

## *Company announcement – three months ended 31 March 2019*

### Netcompany reports increasing margins and improved free cash flow in Q1 2019

*Company  
announcement  
no 13/2019  
8 May 2019*

#### *Summary*

Netcompany realised organic revenue of DKK 597.7m in Q1 2019, corresponding to an organic and reported revenue growth of 15.6%.

Adjusted EBITA grew by 15.2% to DKK 147.2m compared to DKK 127.8m in Q1 2018, corresponding to an adjusted EBITA margin of 24.6%.

The average number of full-time employees grew by 332 from 1,766 during Q1 2018 to 2,098 during Q1 2019.

Free cash flow remained strong and increased by 11.2% from DKK 67.6m in Q1 2018 to DKK 75.2m in Q1 2019. Normalised for on account tax payments, free cash flow increased by 67% to DKK 111.1m, yielding a cash conversion ratio of 92.7%.

Revenue visibility for the year 2019 increased by 13.1% to DKK 1,786.3m compared to DKK 1,579.4m at the beginning of 2019, of which DKK 597.7m reflected realised revenue during Q1 2019.

For 2019, Netcompany maintains its expectations to revenue growth in constant currencies of between 20% - 25% and group adjusted EBITA margin in constant currencies of around 26%.

*“We have delivered growth as expected of 15.6% in Q1 2019 against a relative high revenue growth in Q1 2018, supportive of our ambition to grow between 20% and 25% for the full year. Margins and free cash flow was improved compared to Q1 2018 as a result of our continued focus on delivering projects on time, quality and budget to our customers. Our businesses in both Norway and the UK grew by around 30% and margins were improved. In Denmark, we saw growth returning to in the private segment based on larger scale projects coming to the market.*

*During Q1 2019, we deliberately slowed the recruiting pace and yet we have welcomed more than 137 employees since the beginning of the year.*

*We are off to a good start for the year in line with our expectations.”*

*André Rogaczewski, Netcompany CEO and Co-founder*

### Q1 Performance highlights

- Reported and organic revenue growth of 15.6%
- Gross margin increased to 39.1%
- Free cash flow improved by 67% to DKK 111.1m
- Cash conversion rate of 92.7%

### Financial overview

DKK million	Q1 2019 (reported)	Q1 2019 (constant)*	Q1 2018	% change (reported)	% change (constant)
Revenue	597.7	596.3	517.0	15.6%	15.3%
Gross profit	233.6	233.4	198.2	17.9%	17.8%
EBITA	146.1	146.0	120.1	21.7%	21.5%
EBITA margin	24.4%	24.5%	23.2%	1.2pp	1.3pp
Adjusted EBITA	147.2	147.0	127.8	15.2%	15.0%
Adjusted EBITA margin	24.6%	24.7%	24.7%	-0.1pp	-0.1pp
Operating profit	120.5	120.3	91.2	32.0%	31.8%
Operating profit margin	20.2%	20.2%	17.6%	2.5pp	2.5pp
Net profit / loss	98.7	98.5	51.2	92.8%	92.4%
Capex	-6.1	N/A	-3.5	76.8%	N/A
Net increase / decrease in cash and cash equivalents	65.2	N/A	-41.2	N/A	N/A

\*Constant currencies measured using average exchange rates for Q1 2018

### Conference call details

In connection with the publication of the results for Q1 2019, Netcompany will host a conference call on 8 May 2019 at 10.00 CEST. The conference call will be held in English and can be followed live via the company's website; [www.netcompany.com](http://www.netcompany.com)

Dial-in details for investors and analysts:

DK: 32728042

UK: +44 (0) 2071 928000

Confirmation code:..... 2387888

Webcast Player URL: ... <https://edge.media-server.com/m6/p/65hg47v>

### Additional information

André Rogaczewski, CEO +45 70 13 14 40

Thomas Johansen, CFO +45 51 19 32 24

*Financial highlights and key figures*

DKK million	Q1 2019	Q1 2018	% change	Total 2018
<b>Income statement</b>				
Revenue				
Public	350.8	285.8	22.7%	1152.1
Private	246.9	231.2	6.8%	901.1
<i>Revenue by segments, total</i>	<u>597.7</u>	<u>517.0</u>	15.6%	2,053.2
Development	330.0	223.2	47.9%	1005.4
Maintenance	267.6	293.8	-8.9%	1047.8
<i>Revenue by types, total</i>	<u>597.7</u>	<u>517.0</u>	15.6%	2,053.2
Organic	597.7	439.9	35.9%	1777.5
Acquisition	0.0	77.1	-100.0%	275.7
<i>Revenue by growth, total</i>	<u>597.7</u>	<u>517.0</u>	15.6%	2,053.2
Special items	-1.1	-7.7	-86.1%	-34.5
EBITA	146.1	120.1	21.7%	479.7
Adjusted EBITA	147.2	127.8	15.2%	514.2
Operating profit (EBIT)	120.5	91.2	32.0%	364.3
Net financials	5.9	-24.7	N/A	-108.7
Net profit / loss	98.7	51.2	92.8%	181.2
<b>Financial position</b>				
Capex	-6.1	-3.5	76.8%	-22.9
Total assets	3,582.2	3,426.8	4.5%	3,485.4
Equity	1,772.6	1,702.6	4.1%	1,806.3
Net increase in cash and cash equivalents	65.2	-41.2	N/A	-85.3
Free cash flow	75.2	67.6	11.2%	163.6
<b>Earnings per share</b>				
Earnings per share (DKK)	2.00	1.03	93.8%	3.65
Diluted Earnings per share (DKK)	1.99	1.03	92.8%	3.65
<b>Employees</b>				
Average number of full-time employees	2098.8	1766.3	18.8%	1859.7

DKK million	Q1 2019	Q1 2018	% change	Total 2018
<b>Financial ratios</b>				
Gross profit margin	39.1%	38.3%	0.8pp	39.8%
EBITA margin	24.4%	23.2%	1.2pp	23.4%
Adjusted EBITA margin	24.6%	24.7%	-0.1pp	25.0%
Operating profit margin	20.2%	17.6%	2.5pp	17.7%
Effective tax rate	21.9%	23.1%	-1.2pp	29.1%
Return on equity	5.7%	3.4%	2.3pp	10.5%
Solvency ratio	49.5%	49.7%	-0.2pp	51.8%
<b>Long-term financial metrics</b>				
Revenue growth	15.6%	55.3%	-39.7pp	45.0%
Operating profit margin	20.2%	17.6%	2.5pp	17.7%
Return on invested capital (ROIC)	3.6%	2.0%	1.6pp	6.6%
Cash conversion ratio	63.3%	91.7%	-28.4pp	60.3%

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Netcompany Group A/S  
Grønningen 17, 1270 Copenhagen  
Company Registration no. 39 48 89 14

The ratios have been compiled in accordance with the following calculation formulas:

<i>Return on equity</i>	=	$\frac{\text{Net profit for the period} \times 100}{\text{Average equity}}$	<i>Operating profit margin</i>	=	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
<i>EPS</i>	=	$\frac{\text{Net profit for the period} - \text{Dividends on preferred stock}}{\text{Average outstanding common shares}}$	<i>EPS diluted</i>	=	$\frac{\text{Net profit / loss for the period} - \text{Dividends on preferred stock}}{\text{Average outstanding common shares} + \text{RSU}}$
<i>Gross profit margin</i>	=	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$	<i>Solvency ratio</i>	=	$\frac{\text{Equity} \times 100}{\text{Total assets}}$
<i>EBITA margin</i>	=	$\frac{\text{EBITA} \times 100}{\text{Revenue}}$	<i>Return on invested capital (ROIC)</i>	=	$\frac{\text{Net profit} \times 100}{\text{Average invested capital}}$
<i>Adjusted EBITA margin</i>	=	$\frac{(\text{EBITA} - \text{Special items}) \times 100}{\text{Revenue}}$	<i>Cash conversion rate*</i>	=	$\frac{\text{Free cash flow}}{\text{Net profit for the period} - \text{amortisation and deferred tax of amortisation}}$
<i>Free cash flow*</i>	=	Cash flows from operating activities - Capex	<i>Capex*</i>	=	Cost spent to buy, repair, update, or improve fixed asset, such as a building or equipment

\*As of 2019, Netcompany has adopted industry standard definitions of Capex, Free cash flow and Cash conversion rate. Full disclosure of ratios calculated using the previous method is given in note 12.

