**Non-current liabilities**	**Current liabilities**	**Share-based payments**	**Total**
Opening balance 1 January 2021	**6,770**	**245**	**-40,102**	**-36,122**	**2,761**	**0**	**759**	**8,494**	**-57,195**
Recognised in profit / loss	2,302	65	10,925	7,270	5,368	0	-5	6,233	**32,158**
Effect of currency exchange adjustments	52	4	0	0	-1	0	1	131	**186**
Acquisition of subsidiaries	0	0	-90,097	0	0	-1,917	0	0	**-92,014**
Closing balance 31 December 2021	**9,124**	**314**	**-119,274**	**-28,852**	**8,128**	**-1,917**	**755**	**14,858**	**-116,864**

Note 12

Tax (continued)

§ 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 the 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 statement of financial position, 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. 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 carryforwards, are recognised in the statement of the financial position 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.

Note 13

Income statement classified by function

Income Statement (DKK'000)	**2022**	**2021**
Revenue	5,544,646	3,631,971
Cost of services, incl. depreciation	-3,772,174	-2,298,687
Gross profit	**1,772,472**	**1,333,284**
Sales and marketing costs	-41,008	-36,715
Administrative costs, incl. depreciation, amortisation and special items	-897,950	-592,552
Other operating income	5,903	-184
Operating profit (EBIT)	**839,417**	**703,833**
Financial income	30,341	10,259
Financial expenses	-100,261	-43,648
Fair value adjustment of contingent consideration	-7,874	78,906
Income / loss from investment in joint venture	-5,873	-21,732
Income / loss from investment in associates	790	0
Profit before tax	**756,541**	**727,618**
Tax on the profit	-153,790	-153,316
Net profit for the year	**602,752**	**574,302**

Depreciation and amortisation have been presented as follows in the above income statement: (DKK'000)	**2022**	**2021**
Cost of services	-24,113	-29,214
Administrative costs	-248,540	-109,987
Depreciation and amortisation	**-272,653**	**-139,201**

Section 3

Invested capital

This section comprises tangible and intangible assets, showing in which assets Netcompany has invested capital.

In this section

Note 14

Goodwill

DKK'000	2022	2021
Cost at 1 January	**3,372,453**	**2,264,065**
Additions, acquisition of subsidiaries	0	1,108,387
Cost at 31 December	**3,372,453**	**3,372,453**
Impairment at 1 January	**0**	**0**
Impairment at 31 December	**0**	**0**
Carrying amount at 31 December	**3,372,453**	**3,372,453**

DKK'000	2022	2021
Goodwill allocated to cash-generating units		
Netcompany A/S[1]	1,775,312	1,775,312
Netcompany Norway AS	118,676	118,676
Netcompany UK Ltd.[2]	214,700	214,700
Netcompany Netherlands B.V.	155,377	155,377
Netcompany-Intrasoft S.A.	1,108,387	1,108,387
Total goodwill allocated	**3,372,453**	**3,372,453**
Other intangibles allocated to cash-generating units		
Netcompany A/S[1]	144,659	118,057
Netcompany Norway AS	7,309	16,321
Netcompany UK Ltd.[2]	0	12,774
Netcompany Netherlands B.V.	1,745	3,758
Netcompany-Intrasoft S.A.	353,697	372,835
Total other intangibles allocated	**507,410**	**523,746**

Discount rates and growth rates in terminal period used as assumptions	2022	2021
Discount rate before tax:		
Netcompany A/S[1]	8.8%	8.3%
Netcompany Norway AS	9.9%	10.0%
Netcompany UK Ltd.[2]	11.9%	10.5%
Netcompany Netherlands B.V.	12.0%	10.1%
Netcompany-Intrasoft S.A.	11.6%	12.4%
Growth rate in terminal period	2.0%	1.0%

1 Including subsidiary Netcompany Poland Sp. Z o.o.
2 Including subsidiary Netcompany Vietnam Company Ltd.

Impairment test

The tests performed at the end of 2022 showed the recoverable amounts were estimated to be higher than the carrying amounts of all CGUs and therefore no impairment loss has been recognised in 2022. The most significant assumptions are related to revenue and EBITDA-margins which are based on a combination of historical experience and external sources of information.

The value in use amounts were calculated as future free cash flows based on budgets for 2023 and forecasts for the following years incorporating the assumptions used in financial budgets, including the expected impact from business synergies. For all CGUs, the forecast period comprises five years.

The discount rate applied for Netcompany-Intrasoft equals the internal rate of return used for the determination of the purchase price and does not reflect an increased risk within this specific CGU.

Cash flow projections beyond the five year forecast have been extrapolated using a steady 2.0% annual growth rate. The change compared to last year is related to the current interest and long term expectations.

Note 14

Goodwill (continued)

Management believes that the growth rate is reasonable based on IT services demand, and the continued digital conversion in the markets, and any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

Sensitivity analysis

There are no impairment indications based on current assumptions, and key assumptions are not sensitive to reasonable changes to an extent (eg. 5% change in discount rate), which will result in an impairment loss individually or in combination.

Netcompany shares were priced at DKK 294.2 per share at 31 December 2022, equal to a market capitalisation of DKK 14,710 million, which was 58.2% lower than market capitalisation at 31 December 2021.

§ Accounting principles

Goodwill

On initial recognition, goodwill is recognised and measured as the difference between the total of the fair value of the consideration transferred, the value of non-controlling interests and fair value of previously equity interest, compared to the fair value of the acquired identifiable assets, liabilities and contingent liabilities adjusted for deferred tax. The recognised goodwill amount is allocated to the activities of the Group generating separate payments, which represents the lowest level of cash generating units (CGUs). Determination of CGUs complies with the management structure and management accounting and reporting of the Group.

The useful lives of goodwill are indefinite and not amortised but tested at least once a year for impairment. Goodwill derives from business acquisitions.

Impairment

Goodwill acquired through business combinations are impairment tested at least annually and when circumstances indicate that the carrying amount may be impaired. The tests are performed at the lowest level of the CGUs 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 CGUs of which the asset forms part.

The recoverable amount is determined as the higher of the asset's or the CGU'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 CGU, 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 CGUs, the write-down for impairment is allocated so that 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.

≈ Significant estimates

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

The determination of the recoverable amount of a CGU 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 of 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 in future periods.

Note 15

Other intangible assets

DKK'000	Development projects under construction	Technology and software	Trademark	Order back-log	Customer relationships	Total other intangible assets
Cost at 1 January 2022	**0**	**113,282**	**203,302**	**44,710**	**358,633**	**719,927**
Additions	17,597	100,167	0	0	0	117,764
Transfers	-15,018	15,018	0	0	0	0
Disposals	0	-278	0	0	0	-278
Exchange rate adjustments	0	-29	0	0	0	-29
Cost at 31 December 2022	**2,578**	**228,159**	**203,302**	**44,710**	**358,633**	**837,383**
Amortisation at 1 January 2022	**0**	**-16,305**	**-51,693**	**-8,027**	**-120,157**	**-196,181**
Amortisation for the year	0	-31,167	-20,273	-17,120	-65,513	-134,073
Disposals	0	278	0	0	0	278
Exchange rate adjustments	0	4	0	0	0	4
Amortisation at 31 December 2022	**0**	**-47,190**	**-71,966**	**-25,147**	**-185,670**	**-329,973**
Carrying amount at 31 December 2022	**2,578**	**180,969**	**131,336**	**19,564**	**172,963**	**507,410**

DKK'000	Development projects under construction	Technology and software	Trademark	Order back-log	Customer relationships	Total other intangible assets
Cost at 1 January 2021	**0**	**65,729**	**167,776**	**37,514**	**350,658**	**621,678**
Additions, acquisition of subsidiaries	0	89,158	35,526	38,677	213,436	376,796
Additions	0	11,304	0	0	0	11,304
Disposals	0	-52,909	0	-31,481	-205,461	-289,851
Cost at 31 December 2021	**0**	**113,282**	**203,302**	**44,710**	**358,633**	**719,927**
Amortisation at 1 January 2021	**0**	**-65,698**	**-41,288**	**-34,766**	**-292,856**	**-434,609**
Amortisation for the year	0	-3,516	-10,405	-4,742	-32,761	-51,424
Disposal	0	52,909	0	31,481	205,461	289,851
Amortisation at 31 December 2021	**0**	**-16,305**	**-51,693**	**-8,027**	**-120,157**	**-196,181**
Carrying amount at 31 December 2021	**0**	**96,976**	**151,609**	**36,684**	**238,476**	**523,746**

The impairment tests performed at the end of 2022 estimated the recoverable amounts to be higher than the carrying amount of all CGUs and therefore no impairment loss has been recognised in 2022. No indications of impairment are present.

§ Accounting principles

Development projects under construction

Development projects under construction consists of costs such as salaries that are directly attributable to the development project not yet completed, recognised from the time at which the development project first qualifies for recognition as an asset. Development projects under construction are not subject to amortisation, but are tested for impairment once a year and transferred to technology and software when completed.

Developed software

The cost of developed software comprises costs such as salaries and operating expenses that are directly attributable to the development projects, recognised from the time at which the development project first qualifies for recognition as an asset. Useful lives of developed software are finite and amortised on a straight-line basis over their estimated useful lives:

Note 15

Other intangible assets (continued)

- 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). Subsequently to initial recognition, acquired intangible assets acquired are reported at cost less accumulated amortisation and accumulated impairment losses.

Useful lives of other intangible assets are finite and amortised on a straight-line basis over their estimated useful lives:

- Technology: 5 years
- Trademark: 3-20 years
- Order back-log: 2-5 years
- Customer relationships: 5-7 years

Impairment

Other intangibles acquired through business combinations and development projects under construction are impairment tested at least annually and when circumstances indicate that the carrying amount may be impaired. The tests are performed at the lowest level of the CGUs representing different business acquisitions. For further accounting principles regarding impairment and impairment tests, please refer to accounting principles in note 14 Goodwill.

≈ Significant estimates

The determination of the recoverable amount of a CGU to which other intangible assets 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 of 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 in future periods.

Note 16

Business Combinations

Acquisitions in 2022

The Group made no acquisitions during 2022.

DKK 50 million was paid related to the final consideration for Netcompany-Intrasoft, following the release of the holdback in 2022. However, part of the holdback was not transferred due to unfinished businesses prior acquisition.

Final payment related to the acquistion of Netcompany Netherlands will be paid in the beginning of 2023 based on performance in the Netherlands in 2022. Due to overperformance on revenue a fair value adjustment of DKK 7.9 million was recognised in the Income Statement in 2022.

Acquisitions in 2021

On October 31 2021, the Group acquired the entire share capital of Intrasoft (Netcompany-Intrasoft S.A.) at a price of DKK 1,748.9 million on a debt-free basis. As debt was recognised to DKK 373.6 million the purchase price was agreed to DKK 1,375.2 million.

Of the total consideration, DKK 1,144.3 million was paid in cash, DKK 133.5 million was paid in shares and DKK 97.5 million was initially accrued according to holdback options. DKK 37.5 million of the holdback was released in December 2021.

The determination of the preliminary purchase price and the purchase price allocation is considered final.

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-Intrasoft. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Asset and liabilities recognised have been calculated using the subsidiary's results and adjusting them for differences in the accounting policies between the Group and the subsidiary. Please refer to next page.

Special items

The Group has reversed acquisition costs of DKK 5k in 2022 and recognised DKK 37.7 million in 2021, which are included in special items.

Note 16

Business Combinations (continued)

Assets and liabilities recognised in Intrasoft International S.A. (DKK'000)		Original recognition
Non-current assets	Intangible assets	376,796
	Tangible assets	107,102
	Financial assets	11,974
Current assets	Trade receivables	362,125
	Contract work in progress	625,785
	Intercompany receivables	29,253
	Tax receivables	32,055
	Other receivables	11,346
	Prepayments	17,854
	Cash	132,415
Equity	Non-controlling interest	-8,221
Non-current liabilities	Bank debt and borrowings	295,261
	Pension obligations	17,797
	Leasing liabilities	57,858
	Other payables	1,005
	Deferred tax liability & tax provision	91,948
Current liabilities	Bank debt and borrowings	205,192
	Leasing liabilities	25,603
	Prebilled invoices	298,139
	Trade payables	159,129
	Other debts	259,755
	Provisions	12,118
	Income tax payable	7,836
Net assets taken over		**266,844**
Goodwill		1,108,387
Total consideration		**1,375,232**
Cash payment		1,144,253
Share payment		133,473
Holdback		97,506
Total consideration		**1,375,232**

Identified assets and liabilities

Technology and software, DKK 89.2 million
A part of Intrasoft revenue is based on strong platforms developed within Banking, Customs, Compliance, Social Security and Taxation. The fair value of the platforms has been assessed based on the relief from the royalty method. The royalty method has been based on the next 5 years sales forecast, using a deemed license fee rate of 15% and discounted with the internal required rate of return of 9.4% p.a. The calculated fair value has been increased with a tax amortisation benefit factor of 1.2.

Trademark, DKK 35.5 million
Trademark relates to the "Intrasoft" name. The fair value of the trademark has been determined on the relief from royalty method on basis of forecast sales for the next 5 years and using a royalty rate of 1%, discounted with the internal required rate of return of 9.4% p.a. The calculated fair value has been increased with a tax amortisation benefit factor of 1.2.

Order back-log, DKK 38.7 million
Fair value of order back-log has been determined on the 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 7.4% p.a. The calculated fair value has been increased with tax amortisation benefit factors between 1.2 and 1.3.

Customer relationships, DKK 213.4 million
Fair value of customer relationships has been determined on the basis of forecasted NOPLAT from acquisition date in October 2021 to 2028 adjusted for an expected churn-rate and discounted with the internal required rate of return of 9.4% p.a. The calculated fair value has been increased with tax amortisation benefit factors between 1.2 and 1.3.

Deferred tax liability, DKK 91.9 million
Deferred tax of DKK 90.1 million relates to the re-measurement of technology and software, trademark, order back-log and customer relationships reflects and is equal to the total increase in the fair values as a result of increasing the fair values with the tax amortisation benefit factor. Further DKK 1.8 million relates to opening balance.

Note 16

Business Combinations (continued)

Impact on revenue and profit / loss from acquired business in 2021 (DKK'000)	**Revenue**	**Profit**
Intrasoft International S.A. (since acquisition date, 31 October 2021)	285,584	10,101
Intrasoft International S.A. (estimated full year)	1,541,961	27,351

§ Accounting policies

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. Deferred tax related to the revaluations is recognised.

The most significant assets acquired generally comprise goodwill, technology and software, trademark, order back-log and customer relationships. Management estimates the fair value, as no active market exists for the majority of acquired assets, liabilities and contingent liabilities.

The consideration paid for a business consists of the fair value of the agreed consideration in the form of the assets transferred, equity instruments issued, and liabilities assumed at the date of acquisition. If part of the consideration is contingent on future events, such consideration is recognised at fair value. Subsequent changes in the fair value of contingent consideration are recognised in the income statement.

A positive excess (goodwill) of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill.

If uncertainties regarding identification or measurement of acquired assets, liabilities or contingent liabilities or determination of the consideration transferred exist at the acquisition date, initial recognition will be based on provisional values. Any adjustments in the provisional values, including goodwill, are adjusted retrospectively, until 12 months after the acquisition date, and comparative figures are restated.

Any adjustments after 12 months have been and will be recognised in comprehensive income as a fair value adjustment of the consideration payable.

≈ Significant estimates

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 for identifiable assets and liabilities of the acquired business.

Note 17

Investment properties

DKK'000	2022	2021
Cost at 1 January	**2,477**	**0**
Addition, acquisition of subsidiaries	0	5,605
Transfer to held for sale	0	-3,126
Exchange rate adjustments	0	-2
Cost at 31 December	**2,477**	**2,477**
Carrying amount at 31 December	**2,477**	**2,477**

Netcompany-Intrasoft initially owned one building in Bulgaria and land in Greece. The building in Bulgaria was held for sale in 2021 and finally sold in the beginning of 2022. For further details please refer to note 21.

§ Accounting policies

Investment property, principally comprising land is held by the Group for long term rental yields. Investment property is measured at cost less impairment losses. When the carrying amounts of the investment property exceed their recoverable amounts, the difference (impairment) is charged directly in profit or loss.

The land classified as investment property is not depreciated.

The building classified as investment property was depreciated using the straight-line method by equal annual charges over the estimated useful life of the building.

Note 18

Other tangible assets

DKK'000	Leasehold improvements	Equipment	Right of use assets	Total
Cost at 1 January 2022	**49,741**	**137,367**	**331,368**	**518,475**
Corrections	227	-227	0	0
Remeasurements	0	0	-2,504	-2,504
Additions	19,724	32,010	108,958	160,692
Disposals	-1,755	-3,542	-39,617	-44,914
Exchange rate adjustments	-528	680	-6,563	-6,411
Cost at 31 December 2022	**67,408**	**166,288**	**391,643**	**625,338**
Depreciation at 1 January 2022	**-20,302**	**-87,059**	**-96,697**	**-204,058**
Corrections	-227	227	469	469
Depreciation for the year	-14,179	-34,194	-90,207	-138,580
Disposals	1,755	3,065	39,148	43,968
Exchange rate adjustments	111	124	2,307	2,542
Depreciation at 31 December 2022	**-32,841**	**-117,837**	**-144,980**	**-295,658**
Carrying amount at 31 December 2022	**34,567**	**48,451**	**246,662**	**329,680**

Note 18

Other tangible assets (continued)

DKK'000	Leasehold improvements	Equipment	Right of use assets	Total
Cost at 1 January 2021	**28,841**	**94,740**	**165,381**	**288,962**
Additions, acquisition of subsidiaries	10,387	13,077	78,033	101,497
Remeasurements	0	0	34,965	34,965
Additions	13,009	33,237	84,783	131,029
Disposals	-2,981	-4,146	-35,897	-43,024
Exchange rate adjustments	484	459	4,102	5,046
Cost at 31 December 2021	**49,741**	**137,367**	**331,368**	**518,475**
Depreciation at 1 January 2021	**-14,597**	**-62,620**	**-76,424**	**-153,641**
Depreciation for the year	-5,586	-27,758	-54,433	-87,777
Disposals	74	3,737	35,897	39,708
Exchange rate adjustments	-193	-418	-1,737	-2,349
Depreciation at 31 December 2021	**-20,302**	**-87,059**	**-96,697**	**-204,058**
Carrying amount at 31 December 2021	**29,439**	**50,308**	**234,670**	**314,418**

Short term / low-value right of use assets

The Group has entered into leasing contracts regarded as short term and low-value, all expiring within 6 months. Total expenses relating to short term and low value leases recognised in the income statement amounts to DKK 6.5 million and DKK 1.3 million, (DKK 1.9 million and DKK 0.3 million) respectively. All other lease contracts are recognised on the statement of financial position according to IFRS 16.

Future cash outflow from lease contracts

The Group has entered into leasing contracts in 2022 starting in 2023. The future cash flow for these lease contracts amount to DKK 603.9 million (DKK 47.7 million) and mainly relates to the new headquarter in Copenhagen and Athens.

§ Accounting principles

Equipment and leasehold improvement

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:

- Equipment: 3-5 years
- Leasehold improvements: 5-7 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. Gains and losses related to divestments are recognised as other operating income.

Right of use assets

Right of use assets are measured at cost less accumulated depreciation and impairment losses adjusted for any re-measurements of the lease liability where initial cost is equal to the initial amount of the related lease liability. Depreciation is straight-line on the basis of the underlying contracts which are 1-10 years.