*Performance overview*

DKK million	Q1 2019 (reported)	Q1 2019 (constant)*	Q1 2018	% change (reported)	% change (constant)
Revenue	597.7	596.3	517.0	15.6%	15.3%
Cost of services	-364.1	-362.9	-318.8	14.2%	13.8%
<b>Gross profit</b>	<b>233.6</b>	<b>233.4</b>	<b>198.2</b>	<b>17.9%</b>	<b>17.8%</b>
<i>Gross profit margin</i>	<i>39.1%</i>	<i>39.1%</i>	<i>38.3%</i>	<i>0.8pp</i>	<i>0.8pp</i>
Sales and marketing costs	-2.7	-2.7	-2.7	1.1%	1.2%
Administrative costs	-83.7	-83.6	-67.7	23.7%	23.6%
<b>Adjusted EBITA</b>	<b>147.2</b>	<b>147.0</b>	<b>127.8</b>	<b>15.2%</b>	<b>15.0%</b>
<i>Adjusted EBITA margin</i>	<i>24.6%</i>	<i>24.7%</i>	<i>24.7%</i>	<i>-0.1pp</i>	<i>-0.1pp</i>
Special items	-1.1	-1.1	-7.7	-86.1%	-86.1%
<b>EBITA</b>	<b>146.1</b>	<b>146.0</b>	<b>120.1</b>	<b>21.7%</b>	<b>21.5%</b>
<i>EBITA margin</i>	<i>24.4%</i>	<i>24.5%</i>	<i>23.2%</i>	<i>1.2pp</i>	<i>1.3pp</i>
Amortisation	-25.7	-25.7	-28.8	-11.1%	-11.1%
<b>Operating profit (EBIT)</b>	<b>120.5</b>	<b>120.3</b>	<b>91.2</b>	<b>32.0%</b>	<b>31.8%</b>
<i>Operating profit margin</i>	<i>20.2%</i>	<i>20.2%</i>	<i>17.6%</i>	<i>2.5pp</i>	<i>2.5pp</i>
Net financials	5.9	5.9	-24.7	N/A	N/A
<b>Profit / loss before tax</b>	<b>126.4</b>	<b>126.2</b>	<b>66.5</b>	<b>89.9%</b>	<b>89.7%</b>
Tax	-27.7	-27.7	-15.3	80.4%	80.6%
<i>Effective tax rate</i>	<i>21.9%</i>	<i>22.0%</i>	<i>23.1%</i>	<i>-1.2pp</i>	<i>-1.1pp</i>
<b>Net profit / loss</b>	<b>98.7</b>	<b>98.5</b>	<b>51.2</b>	<b>92.8%</b>	<b>92.4%</b>

\*Constant currencies measured using average exchange rates for Q1 2018

Reported revenue increased by 15.6% (constant 15.3%) to DKK 597.7m in Q1 2019 compared to the same period last year, supported by growth across all geographies. The UK operation grew revenue by 30.5% and the Norwegian operation grew revenue by 29.3%, while the Danish operation generated revenue growth of 11.2%.

The development in the Danish business operation was fully in line with expectations and a result of the actions taken during the second half of 2018, whereby the intake of new employees was reduced, compared to the first six months of 2018, in order to reach an overall growth rate of around 25% in 2018 (realised 26.5%). As stated on previous occasions, organic revenue growth is targeted to be between 20% and 25% to sustain margins. Growth in the first half of 2018 was significantly higher than that, particularly in Denmark, but the consequential reduction in the onboarding pace of new employees naturally impacted the ability to grow in Q1 2019, as the starting point was lower when comparing to the starting point in 2018. As a result, client facing FTE's in the Danish business unit grew by 14% in the first three months of 2019 compared to a growth of 30% in the first three months of Q1 2018.

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In addition to the above, revenue growth in Q1 2019 in Denmark, was negatively impacted by a lower level of “one-off’s” consisting of license sales and pass-throughs, which was DKK 10.7m higher in Q1 2018 compared to Q1 2019.

Cost of services increased by 14.2% (constant 13.8%) to DKK 364.1m in Q1 2019, which was lower than the relative increase in revenue growth. As a result, gross profit margin increased by 0.8 percentage point from 38.3 percentage points to 39.1 percentage points, driven by an improved performance across all geographies.

Sales and marketing costs increased by 1.1% (constant 1.2%) to DKK 2.7m. The increase in sales and marketing costs was primarily driven by the timing of marketing events.

Administrative costs increased by 23.7% (constant 23.6%) to DKK 83.7m in Q1 2019. The increase in administrative costs was driven by several factors, of which the most significant was the Group employing an average of 2,098.8 FTEs in Q1 2019 compared to 1,766.3 FTEs in Q1 2018, an increase of 18.8%. This meant, that more consultants in absolute numbers spent time on certification and other course training, as well as increasing the infrastructure costs, which are all activities reported as administrative costs. In addition, administrative costs increased due to an increase in remuneration to the Executive Management and Board of Directors “post IPO”, as well as an increase in administrative staff needed to secure the additional reporting and governance requirements following the IPO of Netcompany. Finally, the increase in administrative costs was impacted by the opening of a new UK headquarter in July 2018.

Adjusted EBITA increased by 15.2% (constant 15.0%) to DKK 147.2m. This led to an adjusted EBITA margin of 24.6%, compared to 24.7% on Q1 2018.

Special items decreased by 86.1% to DKK 1.1m, which all related to M&A advisory costs. In Q1 2018, DKK 1.0m related to M&A advisory costs, while DKK 6.7m related to the IPO of Netcompany.

EBITA increased by 21.7% (constant 21.5%) to DKK 146.1m. This led to an EBITA margin of 24.4%, which was an increase of 1.2 percentage points compared to the same period last year, as the lower amount of special items costs in Q1 2019 more than covered the decrease in adjusted EBITA margin.

Amortisation of intangible assets recognised upon business combinations in the past, decreased by 11.1% to DKK 25.7m in Q1 2019. The decrease in amortisation was driven by some of the intangible assets in relation to FSN Capital acquiring Netcompany on 1 February 2016, now being fully written off according to the amortisation schedule.

Operating profit (EBIT) increased by 32.0% (constant 31.8%) to DKK 120.5m. This led to an operating profit margin of 20.2% compared to 17.6% in Q1 2018. The increase in operating profit margin was driven by the increase in EBITA margin and the decrease in amortisation.

Net financials were positive in Q1 2019 driven by a positive development in the Danish krone against the British pound, which as a result decreased borrowings taken in British pounds by DKK 14.5m. Adjusted for this, net financials were negative by 8.6 mDKK, which reflects the interest costs on the bank facilities and that level reflects a “normalised setting” of financial costs (on current debt level), which was a decrease

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of 34.8% compared to net financial costs of DKK 24.7m in Q1 2018. This development was primarily driven by the refinancing of all external borrowings in connection with the IPO, which led to significantly lower interest rates post IPO.

The effective tax rate in Q1 2019 was 21.9%, which was a decrease of 1.2 percentage points compared to the same period last year. The decrease in effective tax rate was primarily driven by the fact, that Q1 2018 was impacted by a higher amount of special items, categorised as non-tax-deductible costs.

The net result in Q1 2019 increased by 92.8% (constant 92.4%) to DKK 98.7m.



*Business Segments*

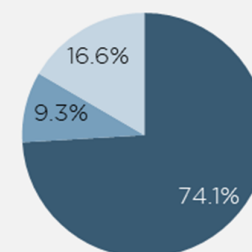
Segment information related to operating entities:

DKK million	Constant (2018 rate)	Q1 2019			
		Group	Denmark	Norway	United Kingdom
Revenue from external customers		596.3	441.9	55.4	98.9
<b>Gross profit</b>		<b>233.4</b>	<b>191.8</b>	<b>23.1</b>	<b>18.4</b>
<i>Gross profit Margin</i>		<i>39.1%</i>	<i>43.4%</i>	<i>41.7%</i>	<i>18.6%</i>
Local admin costs		-77.9	-62.1	-8.1	-7.7
<b>Adjusted EBITA before allocated cost from HQ</b>		<b>155.5</b>	<b>129.7</b>	<b>15.0</b>	<b>10.8</b>
<i>Adjusted EBITA margin before allocated cost from HQ</i>		<i>26.1%</i>	<i>29.4%</i>	<i>27.1%</i>	<i>10.9%</i>
Allocated costs from HQ		-8.4	-5.9	-0.7	-1.9
Special Items, allocated		-1.1	-0.8	-0.1	-0.2
<b>EBITA</b>		<b>146.0</b>	<b>123.1</b>	<b>14.2</b>	<b>8.7</b>

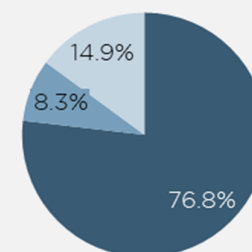
DKK million	Reported	Q1 2018			
		Group	Denmark	Norway	United Kingdom
Revenue from external customers		517.0	397.3	42.6	77.1
<b>Gross profit</b>		<b>198.2</b>	<b>169.5</b>	<b>15.1</b>	<b>13.6</b>
<i>Gross profit Margin</i>		<i>38.3%</i>	<i>42.7%</i>	<i>35.5%</i>	<i>17.6%</i>
Local admin costs		-65.2	-54.3	-5.3	-5.7
<b>Adjusted EBITA before allocated cost from HQ</b>		<b>132.9</b>	<b>115.2</b>	<b>9.8</b>	<b>7.9</b>
<i>Adjusted EBITA margin before allocated cost from HQ</i>		<i>25.7%</i>	<i>29.0%</i>	<i>23.1%</i>	<i>10.2%</i>
Allocated costs from HQ		-5.1	-3.7	-0.4	-1.0
Special Items, allocated		-7.7	-5.5	-0.5	-1.7
<b>EBITA</b>		<b>120.1</b>	<b>106.0</b>	<b>9.0</b>	<b>5.1</b>

Revenue, %

■ DK ■ NO ■ UK



Q1 2019



Q1 2018

Revenue in constant currencies increased by 15.3% to DKK 596.3m, driven by a revenue growth of 30.0% in the Norwegian operation and 28.3% in the UK operation, while the Danish operation grew 11.2%.