Note 19

Investment in joint venture

DKK'000	2022	2021
Cost at 1 January	130,000	75,000
Additions	0	55,000
Cost at 31 December	**130,000**	**130,000**
Revaluation at 1 January	-26,767	-5,035
Net profit / loss for the year	2,705	-4,061
Calculated elimination of unrealised internal profit	-8,578	-17,671
Revaluations at 31 December	**-32,640**	**-26,767**
Carrying amount at 31 December	**97,360**	**103,233**

Joint Venture: (DKK'000)[1]	**Form of enterprise**	**Ownership**	**Equity**	**Result**
Smarter Airports A/S, Copenhagen, Denmark	A/S	50%	256,491	5,410

1 The final and audited financial figures for 2022 are not yet published by Smarter Airports.

Financial information for Smarter Airports (DKK'000)[2]	2022	2021
Revenue	2,462	0
Amortisation	-2,960	0
Financial expenses	-191	-264
Profit before tax	6,936	-10,412
Tax on profit of the year	-1,526	2,291
Non-current assets	259,195	197,538
Current assets	7,980	61,110
Cash and cash equivalents	3,790	56,512
Non-current liabilities	0	0
Current liabilities	10,684	7,567

2 The information disclosed reflects the amounts presented in Smarter Airports A/S and not Netcompany's share of those amounts.

Smarter Airports A/S was founded by Netcompany A/S and Københavns Lufthavne A/S on 9 October 2020.

Netcompany has agreed that the initial DKK 12 million of dividends will be distributed as preferred dividends to the other shareholder of Smarter Airports A/S.

§ Accounting principles

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

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

No indications of impairment were present at balance sheet date.

Impairment test and investments

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

Significant judgements

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

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

Note 20

Financial assets at fair value through other comprehensive income

DKK'000	2022	2021
Unlisted securities:		
Edap-Etep Kritis	87	79
Akropolis Park	0	0
Marathon II Aedakes	397	372
Odyssey Partnes S.C.A. SICAR	839	1,652
Total unlisted securities	**1,324**	**2,102**
Gains/losses recognised in other comprehensive income	0	0

§ Accounting policies

The Group has a number of investments in unlisted entities, which are not accounted for as subsidiaries, associates or jointly controlled entities. For those investments, the Group has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Group considers this measurement to be the most representative of the business model for these assets.

Information about the method and assumptions used in determining fair value is provided in note 35.

All the financial assets at fair value through other comprehensive income are denominated in Euro.

Note 21

Asset held for sale

DKK'000	2022	2021
Transfer from investment properties	0	3,126
Exchange rate adjustments	0	-3
Carrying amount of assets classified as held for sale	**0**	**3,123**
Other liabilities	0	0
Liabilities directly associated with assets classified as held for sale	**0**	**0**
Net assets classified as held for sale	**0**	**3,123**

No assets were held for sale at 31 December 2022, and the assets held for sale in 2021 was successfully sold in 2022, and recognised as gains/loss of DKK 0.1 million in other operating income.

Upon reclassifying the assets and liabilities to held for sale, the net asset held for sale was revalued at fair value less cost to sell.

§ Accounting principles

On-current assets as well as assets and liabilities expected to be sold as a group in a single transaction are classified as held for sale, if their carrying value is likely to be recovered by sale within 12 months in accordance with a formal plan.

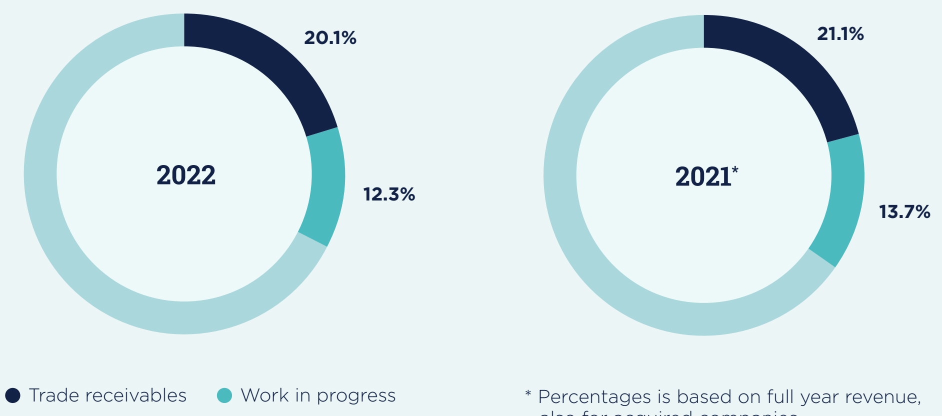
Assets held for sale are measured at the lower of the carrying value and the fair value less costs to sell. Assets are not depreciated from the time they are reclassified to held for sale.

Section 4

Working capital & Capital structure

This section comprises notes related to Netcompany's working capital and capital structure.

Trade receivables and work in progress compared to revenue (%)



* Percentages is based on full year revenue, also for acquired companies

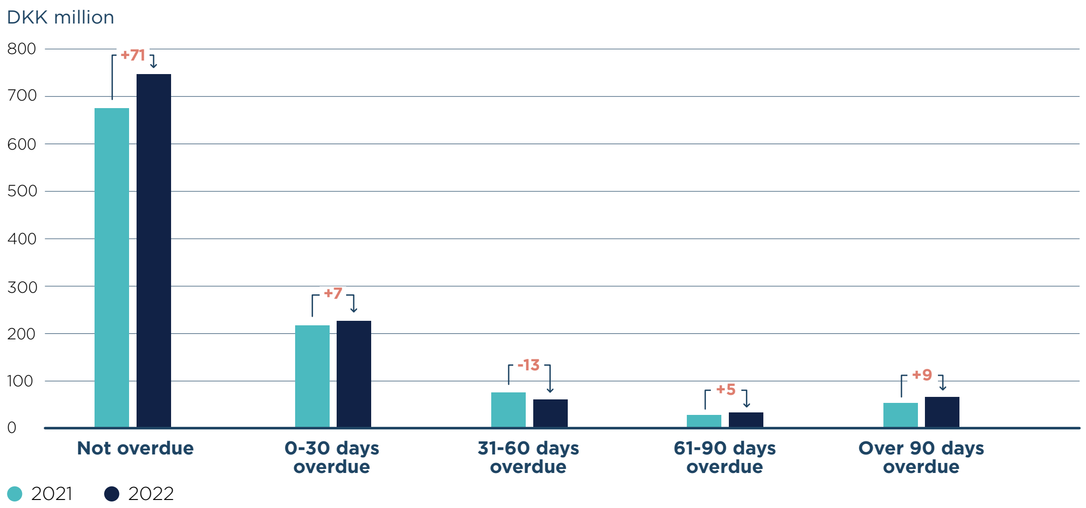
In this section

Note 22

Trade receivables

DKK'000	2022	2021
Trade receivables	**1,111,954**	**1,031,880**

Aging of trade receivables (DKK'000)	2022	2021
Aging of receivables that are not impaired		
Trade receivables, not overdue	746,480	675,255
Trade receivables, 0-30 days overdue	223,963	217,253
Trade receivables, 31-60 days overdue	61,401	73,940
Trade receivables, 61-90 days overdue	33,440	27,954
Trade receivables, over 90 days overdue	63,237	54,398
Total trade receivables excl. expected credit loss	**1,128,521**	**1,048,800**
Expected credit loss	-16,567	-16,920
Total trade receivables	**1,111,954**	**1,031,880**



The carrying amount of the trade receivables is assumed to approximate the fair value. For description of credit risk please refer to note 32.

At 31 December 2022, the Group has recognised expected credit loss of DKK 16.6 million (DKK 16.9 million) and credit losses of DKK 0.7 million have incurred during the year (DKK 5.8 million).

§ 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 expected credit losses.

Note 23

Contract work in progress

DKK'000	2022	2021
Selling price of work performed	3,811,941	2,594,288
Invoiced amount	-3,130,912	-1,925,194
Total contract work in progress	**681,029**	**669,094**

Net value - calculated on a contract-per-contract basis - is presented in the statement of financial position as follows: (DKK'000)	2022	2021
Contract work in progress	1,114,527	1,019,974
Prebilled invoices	-433,498	-350,880
Total contract work in progress	**681,029**	**669,094**

At 31 December 2022, the Group has recognised a provision for project risks of DKK 4.8 million (DKK 2.1 million). Please refer to note 30.

Revenue recognised

Revenue recognised in the financial year that was included in the contract portfolio at the beginning of the year amounts to DKK 589.7 million (DKK 596.6 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. Besides one project in the Netherlands, revenue recognised from contract work in progress in 2022 and 2021 has not been impacted by any significant changes to the revenue recognised in previous years.

Note 23

Contract work in progress (continued)

	<1 year		1-5 years		>5 years	
DKK'000	2022	2021	2022	2021	2022	2021
Expected revenue recognition of future performance obligations	**498,644**	**331,107**	**272,358**	**205,797**	**602**	**313**

Future performance obligations

Future performance obligations derive solely from fixed price contracts. Future performance obligations represent contractual values less revenue recognised at 31 December 2022 for the Group's fixed price projects at year end. As of 31 December 2022, the Group has future performance obligations of DKK 771.6 million on open fixed price projects out of a total of DKK 4,583.5 million (DKK 537.2 million out of a total of DKK 3,131.5 million).

The assessment of the timing of expected revenue recognised from the future performance obligations is subject to some uncertainty.

§ 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 the costs incurred and net realisable value. If prepayments received exceed the selling price on a contract by contract basis, the excess amount is recognised as a liability in "Prebilled invoices".

Contract work in progress consist of fixed price project, Time and Material and Licenses. Contract work in progress is identified on a contract by contract assessment and recognised either at a point in time or point over time. fixed price projects are measured as percentage of completion and is recognised over time whereas Time and Material is measured at a point in time. Licenses are recognised either over time or on point in time depending on the nature of the license sold.

≈ Significant estimates

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 including subcontractors. 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.

Significant judgements

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

Note 24

Cash and cash equivalents

DKK'000	2022	2021
Deposits at banks	336,048	458,779
Total cash and cash equivalents	**336,048**	**458,779**

§ 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 considered to be subject to specific credit risks.

Note 25

Share capital

	2022	2021
Number of shares	**50,000,000**	**50,000,000**
Number of votes	**50,000,000**	**50,000,000**

Netcompany treasury shares	**2022**		**2021**	
	NO.	%	NO.	%
Number of treasury shares 1 January	**827,110**	**1.7%**	**899,813**	**1.8%**
Purchase of own shares	287,189	0.6%	143,970	0.3%
Transfers related to acquisitions	-789	0.0%	-187,687	-0.4%
Transfers related to RSU programme	-212,151	-0.4%	-28,986	-0.1%
Number of treasury shares 31 December	**901,359**	**1.8%**	**827,110**	**1.7%**

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

The company's shares are traded on Nasdaq OMX 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.