Gross profit in constant currencies increased by 17.8% to DKK 233.4m in Q1 2019, which led to a gross profit margin of 39.1% compared to 38.3% in the same period last year. The increase in gross profit margin in the Danish operation was driven by a lower amount of freelancers, while the

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increase in gross profit margin in Norway was driven by a combination of higher utilisation and a lower amount of freelancers compared to the same period last year. The increase in gross profit margin in the UK operation was a result of higher utilisation.

Adjusted EBITA before allocated costs from HQ increased by 17.0% to DKK 155.5m in Q1 2019, which led to a margin of 26.1% compared to 25.7% in Q1 2018. The increase was driven by higher gross profit margins across all business operations, which was somewhat offset by a relative higher increase in administration costs compared to revenue growth. This increase was driven by an increase in administrative staff needed to secure the additional reporting and governance requirements following the IPO of Netcompany as well as an expansion of office space, while the relative higher increase in administration costs in UK and Norway was driven by the new office headquarter in London as well as the high intake of new employees in Norway in Q3 2018.

EBITA increased by 21.6% to DKK 146.0m in Q1 2019 and was negatively impacted by the increase in allocated costs from HQ. This development was however offset by the decrease in special items in the same period. Special items in Q1 2018 related to M&A and IPO activities, while HQ costs included costs such as remuneration to the Executive Management and Board of Directors, which increased due to a market level adjustment of remuneration “post IPO”.

Public

DKK million	Group			Denmark			Norway			United Kingdom		
	Q1 2019	Q1 2018	% chg	Q1 2019	Q1 2018	% chg	Q1 2019	Q1 2018	% chg	Q1 2019	Q1 2018	% chg
Revenue	350.8	285.8	22.7%	276.9	248.9	11.3%	29.4	25.1	17.2%	44.4	11.8	277.6%
Cost of service	-222.4	-178.4	24.6%	-168.0	-151.9	10.6%	-18.4	-17.0	8.2%	-35.9	-9.5	278.0%
<b>Gross profit</b>	<b>128.4</b>	<b>107.4</b>	<b>19.6%</b>	<b>108.9</b>	<b>97.0</b>	<b>12.2%</b>	<b>11.0</b>	<b>8.1</b>	<b>36.3%</b>	<b>8.5</b>	<b>2.3</b>	<b>276.0%</b>
Gross profit margin	36.6%	37.6%	-1.0pp	39.3%	39.0%	0.3pp	37.4%	32.1%	5.2pp	19.2%	19.2%	-0.1pp
Allocated costs	-50.1	-39.8	25.9%	-42.8	-35.8	19.4%	-4.6	-3.2	43.3%	-2.7	-0.8	264.7%
<b>Adjusted EBITA before allocated cost from HQ</b>	<b>78.3</b>	<b>67.6</b>	<b>15.9%</b>	<b>66.1</b>	<b>61.2</b>	<b>8.0%</b>	<b>6.4</b>	<b>4.9</b>	<b>31.7%</b>	<b>5.8</b>	<b>1.5</b>	<b>281.6%</b>
Adjusted EBITA margin before allocated cost from HQ	22.3%	23.7%	-1.3pp	23.9%	24.6%	-0.7pp	21.9%	19.5%	2.4pp	13.0%	12.9%	0.1pp
Allocated costs from HQ	-5.1	-2.8	81.2%	-4.0	-2.5	65.0%	-0.4	-0.2	73.3%	-0.7	-0.1	388.7%
Special items	-0.7	-4.3	-84.7%	-0.5	-3.7	-85.9%	0.0	-0.3	-85.5%	-0.1	-0.2	-66.6%
<b>EBITA</b>	<b>72.6</b>	<b>60.5</b>	<b>19.9%</b>	<b>61.6</b>	<b>55.0</b>	<b>11.8%</b>	<b>6.0</b>	<b>4.4</b>	<b>37.9%</b>	<b>5.0</b>	<b>1.1</b>	<b>345.7%</b>
EBITA margin	20.7%	21.2%	-0.5pp	22.2%	22.1%	0.1pp	20.4%	17.4%	3.1pp	11.3%	9.6%	1.7pp
Amortisation	-15.5	-15.9	-2.7%	-12.3	-13.8	-11.3%	-1.2	-1.3	-7.7%	-2.0	-0.8	164.0%
<b>Operating profit</b>	<b>57.1</b>	<b>44.6</b>	<b>28.0%</b>	<b>49.3</b>	<b>41.2</b>	<b>19.6%</b>	<b>4.8</b>	<b>3.1</b>	<b>57.4%</b>	<b>3.0</b>	<b>0.4</b>	<b>719.2%</b>
Operating profit margin	16.3%	15.6%	0.7pp	17.8%	16.5%	1.2pp	16.3%	12.2%	4.2pp	6.8%	3.1%	3.7pp

Public segment revenue increased by 22.7% to DKK 350.8m, primarily driven by a high revenue growth in the UK operation, which increased by 277.6% to DKK 44.4m, driven by customers such as Home Office, Highways England and Department for Work and Pension. The Norwegian public segment grew 17.2% compared to the same period last year, primarily driven by Oslo municipality, while the Danish public segment grew 11.3%, which was at level with overall revenue growth in the Danish business operation.

Cost of services increased by 24.6% to DKK 222.4m, as a larger proportion of the public revenue growth in Q1 2019, came from the UK business operation, which generates a lower margin, based on their higher usage of independent contractors. In addition, the high revenue growth in the UK public segment came from development projects, which caused the average hourly rate in the public segment to fall slightly below the level in Q1 2018. Gross margin decreased by 1.0 percentage point from 37.6% in Q1 2018 to 36.6% in Q1 2019.

Allocated costs increased by 25.9% in Q1 2019 to DKK 50.1m, which was a higher relative increase compared to revenue growth. This development was primarily driven by the general development in administration costs, as well as the split between hours spend on public and private customers in Q1 2019 compared to the same period last year.

Adjusted EBITA before allocated costs from HQ increased by 15.9% to DKK 78.3m, which led to a margin of 22.3% compared to 23.7% in Q1 2018. The decrease in margin, was driven by the higher proportion of revenue from the UK operation and the development in allocated costs.

Private

DKK million	Group			Denmark			Norway			United Kingdom		
	Q1 2019	Q1 2018	% chg	Q1 2019	Q1 2018	% chg	Q1 2019	Q1 2018	% chg	Q1 2019	Q1 2018	% chg
Revenue	246.9	231.2	6.8%	165.0	148.4	11.2%	25.7	17.5	46.7%	56.2	65.3	-13.9%
Cost of service	-141.7	-140.4	0.9%	-82.0	-75.9	8.0%	-13.7	-10.5	30.9%	-45.9	-54.0	-14.9%
<b>Gross profit</b>	<b>105.2</b>	<b>90.8</b>	<b>15.8%</b>	<b>82.9</b>	<b>72.5</b>	<b>14.4%</b>	<b>12.0</b>	<b>7.0</b>	<b>70.2%</b>	<b>10.3</b>	<b>11.3</b>	<b>-9.0%</b>
<i>Gross profit margin</i>	<i>42.6%</i>	<i>39.3%</i>	<i>3.3pp</i>	<i>50.3%</i>	<i>48.8%</i>	<i>1.4pp</i>	<i>46.6%</i>	<i>40.2%</i>	<i>6.4pp</i>	<i>18.3%</i>	<i>17.3%</i>	<i>1.0pp</i>
Allocated costs	-27.9	-25.5	9.4%	-19.3	-18.4	4.9%	-3.5	-2.1	68.7%	-5.0	-5.0	1.5%
<b>Adjusted EBITA before allocated cost from HQ</b>	<b>77.3</b>	<b>65.3</b>	<b>18.3%</b>	<b>63.6</b>	<b>54.0</b>	<b>17.7%</b>	<b>8.5</b>	<b>5.0</b>	<b>70.9%</b>	<b>5.2</b>	<b>6.3</b>	<b>-17.3%</b>
<i>Adjusted EBITA margin before allocated cost from HQ</i>	<i>31.3%</i>	<i>28.2%</i>	<i>3.1pp</i>	<i>38.5%</i>	<i>36.4%</i>	<i>2.1pp</i>	<i>33.0%</i>	<i>28.3%</i>	<i>4.7pp</i>	<i>9.3%</i>	<i>9.7%</i>	<i>-0.4pp</i>
Allocated costs from HQ	-3.3	-2.3	45.5%	-1.8	-1.2	46.6%	-0.3	-0.1	103.4%	-1.2	-0.9	34.5%
Special items	-0.4	-3.5	-87.6%	-0.2	-1.8	-86.9%	0.0	-0.2	-81.1%	-0.2	-1.4	-89.5%
<b>EBITA</b>	<b>73.5</b>	<b>59.6</b>	<b>23.5%</b>	<b>61.5</b>	<b>51.0</b>	<b>20.7%</b>	<b>8.1</b>	<b>4.6</b>	<b>77.0%</b>	<b>3.9</b>	<b>4.0</b>	<b>-3.0%</b>
<i>EBITA margin</i>	<i>29.8%</i>	<i>25.8%</i>	<i>4.0pp</i>	<i>37.3%</i>	<i>34.3%</i>	<i>3.0pp</i>	<i>31.6%</i>	<i>26.2%</i>	<i>5.4pp</i>	<i>6.9%</i>	<i>6.1%</i>	<i>0.8pp</i>
Amortisation	-10.2	-12.9	-21.4%	-5.6	-7.1	-21.9%	-0.9	-0.9	5.7%	-3.7	-5.0	-25.3%
<b>Operating profit</b>	<b>63.4</b>	<b>46.6</b>	<b>35.9%</b>	<b>56.0</b>	<b>43.8</b>	<b>27.7%</b>	<b>7.2</b>	<b>3.7</b>	<b>93.4%</b>	<b>0.2</b>	<b>-1.0</b>	<b>-117.8%</b>
<i>Operating profit margin</i>	<i>25.7%</i>	<i>20.2%</i>	<i>5.5pp</i>	<i>33.9%</i>	<i>29.5%</i>	<i>4.4pp</i>	<i>28.1%</i>	<i>21.3%</i>	<i>6.8pp</i>	<i>0.3%</i>	<i>-1.5%</i>	<i>1.8pp</i>