Purchase of own shares for the long term Incentive Programme is expected to occur on a yearly basis. Transfer of shares related to the RSU programme will likewise vest on a yearly basis. For a specification of granted RSU please refer to note 7.

Transfers related to the acquisition of Netcompany-Intrasoft was finalised during 2022, while transfer of shares related to acquisition of Netcompany Netherlands will be finalised in 2023.

§ Accounting principles

Treasury shares that are reacquired are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

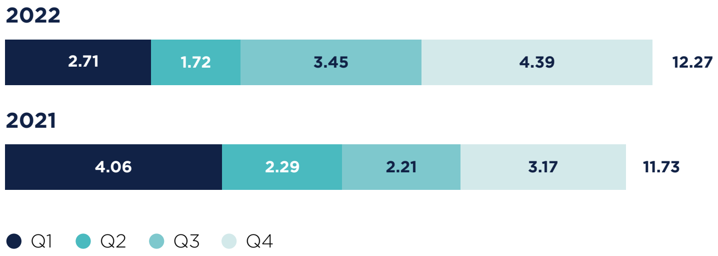
Note 26

Earnings per share

DKK'000	2022	2021
Earnings per share - EPS (DKK)	**12.27**	**11.73**
Diluted earnings per share - EPS-D (DKK)	**12.15**	**11.59**
Profit	603,369	576,142
Average number of shares	50,000	50,000
Average number of treasury shares	806	906
Average number of shares in circulation	49,194	49,094
Average number of outstanding restricted stock units	478	592
Average number of diluted shares in circulation	49,672	49,686

In 2022, DKK 100 million was distributed to shareholders by means of share buyback.

Earnings per share - EPS



Note 27

Borrowings

DKK'000	2022	2021
Non-current liabilities[1]	1,872,372	2,275,788
Current liabilities	47,314	74,497
Total borrowings	**1,919,686**	**2,350,286**

[1] According to the Group loan agreement, Netcompany has the opportunity to voluntarily make instalments at the Group's discretion before the loan initially matures in 2025.

DKK'000	Currency	Maturity	Type of interest	Amortised loan cost	Nominal value	Carrying amount
Bank loan	DKK	2025+1+1	Floating	7,628	1,880,000	1,872,372
Bank loan	EUR	2023	Floating	0	37,183	37,183
Bank loan	USD	2023	Floating	0	10,131	10,131
2022				**7,628**	**1,927,314**	**1,919,686**

DKK'000	Currency	Maturity	Type of interest	Amortised loan cost	Nominal value	Carrying amount
Bank loan	DKK	2023	Floating	2,712	1,080,000	1,077,288
Bank loan	DKK	2023	Floating	1,500	1,200,000	1,198,500
Bank loan	EUR	2022	Floating	0	49,766	49,766
Bank loan	USD	2022	Floating	0	15,968	15,968
Bank loan	JOD	2022	Floating	0	8,764	8,764
2021				**4,212**	**2,354,497**	**2,350,286**

Note 27

Borrowings (continued)

In 2022, Netcompany entered into a new Group facility agreement. The Group bank loan matures in 2025, with the opportunity to postpone with one year, and another year in addition. For further details please refer to note 34.

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

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

§ Accounting principles

On initial recognition, borrowings are measured at fair value less related transactions costs paid. Subsequently to initial recognition, borrowings are measured at amortised costs using the effective interest method. Any difference between the proceeds initially received and the nominal value is recognised in financial expenses over the term of the loan.

Note 28

Pension obligations

Present value of obligation (DKK'000)	**2022**	**2021**
Interest on obligation	129	21
Service costs	2,243	394
Recognised in the income statement	**2,371**	**415**
Actuarial gains and losses from change in financial assumptions	-735	0
Actuarial gains and losses from experience	326	0
Recognised in other comprehensive income	**-410**	**0**
Acquired in business combinations	0	17,797
Exchange rate adjustment	-558	-14
Other changes	**-558**	**17,783**
Value at 31 December	**19,601**	**18,198**

Netcompany contributes to defined benefits and contribution plans. On the defined contribution plans Netcompany has no further payment obligations once the contributions are paid. On the Group's defined benefit plans the responsibility for the pension obligation towards the employees rests with Netcompany.

§ Accounting principles

The regular contributions for defined contribution plans constitute net periodic costs for the year in which they are due and as such are included in staff costs. The liability in respect of defined benefit pension or retirement plans is the present value of the defined benefit obligation at the balance sheet date.

Independent actuaries using the projected unit credit method calculate the defined benefit obligation annually. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in profit or loss.

Note 28

Pension obligations (continued)

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

≈ Significant estimates

In determining pension obligations, management makes use of external and independent actuaries as the basis for the estimates applied in measuring the obligations.

Actuarial assumptions applied	**2022**	**2021**
Discount rate	2.2%	1.5%
Future salary increases	3.0%	2.3%
Future pension increases	2.2%	0.8%
Sensitivity analysis (DKK'000)	**2022**	**2021**
Defined benefit pension obligation	19,601	18,198
Discount rate		
Increase of 0.5 percentage point	18,597	16,719
Decrease of 0.5 percentage point	19,529	17,609
Salary increase		
Increase of 0.5 percentage point	19,454	17,521
Decrease of 0.5 percentage point	18,657	16,790

The table above illustrates the change in the gross obligation relating to defined benefit plans from a change in the key actuarial assumptions. The analysis is based on fairly probable changes, provided that the other parameters remain unchanged.

Note 29

Other payables

DKK'000	2022	2021
Wages and salaries, payroll taxes, social security costs, etc.	87,381	166,026
Holiday pay obligation	96,981	92,197
VAT and duties	111,027	105,759
Contingent consideration	101,272	93,398
Holdback (note 16)	10,246	60,816
Other costs payable	233,676	22,308
Total other payable	**640,582**	**540,504**

The payable contingent consideration regards the acquisition of Netcompany Netherlands B.V. in 2019 and comprises of a contingent element and an earnout element, which both will be transferred in March 2023. The contingent element was granted to the sellers in shares and amounts to DKK 72 million (equal to 305,085 shares according to the purchase agreement). The earn-out related purchase price amounts to DKK 46.1 million (equal to 194,352 shares according to the purchase agreement).

The earnout is fully payable in shares based on the Netcompany share price at the time of the transaction after return of a cash settlement of DKK 16.8 million related to overstated contingent purchase price in 2020.

§ Accounting principles

Accruals for project related costs is recognised as other payables, which by invoicing from vendor is categorised as trade payables. For split between between current and non-current liabilities refer to note 34.

≈ Significant estimates

Contingent consideration resulting from business combinations is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The key assumptions take the probability of meeting the performance target into consideration.

Note 30

Provisions

DKK'000	2022	2021
Other provisions at 1 January	**8,839**	**0**
Additions, acquisition of subsidiaries	0	12,131
Movement in the year	2,711	-3,291
Other provisions at 31 December	**11,550**	**8,839**

Based on the current project portfolio including monitoring of deliveries on projects, the Group has recognised a provision of DKK 11.6 million (DKK 8.8 million), covering legal claims and project related risks.

Accounting principles

Provisions represent potential commitments for onerous contracts or legal claims. 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 represents the Group's best estimate of the unavoidable loss to complete its contract obligations for the related contracts. Legal claims cover legal demands or assertion related to existing as well as already delivered projects.

Significant estimates

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. 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.

Note 31

Non cash items

DKK'000	2022	2021
Unrealised interest	-2,723	697
Exchange rate adjustments on translating foreign subsidiaries	-8,011	10,792
Share based remuneration recognised in Income Statement	25,116	32,195
Total non cash items	**14,382**	**43,685**

Note 32

Working capital changes

DKK'000	2022	2021
Change in receivables	-225,527	-146,947
Change in payables	166,207	-42,303
Total working capital changes	**-59,320**	**-189,249**

Note 33

Financial risks and financial instruments

DKK'000	2022	2021
Categories of financial instruments		
Trade receivables	1,111,954	1,031,880
Other receivables	38,276	39,557
Financial assets measured at amortised cost	**1,150,230**	**1,071,438**
Other securities and investments	1,324	2,102
Cash	336,048	458,779
Financial assets measured at fair value through the statement of comprehensive income	**337,372**	**460,881**
Trade payables	265,196	328,496
Other payables excl. contingent consideration	539,310	447,106
Borrowings	1,919,686	2,350,286
Lease liabilities	265,934	246,624
Financial liabilities measured at amortised cost	**2,990,126**	**3,372,512**
Pension obligations	19,601	18,198
Contingent consideration	101,272	93,398
Financial liabilities measured at fair value	**120,873**	**111,596**

During 2022, the Group completed the scheduled refinancing of the Group bank debt and entered a sustainable linked loan, with improved terms and margins.

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.

Key measures for the Group loan DKK'000	2022	2021
Revolver facilities	2,800,000	1,500,000
Acquisition facility	2,000,000	400,000
Bridge facility (fixed margins)	-	1,200,000
Total combined Group Facility	**4,800,000**	**3,100,000**
Utilisation of Group loan		
Borrowings	1,880,000	2,280,000
Guarantees	148,877	236,666
Total utilisation of Group Loan	**2,028,877**	**2,516,700**
CIBOR/IBOR at 31 December	2.43%	0.00%
Margins based on leverage		
Minimum margin	0.80%	1.10%
Maximum margin	1.90%	2.10%
Margins based on ESG KPIs		
Minimum margin	-0.05%	-
Maximum margin	0.05%	-
Total interest rate on utilised Group loan at 31 December	**3.83%**	**1.20%**
Local facilities not included in Group loan		
Local bank debt	47,314	74,497
Local guarantees	342,170	275,534
Combined Group facilities	**2,847,314**	**2,354,497**
Combined Group guarantees	**491,047**	**512,200**

Note 33

Financial risks and financial instruments (continued)

Liquidity risks

The Group attempts to maximise the flexibility and minimise risks. At 31 December 2022, the Group has unutilised credit facilities of a total of DKK 771.1 million (DKK 183.3 million) excluding an acquisition facility of DKK 2,000 million (DKK 400 million).

Interest rate risks

The Group loan bear floating interest rates, and Management therefore closely follows the development in the IBOR and continuously consider if interest risks should be minimised by hedging the interest rate.

The combined committed facilities constitutes a total amount of DKK 2,847.3 million (DKK 2,774.5 million), and an optional facility of DKK 2,000 million (DKK 400 million) limited to acquisitions, whereof DKK 1,927.3 million (2,354.5 million) has been utilised on borrowings and DKK 148.9 million (DKK 236.7 million) on guarantees.

In 2022, the Group main loan carried floating interest between IBOR + 0.75% and IBOR + 1.95% (IBOR + 0.7% and IBOR + 2.1%) depending on the financial leverage.

Current interest rate equals to yearly bank loan interest expenses of DKK 71.9 million (DKK 20.3 million) based on the current IBOR and current utilisation. The increase compared to 2021 follows the increase in IBOR and the acquisition of Netcompany-Intrasoft in October 2021 and thereby increased utilisation of the facilities.

If the interest rate on the Group bank loan changes 'one additional step up', due to changes in leverage, a new interest rate of 1.6% will be applicable equal to bank loan interest expenses of DKK 75.7 million, which corresponds to an additional increase in financial expenses of DKK 3.8 million.

Following the increase in IBOR, the Group is no longer exposed to interest rate risks relating to the cash balances, which previously bore negative interest due to the past low interest environment.

Credit risks

In 2022, the Group realised credit loss of DKK 0.7 million (DKK 5.8 million). Based on the customer composition and past history with limited credit losses, the credit risk is assessed to be limited and at 31 December 2022, the Group made a provision of DKK 16.6 million (DKK 16.9 million) for expected credit losses.

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 and Euro, 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 activities outside Denmark, which mainly consist of European countries using EUR, but also includes Norway and the United Kingdom. The currency risk related to transactions in EUR is limited, as the DKK to some extent are fixed to the EUR. With respect to subsidiaries situated outside Denmark, there are transactions with the subsidiaries, however, their extent and risk are not significant.

The main bank loans are in DKK. The Group has not entered into any hedging contracts regarding exchange rate risks during 2022 or 2021.

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.

Optimisation of the capital structure

The Group regularly assesses whether its capital structure is in accordance with the Group's and the shareholder's 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.

Note 34

Financial liabilities – maturity analysis

	Current		Non-current			
	<1 year		1-5 years		>5 years	
DKK'000	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Borrowings	47,314	74,497	1,872,372	2,275,788	0	0
Pension obligations	5,829	0	4,087	5,070	9,685	13,129
Lease liabilities	85,420	98,645	140,866	112,462	39,648	35,517
Trade payables	265,169	328,496	0	0	0	0
Other payables	640,528	446,006	0	94,498	0	0
Total financial liabilities	**1,044,260**	**947,644**	**2,017,325**	**2,487,818**	**49,333**	**48,646**

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, and excluding interest payment.

For further details regarding the borrowings, please refer to note 27.

Part of other payables relates to the contingent consideration. For a description of the contingent consideration, please refer to note 29.

Note 35

Fair value hierarchy

DKK'000	2022 Level 3	2021 Level 3
Other securities and investments	1,324	2,102
Total financial assets	**1,324**	**2,102**
Pension obligation	19,601	18,198
Contingent consideration	101,272	93,398
Total financial liabilities	**120,873**	**111,596**

Financial instruments measured at fair value are measured on a recurring basis and categorised into the following levels of the fair value hierarchy.

Level 1: Observable market prices for identical instruments

Level 2: Valuation techniques primarily based on observable prices or traded prices for comparable instruments

Level 3: Valuation techniques primarily based on unobservable prices

Netcompany has no assets or liabilities in level 1 or level 2 and there has been no transfers between categories in the year.

Contingent consideration is measured at fair value through profit and loss. For details on the valuation input to the fair value, please refer to note 29.

Pension obligation is calculated annually by independent actuaries using the projected unit credit method.

Other securities and investment consists of unlisted securities and are measured at fair value through other comprehensive income.

The valuation is based on the latest quarterly reports.

Section 5

Other disclosures

This section covers other statutory notes, which are of secondary importance to the understanding of the financial performance of Netcompany.

In this section

Note 36

Fee to the Group auditor

Fee to the Group auditor (DKK'000)	**2022**	**2021**
Statutory audit	6,541	3,846
Other assurance agreements	50	45
Tax and VAT advisory services	183	0
Other services	199	117
Total fee to the Group auditor	**6,973**	**4,008**

Fees for services other than the statutory audit of the financial statements provided by EY Godkendt Revisionspartnerselskab Denmark amounted to DKK 0.2 million (DKK 0.2 million) including other assurance opinions and other services.

Note 37

Related parties

As at 31 December 2022 there are no shareholders with controlling interest.

Large shareholders (>5%) consists of
- AC NC Holding ApS: 10.3% (Denmark)
- Danske Bank A/S: 5.1% (Denmark)

Please refer to Shareholder Information in Management Commentary.

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

In 2022, Netcompany recognised revenue from Smarter Airports A/S of DKK 70.7 million (DKK 101.6 million) and acquired technology from Smarter Airport A/S of DKK 20 million.

In 2022, Other Key Management Personnel exercised a put option of 44,539 treasury shares related to the acquisition of Intrasoft.

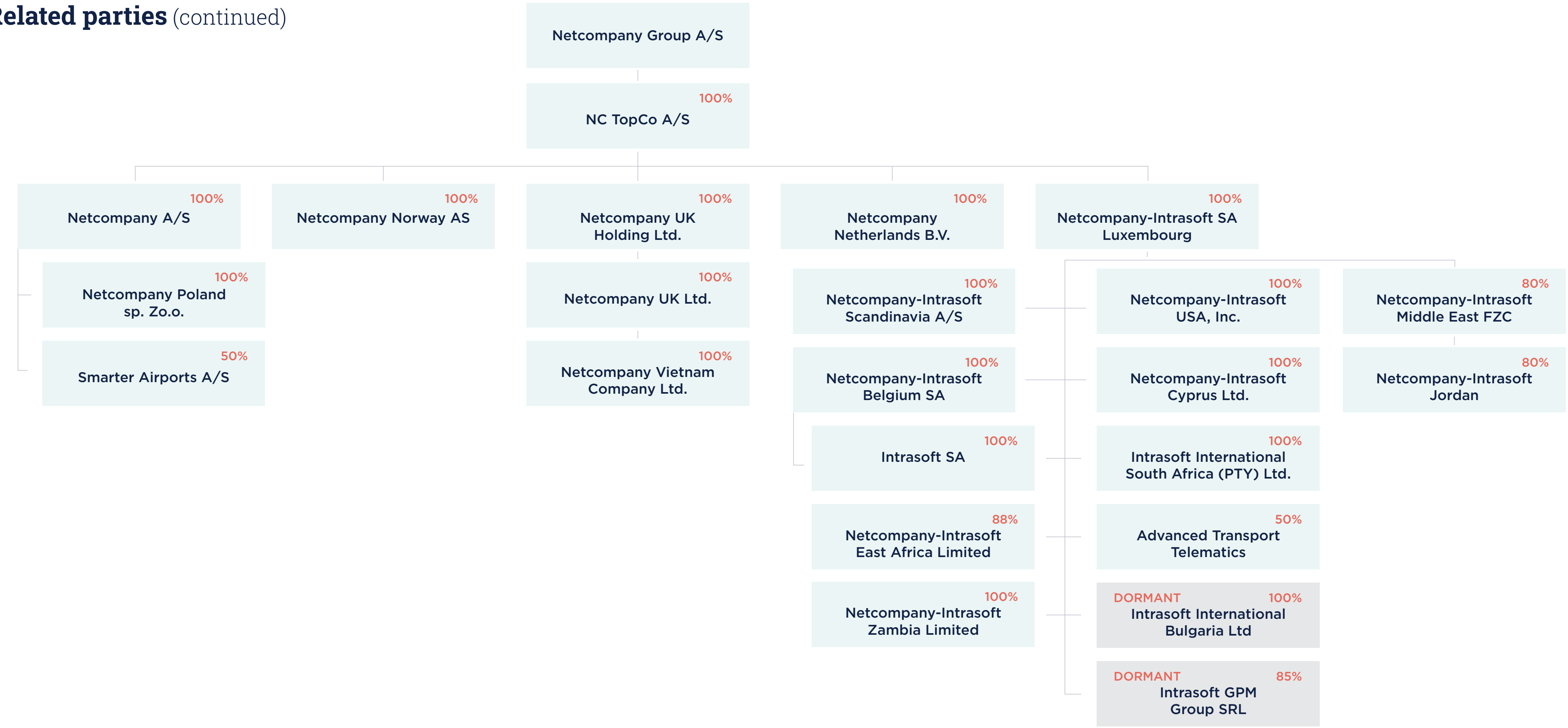
There were no other transactions with members of Executive Management, members of the Board of Directors of the Group or Other Key Management Personnel, other than remuneration and furthermore, no loans were granted to the Board of Directors, Executive Management or Other Key Management Personnel in 2022 or 2021.