Private segment revenue increased by 6.8% to DKK 246.9m in Q1 2019, primarily driven by the Danish and Norwegian operation, which increased by 11.2% and 46.7% respectively. The Norwegian growth came from existing customers prolonging their framework agreements and expansion of previously contracted framework agreements, while revenue growth in the Danish private segment was driven by a significant increase in activity in the insurance industry.

Cost of services increased by 0.9% to DKK 141.7m in Q1 2019. The primary driver behind this development, was the fact, that revenue growth in Q1 2019 in the private segment came from the Danish and Norwegian operations, while revenue growth in Q1 2018 primarily came from the UK operation, which generated a higher cost to serve compared to the Norwegian and Danish business operations. Both the Danish and Norwegian private segment increased gross profit margins. The Danish private segment reduced the amount of freelancers, while the Norwegian gross profit increased as a combination of higher utilisations and a lower amount of freelancers in Q1 2019.

Allocated segment costs increased by 9.4% to DKK 27.9m in Q1 2019, which was a higher relative increase compared to revenue growth. This development was primarily driven by the general development in administration costs, as well as the split between hours spend on public and private customers in Q1 2019 compared to the same period last year. In the UK, one project is causing the allocated costs to remain unchanged despite lower revenue, as that project had realised a large amount of hours not charged. For the rest of the year, this project is not expected to impact the UK operation negatively as it has been the case during Q1 2019.

## Netcompany reports increasing margins and improved free cash flow in Q1 2019

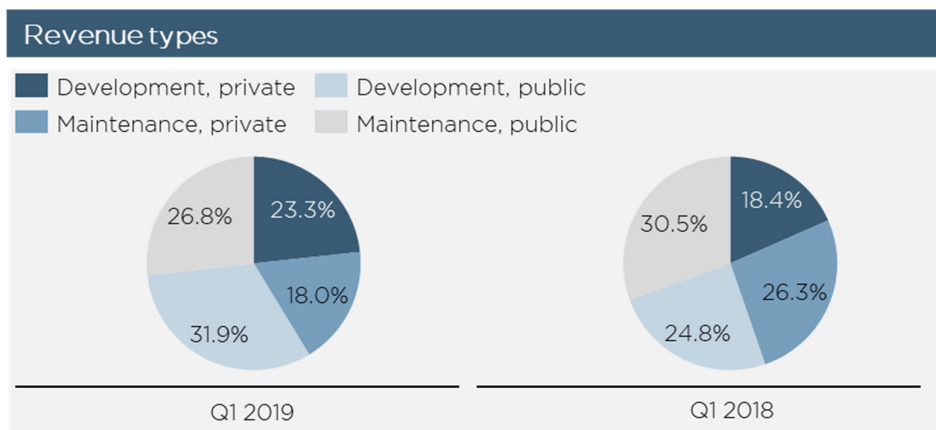
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Company Registration no. 39 48 89 14

Adjusted EBITA before allocated costs from HQ increased by 18.3% to DKK 77.3m in Q1 2019. This led to an adjusted EBITA margin of 31.3%, which was an increase of 3.1 percentage points compared to an adjusted EBITA margin of 28.2% in Q1 2018. This development was primarily driven by the increase in gross profit margin, which was somewhat offset by allocated costs.

*Revenue types*

The relative split between development and maintenance, shifted towards a higher proportion of development in Q1 2019 compared to Q1 2018. As such, development increased by 12.0 percentage points to 55.2% in Q1 2019, primarily driven by the increase in development projects in the UK public operation, as well as an increase in development projects in the Danish private segment. This development was partly offset by the increase in maintenance in the public sector in Denmark, as several large public projects in the Danish operation were set in production towards the second half of 2018.



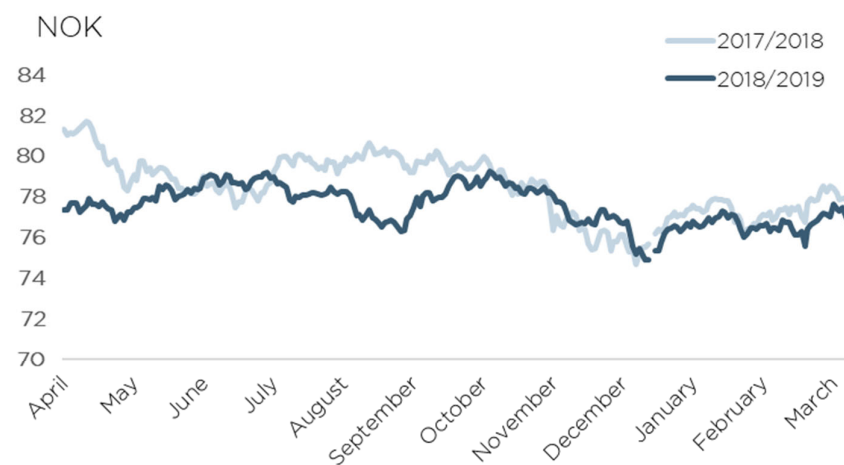
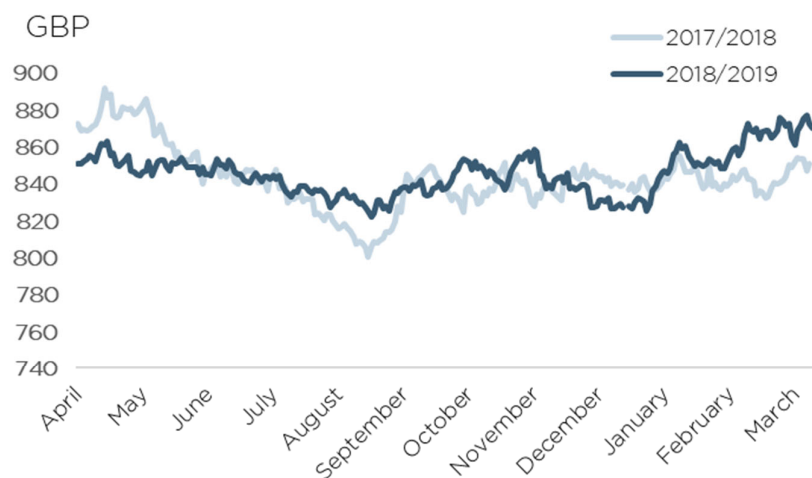
Currency exposures

Local currency million	Q1 2019					
	DKK	NOK	GBP	VND	PLN	
Revenue	441.9	71.9	11.8	0.0	0.0	
EBIT	103.6	16.3	0.5	1,856.3	0.6	
Net result	85.3	13.3	0.4	1,257.4	0.4	

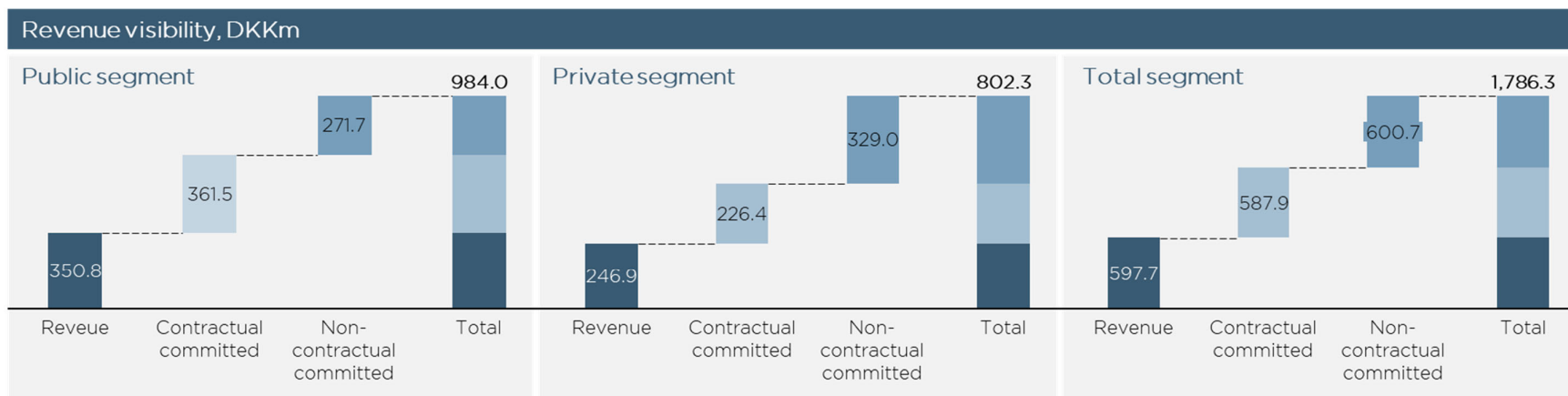
Local currency million	Q1 2018					
	DKK	NOK	GBP	VND	PLN	
Revenue	397.1	55.4	9.2	0.0	0.0	
EBIT	64.9	9.8	0.6	1,574.5	7.5	
Net result	26.7	7.4	0.8	1,567.0	6.6	

The Group is exposed to exchange rate risk in the countries where the Group has its sales activities outside Denmark, which means Norway and UK and to a lesser extent, exchange rate risk in Poland and Vietnam, which is used as sourcing centres and therefore do not have an exchange rate risk related to sales activities, but only net costs exposures. As most of the Group's sales are in DKK it implies limited foreign exchange risk due to the ultimate parent company's functional and reporting currency being in DKK.

Netcompany'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 that given currency. The graphs below show the currency exchange rates used for Netcompany's main currencies.



Revenue visibility



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

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

By the beginning of April 2019, revenue visibility for 2019 amounted to DKK 1,786.3. Of this, contractual committed revenue amounted to DKK 587.9m and non-contractual committed engagements amounted to DKK 600.7m, while realised revenue in Q1 2019 amounted to DKK 597.7m. Revenue visibility in the public segment amounted to DKK 984.0m, of which contractual committed revenue amounted to DKK 361.5m and non-contractual committed engagements amounted to DKK 271.7m, while realised revenue in Q1 2019 amounted to DKK 350.8m. Revenue visibility in the private segment amounted to DKK 802.3m of which, contractual committed revenue amounted to DKK 226.4m and non-contractual committed engagements amounted to DKK 329.0m, while realised revenue in Q1 2019 amounted to 246.9m.

Compared to Q1 2018 revenue visibility improved 22.3% from DKK 1,460.7m to DKK 1,786.3m for 2019.

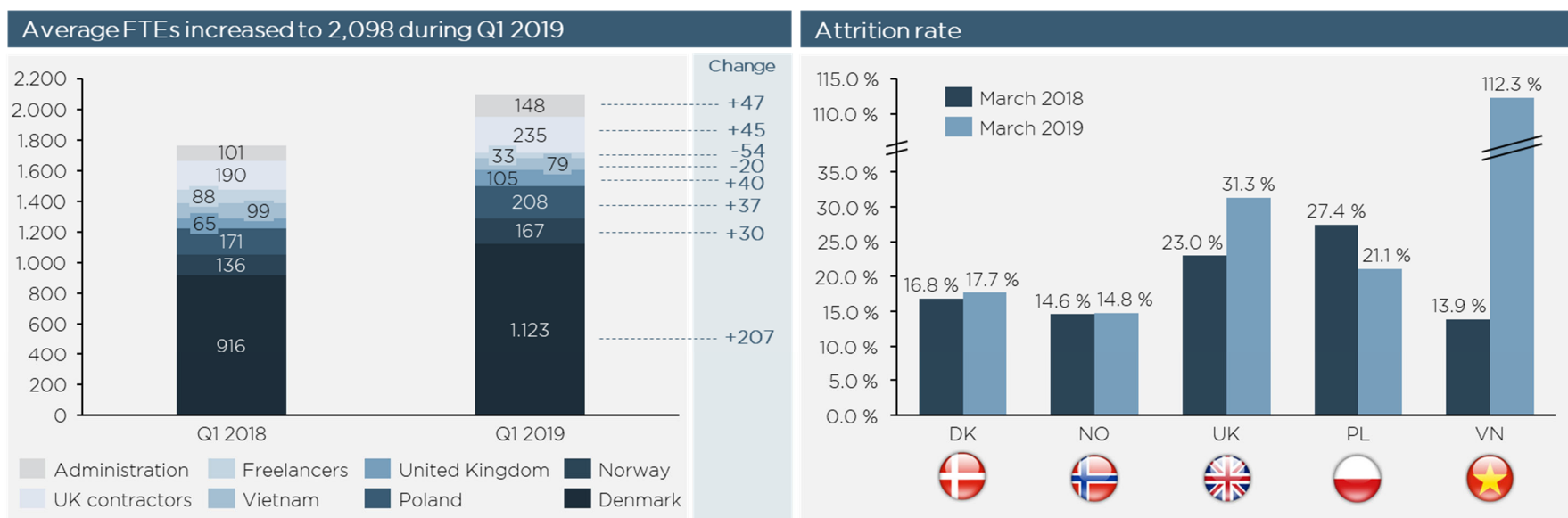


### Employees

Netcompany employed an average of 2,098.8 FTEs in Q1 2019 and 1,766.3 FTEs in Q1 2018, which was an increase of more than 332 FTEs. The increase in FTEs was driven by a high intake of new employees in all countries as a result of high activity in all three business operations in Denmark, Norway and UK. The decrease in Vietnam is related to closing of the Hanoi office.

The usage of freelancers has been reduced during Q1 from a level of 44 freelancers at the end of Q4 2018 to 33 at the end of Q1 2019.

The attrition rate for last twelve months was 24.9%, which was an increase of 7.0 percentage points compared to same period last year. The increase was primarily driven by the close down of the Hanoi office in Vietnam, which drove the attrition rate up in the second half of 2018.



## Cash flow and other significant balance sheet items

### Free cash flow and cash conversion ratio

Taxes paid within the Group are, due to local tax regulations, paid on account in Q1 and in Q4. To adjust for this timing mismatch between expensed and paid corporate income taxes the free cash flow should be viewed in a tax normalised manner to better reflect the underlying development in free cash flow based on operations rather than impact from local tax legislation in Denmark.

Netcompany generated a free cash flow of DKK 75.2m in Q1 2019, which was an increase of 11.2% compared to DKK 67.6m in Q1 2018. Adjusted for taxes paid on account, the Group generated a free cash flow of DKK 111.1m in Q1 2019 compared to DKK 66.4m in Q1 2018, corresponding to an increase in free cash flow of 67.3%.

Cash conversion ratio decreased by 28.4pp from 91.7% in Q1 2018 to 63.3% in Q1 2019. The decrease in cash conversion ratio was primarily driven by the payment of taxes on account in the Danish operation. Adjusted for taxes paid on account, cash conversion was 92.7% in Q1 2019 which was an increase of 2.6pp compared to normalized cash conversion ratio of 90.1% in Q1 2018.

### Trade receivables

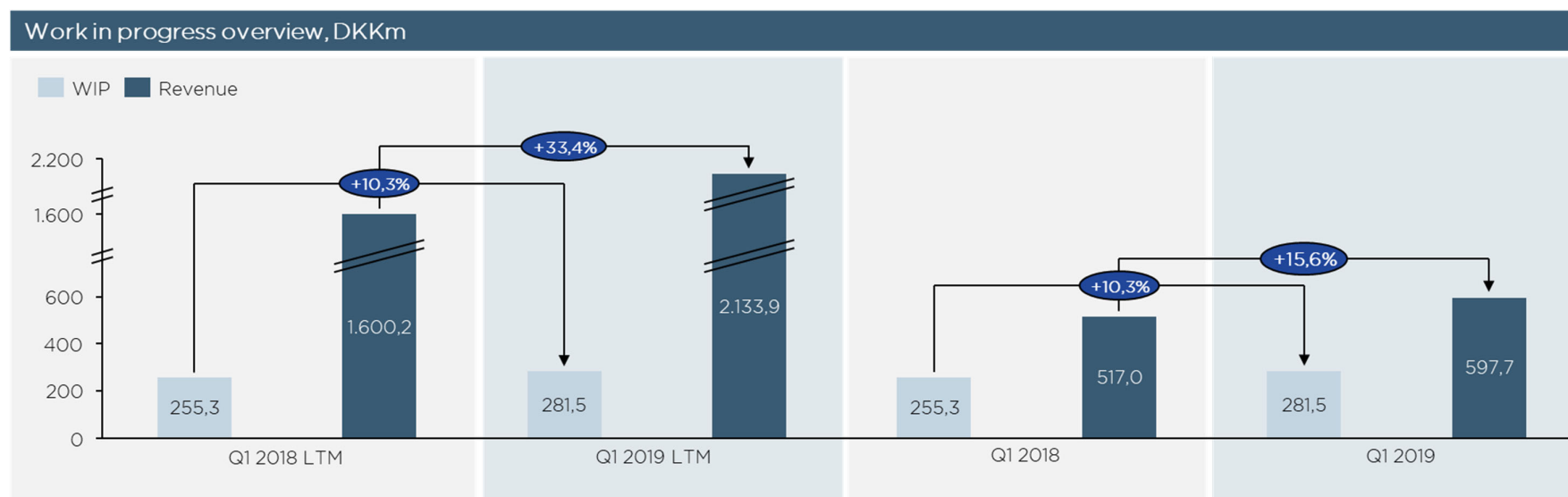
At 31 March 2019 trade receivables amounted to DKK 438.7m, which was an increase of 37.7% compared to the same period last year. Days sales outstanding, decreased from 81 days in 2018 to 67 days in Q1 2019. Overdue trade receivables have been reduced from 38.0% in the end of Q1 2018 to 27.8% in the end of Q1 2019. Trade receivables paid in the following month amounted to DKK 204.6m, of which DKK 96.5m was overdue as of 31 March 2019.