Ownership

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

Note 37

Related parties (continued)



Note 37 Related parties (continued)

Name of entity	Location	Currency	Ownership	Function
Netcompany Group A/S	Denmark	DKK		Parent
NC TopCo A/S	Denmark	DKK	100%	Subsidiary
Netcompany A/S	Denmark	DKK	100%	Subsidiary
Netcompany Poland sp. Zo.o	Poland	PLN	100%	Subsidiary
Netcompany Norway AS	Norway	NOK	100%	Subsidiary
Netcompany Holding UK Ltd.	United Kingdom	GPB	100%	Subsidiary
Netcompany UK Ltd.	United Kingdom	GPB	100%	Subsidiary
Netcompany Vietnam Company Ltd.	Vietnam	VND	100%	Subsidiary
Netcompany Netherlands B.V.	Netherlands	EUR	100%	Subsidiary
Netcompany-Intrasoft SA	Luxembourg	EUR	100%	Subsidiary
Netcompany-Intrasoft Scandinavia A/S	Denmark	DKK	100%	Subsidiary
Netcompany-Intrasoft USA, Inc.	Untied States	USD	100%	Subsidiary
Netcompany-Intrasoft Cyprus Ltd.	Cyprus	EUR	100%	Subsidiary
Intrasoft International South Africa (PTY) Ltd.	South Africa	ZAR	100%	Subsidiary
Netcompany-Intrasoft S.A Belgium	Belgium	EUR	100%	Subsidiary
Intrasoft SA	Greece	EUR	100%	Subsidiary
Netcompany-Intrasoft Zambia Limited	Zambia	ZMW	100%	Subsidiary
Intersoft International Bulgaria Ltd (Dormant)	Bulgaria	BGN	100%	Subsidiary
Netcompany-Intrasoft East Africa Limited	Kenya	KES	88%	Subsidiary
Intrasoft GPM Group SRL (Dormant)	North Macedonia	MKD	85%	Subsidiary
Netcompany-Intrasoft Middle East FZC	United Arab Emirates	USD	80%	Subsidiary
Netcompany-Intrasoft Jordan	Jordan	JOD	80%	Subsidiary
Smarter Airport A/S	Denmark	DKK	50%	Joint venture
Advanced Transport telematics	Greece	EUR	50%	Associated
Incelligent I.K.E	Greece	EUR	20%	Associated

Note 38 Collateral provided and contingent liabilities

As part of its contract commitments with customers, the Group has through its banks provided performance guarantees of DKK 491 million (DKK 512.2 million).

There are no collaterals provided for the Group's bank loan.

The Group is in 2022 as well as in 2021 part of some legal claims. The outcome of these disputes is not considered likely to impact the Groups financial position significantly, besides what is allready recognised in the balance sheet.

Note 39 Adoption of the Annual Report for publication

At a meeting held on 25 January 2023, 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.

Note 40 Events after the balance sheet date

At the time of publication, Netcompany Group A/S awaits the outcome of the discussions with the Danish Business Authority.

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

Parent company financial statement

Content

Notes to the consolidated financial statements

Statement of comprehensive income for the Parent for 2022

DKK'000	Notes	2022	2021
Revenue		30,000	30,000
Gross profit		**30,000**	**30,000**
Sales and marketing costs		-2,767	-1,253
Administrative costs	2	-34,293	-40,859
Operating profit / loss (EBIT)		**-7,060**	**-12,112**
Financial income	5	37,746	20,987
Financial expenses	5	-81,946	-32,998
Profit / loss before tax		**-51,261**	**-24,123**
Tax on profit / loss for the year	6	11,156	5,205
Profit / loss for the year		**-40,104**	**-18,918**
Other comprehensive income / loss		0	0
Comprehensive income for the year / loss		**-40,104**	**-18,918**

Statement of financial position of the Parent at 31 December 2022

DKK'000	Notes	2022	2021
Right of use assets		617	1,168
Tangible assets		**617**	**1,168**
Investment in subsidiary	8	3,041,509	3,017,516
Other receivables		246	326
Deferred tax		2,324	3,820
Financial assets		**3,044,080**	**3,021,663**
Non-current assets		**3,044,696**	**3,022,831**
Receivables from Group entities		2,008,306	1,752,501
Tax receivables		184,796	145,322
Other receivables		0	0
Prepayments		3,226	1,157
Receivables		**2,196,328**	**1,898,980**
Cash	9	**1,785**	**7,152**
Current assets		**2,198,113**	**1,906,132**
Assets		**5,242,810**	**4,928,963**

DKK'000	Notes	2022	2021
Share capital	10	50,000	50,000
Treasury shares		-313,287	-241,409
Share-based remuneration		54,226	70,177
Retained earnings		1,478,757	1,537,078
Equity		**1,269,696**	**1,415,846**
Borrowings	11	1,872,372	2,275,788
Lease liability		115	584
Non-current liabilities		**1,872,487**	**2,276,372**
Lease liability		504	586
Trade payables		463	429
Payables to Group entities		2,086,504	1,164,975
Other payables	12	13,157	70,755
Current liabilities		**2,100,627**	**1,236,745**
Liabilities		**3,973,115**	**3,513,117**
Equity and liabilities		**5,242,810**	**4,928,963**

Statement of changes in equity for the Parent for 2022

DKK'000	Share capital	Treasury shares	Share-based remuneration	Retained earnings	Total
Equity at 1 January 2022	**50,000**	**-241,409**	**70,177**	**1,537,078**	**1,415,846**
Profit / loss for the year	0	0	0	-40,104	-40,104
Total comprehensive income	**0**	**0**	**0**	**-40,104**	**-40,104**
Treasury shares acquired in the year	0	-111,472	0	-20,016	-131,487
Treasury shares used in business combinations	0	171	0	388	559
Share-based remuneration for the year	0	39,423	-15,952	1,411	24,882
Total transactions with owners	**0**	**-71,878**	**-15,952**	**-18,217**	**-106,047**
Equity at 31 December 2022	**50,000**	**-313,287**	**54,226**	**1,478,757**	**1,269,696**

DKK'000	Share capital	Treasury shares	Share-based remuneration	Retained earnings	Total
Equity at 1 January 2021	**50,000**	**-175,000**	**42,478**	**1,501,305**	**1,418,783**
Profit / loss for the year	0	0	0	-18,918	-18,918
Total comprehensive income	**0**	**0**	**0**	**-18,918**	**-18,918**
Treasury shares acquired in the year	0	-99,993	0	0	-99,993
Treasury shares used in business combinations	0	29,091	0	103,791	132,882
Share-based remuneration for the year	0	4,493	27,699	0	32,192
Dividend paid	0	0	0	-50,000	-50,000
Dividend on treasury shares	0	0	0	900	900
Total transactions with owners	**0**	**-66.409**	**27,699**	**54,691**	**15,981**
Equity at 31 December 2021	**50,000**	**-241,409**	**70,177**	**1,537,078**	**1,415,846**

Cash flow statement for the Parent for 2022

DKK'000	Notes	2022	2021
Operating profit (EBIT)		-7,060	-12,112
Depreciation		564	484
Non-cash		781	6,452
Working capital changes	13	-9,064	1,865
Cash flows from operating activities		**-14,779**	**-3,311**
Cash outflow on acquisition of subsidiaries		-50,011	-1,181,533
Other receivables (deposits)		80	-109
Cash flows from investing activities		**-49,931**	**-1,181,642**
Income taxes paid on behalf of the Group		-203,588	-183,890
Financial income received		35,897	20,987
Financial expenses paid		-83,398	-30,415
Paid dividend		0	-49,100
Net loan to Group entities		842,489	11,506
Payment of treasury shares		-131,487	-99,993
Proceeds from borrowings		2,182,836	1,700,000
Repayment of borrowings		-2,582,836	-185,182
Repayment of leasing debt		-570	-493
Cash flows from financing activities		**59,343**	**1,183,420**
Increase in cash and cash equivalents		**-5,367**	**-1,533**
Cash and cash equivalents at 1 January		7,152	8,685
Cash and cash equivalents at 31 December	9	**1,785**	**7,152**

Reconciliation of liabilities arising from financing activities (DKK'000)	**Borrowings (note 11)**	**Leasing**	**Total**
Opening balance 1 January 2022	**2,275,788**	**1,170**	**2,276,958**
Proceeds from borrowings	2,182,836	0	2,182,836
Repayment of borrowings	-2,582,836	-570	-2,583,406
Loan costs on refinancing	-9,469	0	-9,469
Amortisation of loan costs (non-cash)	6,053	0	6,053
Leasing (non-cash)	0	19	19
Closing balance 31 December 2022	**1,872,372**	**619**	**1,872,991**

Reconciliation of liabilities arising from financing activities (DKK'000)	**Borrowings (note 11)**	**Leasing**	**Total**
Opening balance 1 January 2021	**760,556**	**591**	**761,147**
Proceeds from borrowings	1,700,000	0	1,700,000
Repayment of borrowings	-185,182	-493	-185,675
Amortisation of loan costs (non-cash)	414	0	414
Leasing (non-cash)	0	1,071	1,071
Closing balance 31 December 2021	**2,275,788**	**1,170**	**2,276,958**

Note 1

Accounting policies

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 Parent's activities.

Totals in the financial statements have been calculated on the basis of actual amounts in accordance with the correct mathematical method. A recalculation of totals may in some cases result in rounding differences caused by the underlying decimals not disclosed to the reader.

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.

Note 2

Administrative costs

DKK'000	2022	2021
Administrative costs	12,632	8,237
Staff costs (note 3)	21,097	32,138
Depreciation	564	484
Total administrative costs	**34,293**	**40,859**

Note 3

Staff costs and remuneration

DKK'000	2022	2021
Salary and wages	21,077	32,119
Other social security costs	20	19
Total staff costs	**21,097**	**32,138**
Staff costs presented under following account balances		
Administrative costs	21,097	32,138
Total staff costs	**21,097**	**32,138**
Average number of employees	**3**	**3**

Note 3

Staff costs and remuneration (continued)

DKK'000	2022	2021
Remuneration to the Board of Directors[1]		
Bo Rygaard	1,372	1,050
Juha Christensen	979	788
Scanes Bentley	730	438
Hege Skryseth	565	350
Åsa Riisberg	779	525
Susan Cooklin	525	0
Total remuneration to the Board of Directors	**4,951**	**3,150**
Remuneration to the Executive Management[1]		
André Rogaczewski	5,562	8,167
Claus Jørgensen	5,586	8,226
Thomas Johansen	3,043	4,734
Total short term remuneration	**14,191**	**21,128**
André Rogaczewski	765	3,370
Claus Jørgensen	765	3,370
Thomas Johansen	425	1,872
Total share-based remuneration expensed	**1,955**	**8,613**
Total remuneration to the Executive Management	**16,146**	**29,741**

[1] Remuneration to Executive Management and Board of Directors is recognised as administrative costs.

DKK'000	2022	2021
Share-based remuneration		
Executive Management	1,955	8,613
Other Group Key Management Personnel	1,274	581
Group employees	21,653	22,998
Total share-based remuneration	**24,882**	**32,192**

During 2022, 91,393 RSUs (59,468 RSUs) were granted of which 20,516 (16,368) were granted to Executive Management and 70,877 (43,100) were granted to Other Key Management Personnel and other employees.