DKK million	Not overdue	0-30 days	30-60 days	30- 90 days	>90 days	Total
Trade receivables, 31 March 2019	316.9	105.8	13.0	0.8	2.3	438.7
<i>Paid in the following month</i>	<i>108.2</i>	<i>85.5</i>	<i>10.1</i>	<i>0.8</i>	<i>0.1</i>	<i>204.6</i>
<i>% paid subsequently</i>	<i>34.1%</i>	<i>80.8%</i>	<i>77.8%</i>	<i>100.0%</i>	<i>2.9%</i>	<i>46.6%</i>
Trade receivables, 31 March 2018	197.5	80.6	13.9	2.2	24.5	318.7
<i>Paid in the following month</i>	<i>47.2</i>	<i>55.5</i>	<i>2.7</i>	<i>0.8</i>	<i>1.1</i>	<i>107.4</i>
<i>% paid subsequently</i>	<i>23.9%</i>	<i>68.9%</i>	<i>19.1%</i>	<i>38.6%</i>	<i>4.6%</i>	<i>33.7%</i>

*Work in progress*

At 31 March 2019, the Group's work in progress amounted to DKK 281.5m, represented by contract work in progress of DKK 307.2m and prepayments received from customers of DKK 25.7m.

Work in progress has increased by 10.3% from DKK 255.3m in Q1 2018 to DKK 281.5m in Q1 2019. In the same period revenue has increased by 15.6% from DKK 517m in Q1 2018 to DKK 597.7m in Q1 2019. As the work in progress consist of multi year projects with back end loaded payment milestones it will give a better view of the development in the WIP balances when comparing with the revenue over the last twelve months. Revenue for the last twelve months increased by 33.4% whereas work in progress has increased by 10.3% reflecting the ongoing delivery of project work from the WIP balances to end customers.



*Funding and liquidity*

Netcompany's bank agreement consist of committed facilities constituting a total amount of DKK 1,500m and an additional facility of DKK 400m, available only for new acquisitions. The total amount utilised at 31 March 2019 was DKK 1,115m.

In January 2019, payment guarantees with a fair value of DKK 140m was terminated in agreement with the customers to whom the guarantees had been issued, as Netcompany's insurance coverage on general product liability was increased from DKK 10m to DKK 100m.

The Group has complied with the covenants determined in the agreement.

Netcompany reports increasing margins and improved free cash flow in Q1 2019

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### *Risk management*

Please refer to the overview of risk factors provided by the Group in the annual report for 2018.

### *Events after the balance sheet date*

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

*Outlook for 2019*

Netcompany expects a general continued positive development in the markets in which it is currently operating. This, combined with the performance in Q1 2019 and the revenue visibility for the remaining part of the year Netcompany maintains its targets for 2019 as previously guided.

	Targets 2019	Actual performance 2018
Organic revenue growth in constant currencies	20-25%	25.8%
Adjusted EBITA margin in constant currencies	~26%	25.0%

*Other information*

*Capital Markets Day*

On 18 June 2019, Netcompany will host a Capital Markets Day in Copenhagen, where senior members of the management team will present on various relevant topics. At the same event, there will be a customer presentation. More information, including detailed agenda and venue as well as information on how to sign up for the Capital Markets Day will be available at <https://www.netcompany.com/int/Investor-Relations/Calendar-and-Events>

*Shareholder information*

*Capital*

Netcompany's share capital is DKK 50m divided into 50m shares. Netcompany holds 899,813 treasury shares equivalent to 1.8% of the share capital.

*Share-based incentive schemes/restricted stock units*

In total, 245,589 RSU's were granted at 31 March 2019, of which 78,242 were granted to Executive Management and 167,347 were granted to other Key Management Personnel and other employees. The fair value of the RSUs at grant was DKK 43.8m. The cost associated related hereto is expensed over the vesting period. In Q1 2019, a total amount of DKK 2.6m is recognised in income statement.

Additional information on the holdings of Netcompany shares and restricted stock units by members of the Board of Directors and Executive Management Board is disclosed in the remuneration policy.

### *Statement of the Board of Directors and Executive Management*

Today, the Board of Directors and Executive Management considered and approved the interim consolidated financial statements for Netcompany Group A/S (“Netcompany” or “the company” and together with all its subsidiaries “the Group”) for the period 1 January 2019 to 31 March 2019. The Q1 2019 report has not been audited or reviewed by the company’s independent auditors.

The interim consolidated financial statements have been prepared in accordance with IAS 34 as adopted by the EU and additional Danish regulations for the presentation of interim reports by listed companies. Furthermore, the interim report has been prepared in accordance with the accounting policies set out in the Group’s Annual Report for 2018.

In our opinion, the accounting policies used are appropriate, and the overall presentation of the interim consolidated financial statements gives a true and fair view of the Group’s assets, liabilities and financial position as at 31 March 2019 and of the results of the Group’s operations and cash flows for the period 1 January 2019 to 31 March 2019.

We further consider that the Management’s Review in the preceding pages includes a true and fair account of the development and performance of the Group, the results for the period and the financial position, as well as a description of the principal risks and uncertainties that the Group faces in accordance with Danish disclosure requirements for listed companies.

Copenhagen, 8 May 2019

#### *Executive Management:*

André Rogaczewski  
*CEO*

Claus Jørgensen  
*COO*

Thomas Johansen  
*CFO*

#### *Board of Directors:*

Pekka Ala-Pietilä  
*Chairman of the Board*

Pernille Fabricius  
*Vice Chairman of the Board*

Juha Christensen

Carsten Gomard

Scanes Bentley

Bo Rygaard

*Consolidated interim financial statements and notes*

*Income statement and Statement of comprehensive income*

DKK thousands	Note	Q1 2019	Q1 2018	Total 2018
<b>Income statement</b>				
Revenue	1	597,683	517,019	2,053,216
Cost of services	2	-364,058	-318,819	-1,236,699
<b>Gross profit</b>		<b>233,626</b>	<b>198,200</b>	<b>816,516</b>
Sales and marketing costs		-2,735	-2,705	-11,871
Administrative costs	3	-83,688	-67,668	-290,428
Special items	4	-1,075	-7,733	-34,488
<b>EBITA</b>		<b>146,128</b>	<b>120,094</b>	<b>479,729</b>
Amortisation		-25,655	-28,847	-115,389
<b>Operating profit (EBIT)</b>		<b>120,473</b>	<b>91,247</b>	<b>364,340</b>
Financial income		15,329	7,064	22,245
Financial expenses		-9,407	-31,762	-130,903
<b>Profit / loss before tax</b>		<b>126,394</b>	<b>66,548</b>	<b>255,682</b>
Tax on the profit for the period		-27,689	-15,348	-74,465
<b>Net profit / loss for the period</b>		<b>98,705</b>	<b>51,200</b>	<b>181,217</b>
<b>Earnings per share</b>				
Earnings per share (DKK)		2.00	1.03	3.65
Diluted Earnings per share (DKK)		1.99	1.03	3.65
<b>Statement of comprehensive income</b>				
<b>Net profit / loss for the period</b>		<b>98,705</b>	<b>51,200</b>	<b>181,217</b>
<b>Other comprehensive income:</b>				
Cash flow hedging, net fair value gain / (loss)		0	262	38,475
Foreign currency translation subsidiaries		-9,944	-2,292	817
Change in deferred cost of hedging		0	3,454	-13,348
Tax of other comprehensive income		0	-818	-5,528
<b>Other comprehensive income, net of tax</b>		<b>-9,944</b>	<b>607</b>	<b>20,415</b>
<b>Total comprehensive income</b>		<b>88,761</b>	<b>51,807</b>	<b>201,632</b>

*Balance Sheet*

DKK thousands	Note	Mar. 31 2019	Mar. 31 2018	Dec. 31 2018
<b>Assets</b>				
Intangible assets		2,458,786	2,573,850	2,484,441
Tangible assets		133,227	52,008	117,284
Deferred tax assets		1,533	693	1,162
Other receivables		14,690	9,878	13,053
<b>Total non-current assets</b>		<b>2,608,236</b>	<b>2,636,430</b>	<b>2,615,940</b>
Trade receivables	7	438,746	318,736	457,518
Contract work in progress	8	307,153	301,569	284,717
Other receivables		32,178	15,823	19,512
Tax receivables		21,233	0	0
Cash		174,694	154,228	107,666
<b>Total current assets</b>		<b>974,004</b>	<b>790,357</b>	<b>869,412</b>
<b>Total assets</b>		<b>3,582,239</b>	<b>3,426,787</b>	<b>3,485,352</b>