The fair value of total granted RSUs at grant date was DKK 98.3 million (DKK 102.7 million). The cost associated herewith is expensed over the vesting period with DKK 24.9 million in 2022 (DKK 32.2 million).

The number of shares granted is determined by the stock price on the grant day, measured against the value of grant for each person.

The share-based incentive programme based on RSUs will continue in 2023. The company's share-based incentive schemes are further detailed in the Group's Remuneration report.

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

Note 3

Staff costs and remuneration (continued)

Restricted stock units in Netcompany shares	Outstanding 1 Jan 2022	Issued	Lapsed	Transferred	Outstanding 31 Dec 2022	Grant value at 31 Dec 2022	Market value at 31 Dec 2022	Vesting date
	No.	No.	No.	No.	No.	DKK´000	DKK´000	
Allocated to:								
Executive Management, 2018	3,261	0	0	-3,261	0	0	0	
Executive Management, 2019	37,263	0	0	-37,263	0	0	0	
Executive Management, 2020	26,161	0	-8,732	0	17,429	6,130	5,128	31 December 2022
Executive Management, 2021	16,368	0	0	0	16,368	9,431	4,815	31 December 2023
Executive Management, 2022	0	20,516	0	0	20,516	9,902	6,036	31 December 2024
Employees[1], 2018	102,263	0	0	-102,263	0	0	0	
Employees[1], 2019	56,188	0	0	-56,188	0	0	0	
Employees[1], 2020	67,131	0	-4,051	-11,825	51,255	18,026	15,079	31 December 2022
Employees[1], 2021	42,535	0	-2,104	-1,028	39,403	22,703	11,592	31 December 2023
Employees[1], 2022	0	70,877	-3,771	-323	66,783	32,147	19,648	31 December 2024
Total allocated shares	**351,170**	**91,393**	**-18,658**	**-212,151**	**211,754**	**98,338**	**62,298**	

Restricted stock units in Netcompany shares	Outstanding 1 Jan 2021	Issued	Lapsed	Transferred	Outstanding 31 Dec 2021	Grant value at 31 Dec 2021	Market value at 31 Dec 2021	Vesting date
	No.	No.	No.	No.	No.	DKK´000	DKK´000	
Allocated to:								
Executive Management, 2018	33,637	0	-1,390	-28,986	3,261	505	2,297	30 June 2021[1]
Executive Management, 2019	44,605	0	-7,342	0	37,263	7,686	26,252	31 December 2021
Executive Management, 2020	26,161	0	0	0	26,161	9,200	18,430	31 December 2022
Executive Management, 2021	0	16,368	0	0	16,368	9,431	11,531	31 December 2023
Employees[1], 2018	102,969	0	-706	0	102,263	16,146	72,045	31 December 2021
Employees[1], 2019	56,914	0	-726	0	56,188	11,589	39,584	31 December 2021
Employees[1], 2020	68,123	0	-992	0	67,131	23,609	47,294	31 December 2022
Employees[1], 2021	0	43,100	-565	0	42,535	24,508	29,966	31 December 2023
Total allocated shares	**332,409**	**59,468**	**-11,721**	**-28,986**	**351,170**	**102,675**	**247,400**	

[1] Group Employees consists of Other Key Management Personnel and Other Group Employees.

Note 4

Depreciation

DKK'000	2022	2021
Depreciation		
Right of use assets	564	484
Total Depreciation	**564**	**484**
Depreciation presented as follows in the income statement:		
Administrative costs	564	484
Total Depreciation	**564**	**484**

Note 5

Financial income and expenses

DKK'000	2022	2021
Financial income		
Intra-group interest income	35,810	20,924
Other finance income	1,935	63
Total Financial income	**37,746**	**20,987**
Financial expenses		
Intra-group interest expenses	31,700	15,751
Interest expenses, leasing	7	8
Interest expenses on bank loan	37,783	10,733
Other finance charges	13,456	6,506
Total Financial expenses	**81,946**	**32,998**

Note 6

Tax

DKK'000	2022	2021
Current tax	-12,652	-4,322
Adjustment to prior year	0	23
Change in deferred tax	1,496	-906
Total current tax	**-11,156**	**-5,205**
Profit / loss before tax	-51,261	-24,123
Tax at a rate of 22%	-11,277	-5,307
Adjustment to prior year	0	23
Tax-based value of non-deductible expenses	121	79
Total current tax	**-11,156**	**-5,205**
Effective tax rate	**21.8%**	**21.6%**

Note 7

Right of use assets

DKK'000	2022	2021
Cost at 1 January	**1,236**	**682**
Additions	0	1,456
Remeasurements	12	-392
Disposals	-469	-511
Cost at 31 December	**779**	**1,236**
Depreciation at 1 January	**-67**	**-94**
Depreciation for the year	-564	-484
Disposals	469	511
Depreciation at 31 December	**-162**	**-67**
Carrying amount at 31 December	**617**	**1,168**

Note 8

Investments in subsidiaries

DKK'000	2022	2021
Cost at 1 January	**3,017,516**	**1,618,705**
Acquisition of subsidiary	0	1,375,232
Capital contribution	0	1,375,232
Transfer of subsidiary (push down)	0	-1,375,232
Share-based remuneration additions	23,993	23,579
Cost at 31 December	**3,041,509**	**3,017,516**
Carrying amount at 31 December	**3,041,509**	**3,017,516**

Subsidiaries: (DKK'000)	Form of enterprise	Ownership	Equity	Result
NC TopCo A/S, Copenhagen, Denmark[1]	A/S	100 %	3,144,493	24,370

1 Annual Report 2021

Note 8

Investments in subsidiaries (continued)

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

Share-based remuneration additions to investments in subsidiaries incurred by the Parent on behalf of staff employed in subsidiaries (note 3) and are not recognised in the Parent income statement.

§ 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 is any indication of impairment.

Impairment test for investments
The subsidiaries of the Parent 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.

In 2022, 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.

Note 9

Cash and cash equivalents

DKK'000	2022	2021
Deposits at banks	1,785	7,152
Total cash and cash equivalents	**1,785**	**7,152**

Note 10

Share capital

	2022	2021
Number of shares	**50,000,000**	**50,000,000**
Number of votes	**50,000,000**	**50,000,000**

Netcompany treasury shares	**2022**		**2021**	
	NO.	%	NO.	%
Number of treasury shares 1 January	**827,110**	**1.7%**	**899,813**	**1.8%**
Purchase of own shares	287,189	0.6%	143,970	0.3%
Transfers related to acquisitions	-789	0.0%	-187,687	-0.4%
Transfers related to RSU programme	-212,151	-0.4%	-28,986	-0.1%
Number of treasury shares 31 December	**901,359**	**1.8%**	**827,110**	**1.7%**

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

The company's shares are traded on Nasdaq OMX 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.

Purchase of own shares for the long term Incentive Programme is expected to occur on a yearly basis. Transfer of shares related to the RSU programme will likewise vest on a yearly basis.

Transfers related to the acquisition of Netcompany-Intrasoft was finalised during 2022, while transfer of shares related to acquisition of Netcompany Netherlands will be finalised in 2023.

For a specification of granted RSU or treasury shares please refer to note 3.

Note 11

Borrowings

DKK'000	2022	2021
Non-current liability[1]	1,872,372	2,275,788
Current liability	0	0
Total borrowings	**1,872,372**	**2,275,788**

[1] According to the Group loan agreement, Netcompany has the opportunity to voluntarily make instalments at the Group's discretion before the loan matures in 2025.

DKK'000	Currency	Maturity	Type of interest	Amortised loan cost	Nominal value	Carrying amount
Bank loans	DKK	2025+1+1	Floating	7,628	1,880,000	1,872,372
2022				**7,628**	**1,880,000**	**1,872,372**

DKK'000	Currency	Maturity	Type of interest	Amortised loan cost	Nominal value	Carrying amount
Bank loans	DKK	2023	Floating	2,712	1,080,000	1,077,288
Bank loans	DKK	2023	Floating	1,500	1,200,000	1,198,500
2021				**4,212**	**2,280,000**	**2,275,788**

In 2022, Netcompany entered into a new Group facility agreement. The Group bank loan matures in 2025, with the opportunity to postpone with one year, and another year in addition. For further details please refer to note 32.

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

Note 12

Other payables

DKK'000	2022	2021
Wages and salaries, payroll taxes, social security costs, etc. payable	3	7,500
VAT and duties	1,507	1,506
Holdback (note 16 in Group)	10,246	60,816
Other costs payable	1,401	933
Total other payables	**13,157**	**70,755**

Note 13

Working capital changes

DKK'000	2022	2021
Change in receivables	-2,069	-88
Change in payables	-6,995	1,953
Total working capital changes	**-9,064**	**1,865**

Note 14

Financial risks and financial instruments

DKK'000	2022	2021
Categories of financial instruments		
Receivables from Group entities	2,008,306	1,752,501
Financial assets measured at amortised cost	**2,008,306**	**1,752,501**
Cash	1,785	7,152
Financial assets measured at fair value	**1,785**	**7,152**
Borrowings	1,872,372	2,275,788
Lease liabilities	619	1,170
Trade payables	463	429
Payables to Group entities	2,086,504	1,164,975
Other payables	13,157	70,755
Financial liabilities measured at amortised cost	**3,973,115**	**3,513,117**

Note 14 Financial risks and financial instruments (continued)

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

During 2022, the Parent completed the scheduled refinancing of the bank debt and entered a sustainable linked loan, with improved terms and margins.

The Parent attempts to maximise flexibility and minimise risks. At 31 December 2022, the Parent has unutilised credit facilities of a total of DKK 771.1 million (DKK 183.3 million) excluding an acquisition facility of DKK 2,000.0 million (DKK 400.0 million).

Interest rate risks

The Parent's loan bear floating interest rates, and Management therefore closely follows the development in the IBOR and continuously consider if interest risks should be minimised by hedging the interest rate.

The combined committed facilities constitutes a total amount of DKK 2,800 million (DKK 2,700 million), and an optional facility of DKK 2,000 million (DKK 400 million) limited to acquisitions, whereof DKK 1,880 million (2,280 million) was utilised on borrowings and DKK 148.9 million (DKK 236.7 million) on guarantees.