*Balance Sheet*

DKK thousands	Note	Mar. 31 2019	Mar. 31 2018	Dec. 31 2018
<b>Equity and liabilities</b>				
Share capital		50,000	49,725	50,000
Cash flow hedging reserve		0	-29,806	0
Exchange differences on translating foreign subsidiaries		-12,060	-5,224	-2,116
Deferred cost of hedging reserve		0	13,106	0
Obligation to purchase treasury shares		-175,000	0	-50,000
Share-based remuneration		6,406	0	3,818
Retained earnings		1,903,252	1,674,805	1,804,547
<b>Total equity</b>		<b>1,772,600</b>	<b>1,702,607</b>	<b>1,806,251</b>
Borrowings	9	1,107,206	1,167,303	1,105,780
Leasing		48,738	15,013	54,149
Deferred tax liability		86,703	116,891	89,387
<b>Total non-current liabilities</b>		<b>1,242,647</b>	<b>1,299,206</b>	<b>1,249,316</b>
Leasing		48,738	12,789	29,325
Prepayments received from customers	8	25,691	46,235	29,610
Trade payables		46,704	54,274	54,185
Other payables	10	419,462	199,924	266,089
Provisions	11	26,395	30,396	36,087
Income tax payable		0	81,356	14,490
<b>Total current liabilities</b>		<b>566,991</b>	<b>424,973</b>	<b>429,785</b>
<b>Total liabilities</b>		<b>1,809,638</b>	<b>1,724,179</b>	<b>1,679,101</b>
<b>Total equity and liabilities</b>		<b>3,582,239</b>	<b>3,426,787</b>	<b>3,485,352</b>

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*Cash Flow statement*

DKK thousands	Note	Q1 2019	Q1 2018	Total 2018
Operating profit (EBIT)		120,473	91,247	364,340
Depreciation and amortisation		37,638	38,458	155,737
Non-cash		2,588	0	3,818
Working capital changes		-9,049	-34,998	-132,597
<b>Total</b>		<b>151,650</b>	<b>94,707</b>	<b>391,299</b>
Income taxes paid		-66,491	-10,381	-166,935
Financial income received		15,329	1,062	21,036
Financial expenses paid		-19,188	-14,328	-58,960
<b>Cash flow from operating activities</b>		<b>81,301</b>	<b>71,060</b>	<b>186,440</b>
Acquisition of property, plant and equipment		-6,115	-3,459	-22,866
Other receivables (deposits)		-1,546	-1,112	-4,336
<b>Cash flow from investment activities</b>		<b>-7,661</b>	<b>-4,571</b>	<b>-27,202</b>
Proceeds from issue of share capital		0	6,949	6,949
Proceeds from borrowings		0	0	1,229,539
Repayment of borrowings		-8,405	-114,682	-1,481,039
<b>Cash flow from financing activities</b>		<b>-8,405</b>	<b>-107,733</b>	<b>-244,551</b>
<b>Net increase in cash and cash equivalents</b>		<b>65,234</b>	<b>-41,244</b>	<b>-85,314</b>
Cash and cash equivalents at the beginning		107,666	194,477	194,481
Effect of exchange rate changes on the balance cash held in foreign currencies		1,793	995	-1,501
<b>Cash and cash equivalents at the end</b>		<b>174,694</b>	<b>154,228</b>	<b>107,666</b>

Statement of changes in Equity

DKK thousands	Share capital	Fair value adjustment of interest rate swap	Currency	Deferred cost of hedging reserve	Retained earnings	Total
<b>Equity at 1 January 2018</b>	49,637	-30,011	-2,932	10,412	1,616,745	<b>1,643,850</b>
Capital increase	88	0	0	0	6,860	<b>6,949</b>
Profit for the period	0	0	0	0	51,200	<b>51,200</b>
Other comprehensive income	0	205	-2,292	2,694	0	<b>607</b>
<b>Equity at 31 March 2018</b>	49,725	-29,806	-5,224	13,106	1,674,805	<b>1,702,607</b>
<b>Equity at 1 January 2018</b>	49,637	-30,011	-2,932	10,412	1,616,745	<b>1,643,850</b>
Capital increase	363	0	0	0	6,585	<b>6,949</b>
Obligation to purchase treasury shares	0	0	0	0	-50,000	<b>-50,000</b>
Share-based remuneration	0	0	0	0	3,818	<b>3,818</b>
Profit for the period	0	0	0	0	181,217	<b>181,217</b>
Other comprehensive income	0	30,011	817	-10,412	0	<b>20,416</b>
<b>Equity at 31 December 2018</b>	50,000	0	-2,116	0	1,758,366	<b>1,806,251</b>

DKK thousands	Share capital	Obligation to purchase treasury shares	Share-based remuneration	Currency	Retained earnings	Total
<b>Equity at 1 January 2019</b>	50,000	-50,000	3,818	-2,116	1,804,547	<b>1,806,250</b>
Profit for the period	0	-125,000	2,588	0	98,705	<b>-23,707</b>
Other comprehensive income	0	0	0	-9,944	0	<b>-9,944</b>
<b>Equity at 31 March 2019</b>	50,000	-175,000	6,406	-12,060	1,903,252	<b>1,772,599</b>

Notes

Note 1 - Segment information

Segment information related to geographical areas:

DKK thousands	Denmark	Norway	Q1 2019 United Kingdom	Other	Total
Revenue from external customers	441,904	55,110	100,669	0	597,683
<b>EBITA, operating entities</b>	<b>123,074</b>	<b>14,139</b>	<b>8,916</b>	<b>0</b>	<b>146,128</b>
Allocated cost	8,664	-1,624	-5,120	-1,920	0
<b>EBITA, reported in legal entities</b>	<b>131,737</b>	<b>12,515</b>	<b>3,795</b>	<b>-1,920</b>	<b>146,128</b>

DKK thousands	Denmark	Norway	Q1 2018 United Kingdom	Other	Total
Revenue from external customers	397,325	42,611	77,083	0	517,019
<b>EBITA, operating entities</b>	<b>106,010</b>	<b>8,951</b>	<b>5,134</b>	<b>0</b>	<b>120,094</b>
Allocated cost	339	-1,478	-33	1,172	0
<b>EBITA, reported in legal entities</b>	<b>106,349</b>	<b>7,472</b>	<b>5,101</b>	<b>1,172</b>	<b>120,094</b>

DKK thousands	Denmark	Norway	Total 2018 United Kingdom	Other	Total
Revenue from external customers	1,543,764	171,312	338,139	0	2,053,215
<b>EBITA, operating entities</b>	<b>435,959</b>	<b>28,094</b>	<b>15,676</b>	<b>0</b>	<b>479,729</b>
Allocated cost	50,350	-4,177	-5,655	-40,517	0
<b>EBITA, reported in legal entities</b>	<b>486,308</b>	<b>23,917</b>	<b>10,020</b>	<b>-40,517</b>	<b>479,729</b>

*Note 2 – Cost of services*

DKK thousands	Q1 2019	Q1 2018	Total 2018
Cost of services	-96,221	-102,447	-371,496
Salaries	-265,159	-213,548	-853,669
Depreciation	-2,678	-2,824	-11,534
<b>Cost of services total</b>	<b>-364,058</b>	<b>-318,819</b>	<b>-1,236,699</b>

*Note 3 – Administrative costs*

DKK thousands	Q1 2019	Q1 2018	Total 2018
Administrative costs	-41,060	-37,919	-155,763
Salaries	-33,323	-22,962	-105,851
Depreciation	-9,305	-6,787	-28,815
<b>Administrative costs total</b>	<b>-83,688</b>	<b>-67,668</b>	<b>-290,428</b>

*Note 4 – Special items*

DKK thousands	Q1 2019	Q1 2018	Total 2018
Costs related to IPO	0	-6,721	-1,486
Costs related to M&A	-1,074	-1,012	-33,002
<b>Costs total</b>	<b>-1,075</b>	<b>-7,733</b>	<b>-34,488</b>

*Note 5 – Financial income and expenses*

DKK thousands	Q1 2019	Q1 2018	Total 2018
<b>Financial Income</b>			
Interest on corporate income tax	0	160	3
Exchange rate adjustments	14,496	6,844	8,329
Other financial income	833	59	13,912
<b>Financial income total</b>	<b>15,329</b>	<b>7,064</b>	<b>22,245</b>
<b>Financial expenses</b>			
Income tax surcharge	0	502	0
Interest expense, bank loan	7,291	13,042	38,881
Interest expense, leasing	690	276	1,244
Exchange rate adjustments	1,426	8,782	14,446
Other financial expenses	0	9,160	76,332
<b>Financial expenses total</b>	<b>9,407</b>	<b>31,762</b>	<b>130,903</b>

*Note 6 – Earnings per share*

DKK thousands	Q1 2019	Q1 2018	Total 2018
Profit	98,705	51,200	181,217
Average number of shares	50,000	49,682	49,869
Average number of treasury shares	573	0	182
Average number of shares in circulation	49,427	49,682	49,687
Average number of diluted impact of outstanding restricted stock units	251	0	29
Average number of diluted shares in circulation	49,679	49,682	49,716
Earnings per share - EPS	2.00	1.03	3.65
Diluted earnings per share - EPS-D	1.99	1.03	3.65

*Note 7 – Trade receivables*

DKK thousands	Mar. 31 2019	Mar. 31 2018	Dec. 31 2018
Not overdue	316,909	197,483	274,666
0-30 days overdue	105,807	80,645	170,024
31-60 days overdue	12,986	13,925	11,796
61-90 days overdue	764	2,193	273
Over 90 days overdue	2,281	24,490	759
<b>Total</b>	<b>438,746</b>	<b>318,736</b>	<b>457,518</b>

The Group is continuously conducting individual assessments of bad debts. If this leads to an assessment that the Group will not be able to collect the amount accounted for, an allowance for bad debt is made. At 31 March 2019, the Group has recognised bad debt provision of DKK 0.0m (31 March 2018: DKK 0.0m), and no bad debt losses have been incurred during Q1 2019.