The Parent's original bank loan carried floating interest rates between IBOR + 0.8% and IBOR + 1.9% (IBOR + 1.1% and IBOR + 2.1%), depending on the financial leverage.

Current interest rate equals to yearly bank loan interest expenses of DKK 71.9 million (DKK 20.3 million) based on the current IBOR and current utilisation. The increase compared to 2021 follows the increase in IBOR and the acquisition of Netcompany-Intrasoft in October 2021 and thereby increased utilisation of the facilities.

If the interest rate on the Group bank loan changes ‘one additional step up’, due to changes in leverage, a new interest rate of 1.6% will be applicable equal to bank loan interest expenses of DKK 75.7 million, which corresponds to an additional increase in financial expenses of DKK 3.8 million.

Credit risks

In 2022, the Parent has not realised any credit losses. At 31 December 2022, the credit risk is primarily relating to intercompany receivables where the credit risk is considered remote and the Parent has made a provision of DKK 0 for expected credit losses.

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 equity-to-debt ratio.

Note 15 Fee to the Group auditor

(DKK’000)	2022	2021
Statutory audit	1,968	673
Other assurance agreements	50	0
Tax and VAT advisory services	0	0
Other services	178	25
Total fee to the Group auditor	**2,196**	**698**

Fees for services other than the statutory audit of the financial statements provided by EY Godkendt Revisionspartnerselskab Denmark amounted to DKK 0.2 million (DKK 0.0 million) including other assurance opinions and other services.

Note 16

Related parties

As at 31 December 2022, there are no shareholders with controlling interest.

Large shareholders (>5%) consists of
- AC NC Holding ApS: 10.3% (Denmark)
- Danske Bank A/S: 5.1% (Denmark)

Please refer to Shareholder Information 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 subsidiaries and joint venture to the Group. All transactions with related parties are made on arm's length terms. The Parent earns fee income from subsidiaries in relation to administrative services amounting to DKK 30.0 million (DKK 30.0 million).

In 2022, Other Key Management Personnel in the Group exercised a put option of 44,539 treasury shares related to the acquisition of Intrasoft.

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 2022 and 2021.

Ownership

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

Note 17

Collateral provided and contingent liabilities

Netcompany Group A/S will provide continuing financial support to Netcompany Netherlands B.V. for a period up until February 2024.

The Parent has provided collateral for bank guarantees initiated by its subsidiaries towards its customers amounting DKK 148.9 million (DKK 236.7 million).

There are no collaterals provided for the Group's bank loan.

The Group is in 2022 as well as in 2021 part of some legal claims. The outcome of these disputes are not considered likely to impact the Groups financial position significantly, besides what is allready recognised in the balance sheet.

Note 18

Joint taxation

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

Note 19

Events after the balance sheet date

At the time of publication, Netcompany Group A/S awaits the outcome of the discussions with the Danish Business Authority.

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

Board of Directors and Executive Management statement

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 2022 for the Group and 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 2022 and of the results of their operations and cash flows for the financial year 1 January - 31 December 2022 for the Group and 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.

In our opinion, the Annual Report for Netcompany Group A/S with the file name Netcompany Group-2022-12-31.zip for the financial year 1 January - 31 December 2022 for the Group and the Parent is conducted in compliance with the ESEF regulation.

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

Copenhagen, 25 January 2023

Executive management

André Rogaczewski
Chief Executive Officer

Claus Jørgensen
Chief Operating Officer

Thomas Johansen
Chief Financial Officer

Board of Directors

Bo Rygaard
Chairman

Juha Christensen
Vice Chairman

Scanes Bentley

Hege Skryseth

Åsa Riisberg

Susan Helen Cooklin

Independent auditor's report

To the shareholders of Netcompany Group A/S

Report on the audit of the Consolidated Financial Statements and Parent Company Financial Statements

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Netcompany Group A/S for the financial year 1 January – 31 December 2022, which comprise statement of comprehensive income, statement of financial position, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company 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 company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2022 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 long-form audit report 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 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 company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

Appointment of auditor

We were initially appointed as auditor of Netcompany Group A/S on 9 March 2021 for the financial year 2021. We have been reappointed annually by resolution of the general meeting for a total consecutive period of 1 year up until the financial year 2022.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 2022. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the key audit matters below. Accordingly, our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below,

Independent auditor's report (continued)

provide the basis for our audit opinion on the financial statements.

Revenue recognition, including the measurement and recognition of work in progress
The accounting principles and disclosures on revenue recognition related to projects are included in note 23 to the consolidated financial statements. On 31 December 2022, the carrying value of the Group's work in progress amounted to DKK 1,115 million. Significant judgement is required by Management in determining the stage of completion and expected profit on work in progress, including assessment of specific project risks and assessment of potential onerous contracts. In addition, the Group's accounting for arrangements with multiple performance obligations is subject to complexity, as the total contract value is allocated to each identified performance obligation 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, we consider revenue recognition, including the measurement and recognition of work in progress to be a key audit matter.

How our audit addressed the key audit matter
As part of our audit, we obtained an understanding of the Group's processes for assessment of time and cost-to-complete estimates, the processes for identification and assessment of performance obligations and the processes for identification and assessment of project related risks including the risk of projects changing into onerous contracts.

We assessed the internal controls relating to monitoring of project development, time registration, estimation of time and cost-to-complete and identification and assessment of project risks and potential onerous contracts.

We obtained an overview of the Group's projects in progress on 31 December 2022. On basis of risk and materiality we selected a sample of projects. For the selected sample, we tested Management's assumptions for assessment of stage of completion, estimates of expected time and cost-to-complete and expected profits. To assess the accuracy of Management's assumptions and estimates we performed look-back analysis by comparing the actual profit of completed projects with the expected profit from budgets. We analysed the budget deviations and discussed with Management the possible risk of similar deviations on projects in progress on 31 December 2022.

We tested the identification and accounting of arrangements with multiple performance obligations by testing a sample of recognised arrangements to supporting customer contracts and amendments. We tested the identification, assessment and accounting of project risks, potential onerous contracts, and warranty issues by application of data analysis and examination of supporting documentation.

Statement on the Management's review
Management is responsible for the Management's review.

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

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

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with

Independent auditor's report (continued)

the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

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

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

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

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

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

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

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

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

Independent auditor’s report (continued)

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

- 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 have 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, actions taken to eliminate threats or safeguards applied.

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 company 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.

Report on compliance with the ESEF Regulation
As part of our audit of the Consolidated Financial Statements and Parent Company Financial Statements of Netcompany Group A/S, we performed procedures to express an opinion on whether the annual report of Netcompany Group A/S for the financial year 1 January – 31 December 2022 with the file name Netcompany Group-2022-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;

- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human readable format; and

- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor’s judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;

Independent auditor’s report (continued)

- Obtaining an understanding of the company’s iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes;
- Evaluating the appropriateness of the company’s use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of Netcompany Group A/S for the financial year 1 January – 31 December 2022 with the file name Netcompany Group-2022-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 25 January 2023

EY
Godkendt Revisionspartnerselskab
Business Registration
No 30700228

Mikkel Sthyr
State Authorised Public Accountant
mne26693

Morten Weinreich Larsen
State Authorised Public Accountant
mne42791

Formulas

Key figures and financial ratios have been compiled in accordance with the following calculation formulas.

[1] Key figures defined according to IFRS.
[2] Key figures defined according to Recommendations & Financial Ratios" issued by the Danish Finance Society.

Organic revenue	= Revenue not classified as non-organic revenue
Non-organic revenue	= Revenue from acquired businesses the first 12 months after acquisition
Organic Growth[1]	= $\frac{\text{Organic revenue current year x 100}}{\text{Revenue last year}}$
Gross profit margin[1,2]	= $\frac{\text{Gross profit x 100}}{\text{Revenue}}$
EBITA[1,2]	= Operating profit + Amortisation
EBITA margin[1,2]	= $\frac{\text{EBITA x 100}}{\text{Revenue}}$
Adjusted EBITA	= EBITA + Special items + Other operating income
Adjusted EBITA margin	= $\frac{\text{Adjusted EBITA x 100}}{\text{Revenue}}$
Operating profit margin[1]	= $\frac{\text{Operating profit x 100}}{\text{Revenue}}$
EBITDA[1,2]	= EBIT + Depreciation and amortisation
EBITDA margin	= $\frac{\text{EBITDA x 100}}{\text{Revenue}}$
Adjusted EBITDA	= EBITDA + Special items + Other operating income
Adjusted EBITDA margin	= $\frac{\text{Adjusted EBITDA x 100}}{\text{Revenue}}$
EPS[1]	= $\frac{\text{Net profit}}{\text{Average outstanding shares}}$
EPS diluted[1]	= $\frac{\text{Net profit}}{\text{Average outstanding shares + Diluted shares}}$
Free cash flow[1,2]	= Cash flow from operating activities - Capex
Capex[1,2]	= Capitalised costs and cost spent to buy intangible and tangible assets, excluding impact from business acquisitions.
Cash conversion ratio[1,2]	= $\frac{\text{Free cash flow x 100}}{\text{Net profit - Amortisation and deferred tax of amortisation}}$
Days sales outstanding[1,2]	= $\frac{\text{Trade receivables x days}}{\text{Revenue}}$
Return on equity[2]	= $\frac{\text{Net profit for the period x 100}}{\text{Average equity}}$
Return on invested capital (ROIC)[1,2]	= $\frac{\text{Net profit x 100}}{\text{Average invested capital}}$
ROIC (Adjusted for Goodwill)[1]	= $\frac{\text{Net profit x 100}}{\text{Average invested capital – average Goodwill}}$
Solvency (equity ratio)[1]	= $\frac{\text{Equity x 100}}{\text{Total assets}}$
Equity per share[2]	= $\frac{\text{Equity excluding non-controlling interest at year-end}}{\text{Number of circulating shares at year-end}}$
Price/book value[2]	= $\frac{\text{Share price at year-end}}{\text{Equity per share at year-end}}$
Market value[1]	= Number of shares, excluding treasury shares, year-end x share price at year-end
Dividend return	= $\frac{\text{Paid dividend per share}}{\text{Share price at beginning of year}}$

Company information

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Annual Report 2022

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