The credit quality of trade receivables at 31 March 2019, is considered satisfactory.

*Note 8 – Contract work in progress*

DKK thousands	Mar. 31 2019	Mar. 31 2018	Dec. 31 2018
Selling price of work performed	718,661	574,416	763,299
Prepayments received	-437,199	-319,082	-508,192
<b>Total contract work in progress</b>	<b>281,462</b>	<b>255,334</b>	<b>255,107</b>
<i>Net value – stated on a contract-per-contract basis – is presented in the balance sheet as follows:</i>			
Contract work in progress	307,153	301,569	284,717
Prepayments received from customers	-25,691	-46,235	-29,610
<b>Total contract work in progress</b>	<b>281,462</b>	<b>255,335</b>	<b>255,107</b>

*Note 9 – Borrowings*

DKK thousands	Currency	Maturity	Fixed or floating interest	Loan cost	Nominal Value	Carrying amount
Bank loan	EUR	2023	Floating	26,411	1,106,071	1,079,660
Bank loan	DKK	2023	Floating	4,358	92,000	87,642
<b>31 Marts 2018</b>				<b>30,769</b>	<b>1,198,071</b>	<b>1,167,303</b>
Bank loan	DKK	2023	Floating	9,402	1,115,182	1,105,780
<b>31 December 2018</b>				<b>9,402</b>	<b>1,115,182</b>	<b>1,105,780</b>
Bank loan	DKK	2023	Floating	7,976	1,115,182	1,107,206
<b>31 Marts 2019</b>				<b>7,976</b>	<b>1,115,182</b>	<b>1,107,206</b>

*Note 10 – Other payables*

DKK thousands	Mar. 31 2019	Mar. 31 2018	Dec. 31 2018
Interest and currency rate swap, fair value	0	25,240	0
Wages and salaries, payroll taxes, social security costs, etc payable	18,157	14,093	43,822
Holiday pay obligation	123,389	89,731	96,739
VAT and duties	53,818	42,079	43,406
Obligation to purchase treasury shares	175,000	0	50,000
Other costs payable	49,099	28,781	32,122
<b>Total</b>	<b>419,463</b>	<b>199,924</b>	<b>266,089</b>

The Group has entered into two agreements with Danske Bank to purchase shares. One agreement to purchase 322,580 shares at a price of 155, totally DKK 50m, and one agreement to purchase 577,233 share at a price of 216.55, totally DKK 125m. The agreements will be settled in June 2019 respectively May 2019, at which time the shares will be delivered to the Group. The shares will be used to honour the Group’s commitments under its RSU and LTIP programs.

Other costs include accruals for fee, administration, sales and other items. Other accruals liabilities have a remaining term of up to one year.

*Note 11 – Provision*

DKK thousands	Mar. 31 2019	Mar. 31 2018	Dec. 31 2018
Onerous contracts and warranty obligations beginning of period	36,087	30,396	30,396
Used in the period	-9,692	0	-5,000
Provisions for the period	0	0	10,691
Onerous contracts and warranty obligations end of period	<b>26,395</b>	<b>30,396</b>	<b>36,087</b>



Note 12 – Financial figures and highlights

DKK million	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
<b>Income statement</b>							
Revenue							
Public	350.8	321.0	277.5	267.8	285.8	244.6	187.8
Private	246.9	222.3	212.8	234.8	231.2	198.8	149.7
<i>Revenue by segments, total</i>	<u>597.7</u>	<u>543.3</u>	<u>490.3</u>	<u>502.6</u>	<u>517.0</u>	<u>443.4</u>	<u>337.5</u>
Development	330.0	304.6	260.2	217.4	223.2	211.3	162.6
Maintenance	267.6	238.7	230.1	285.2	293.8	232.1	174.9
<i>Revenue by types, total</i>	<u>597.7</u>	<u>543.3</u>	<u>490.3</u>	<u>502.6</u>	<u>517.0</u>	<u>443.4</u>	<u>337.5</u>
Organic	597.7	517.8	406.2	413.6	439.9	353.7	306.5
Acquisition	0.0	25.5	84.1	89.0	77.1	89.7	30.9
<i>Revenue by growth, total</i>	<u>597.7</u>	<u>543.3</u>	<u>490.3</u>	<u>502.6</u>	<u>517.0</u>	<u>443.4</u>	<u>337.5</u>
Special items	-1.1	-0.1	0.0	-26.6	-7.7	-16.3	-14.4
EBITA	146.1	130.6	136.3	92.7	120.1	99.0	102.5
Adjusted EBITA	147.2	130.8	136.4	119.3	127.8	115.3	117.0
Operating profit (EBIT)	120.5	101.8	107.5	63.8	91.2	72.2	80.0
Net financials	5.9	-10.2	-8.4	-65.4	-24.7	-11.3	-18.2
Net profit / loss	98.7	68.4	78.3	-16.6	51.2	40.6	43.0
<b>Financial position</b>							
Capex*	-7.7	-9.0	-8.5	-5.1	-4.6	-8.5	-2.8
Capex	-6.1	-8.8	-7.6	-3.0	-3.5	-7.8	-1.2
Total assets	3,582.2	3,485.4	3,537.4	3,477.5	3,426.8	3,469.5	2,973.4
Equity	1,772.6	1,806.3	1,734.8	1,652.9	1,702.6	1,643.9	1,368.0
Net increase in cash and cash equivalents	65.2	-105.6	42.9	18.6	-41.2	73.8	39.5
Free cash flow*	151.6	163.6	69.2	63.9	94.7	154.8	58.9
Free cash flow	75.2	22.8	49.3	23.9	67.6	97.9	45.3
<b>Earnings per share</b>							
Earnings per share (DKK)	2.00	1.38	1.61	-0.33	1.03	0.83	0.89
Diluted Earnings per share (DKK)	1.99	1.38	1.61	-0.33	1.03	0.83	0.89
<b>Employees</b>							
Average number of full-time employees	2,098.8	1,979.2	1,842.6	1,817.6	1,766.3	1,579.3	1,167.9

Note 12 – Financial figures and highlights (continued)

DKK million	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
<b>Financial ratios</b>							
Gross profit margin	39.1%	39.4%	42.4%	39.1%	38.3%	41.1%	49.3%
EBITA margin	24.4%	24.0%	27.8%	18.4%	23.2%	22.3%	30.4%
Adjusted EBITA margin	24.6%	24.1%	27.8%	23.7%	24.7%	26.0%	34.7%
Operating profit margin	20.2%	18.7%	21.9%	12.7%	17.6%	16.3%	23.7%
Effective tax rate	21.9%	25.4%	21.0%	-986.8%	23.1%	33.2%	30.3%
Return on equity	5.7%	4.0%	5.1%	-1.1%	3.5%	2.8%	3.3%
Solvency ratio	49.5%	51.8%	49.0%	47.5%	49.7%	47.4%	46.0%
<b>Financial metrics</b>							
Revenue growth	15.6%	22.5%	45.3%	66.2%	55.3%	67.4%	49.3%
Operating profit margin	20.2%	18.7%	21.9%	12.7%	17.6%	16.3%	23.7%
Return on invested capital (ROIC)	3.6%	2.5%	3.0%	-0.6%	2.0%	1.6%	1.8%
Cash conversion ratio*	95.9%	116.9%	46.9%	62.1%	73.0%	127.4%	55.5%
Cash conversion ratio	63.3%	25.1%	49.0%	407.7%	91.7%	146.0%	47.9%

*Note 13 – Income Statement classified by function*

DKK thousands	Q1 2019	Q1 2018	Total 2018
<b>Income statement</b>			
Revenue	597,683	517,019	2,053,216
Cost of services, incl. depreciation and amortisation	-364,058	-318,819	-1,236,699
<b>Gross profit</b>	<b>233,626</b>	<b>198,200</b>	<b>816,516</b>
Sales and marketing costs, incl. depreciation and amortisation	-2,735	-2,705	-11,871
Administrative costs, incl. depreciation and amortisation	-110,418	-104,248	-440,306
<b>Operating profit (EBIT)</b>	<b>120,473</b>	<b>91,247</b>	<b>364,340</b>
Financial income	15,329	7,064	22,245
Financial expenses	-9,407	-31,762	-130,903
<b>Profit / loss before tax</b>	<b>126,394</b>	<b>66,548</b>	<b>255,682</b>
Tax on the profit for the period	-27,689	-15,348	-74,465
<b>Net profit / loss for the period</b>	<b>98,705</b>	<b>51,200</b>	<b>181,217</b>
<b>Depreciation and Amortisation have been presented as follows in the income statement:</b>			
Cost of services	-2,678	-2,824	-11,534
Administrative costs depreciation	-9,305	-6,787	-28,815
Administrative costs amortisation	-25,655	-28,847	-115,389
<b>Depreciation and amortisation</b>	<b>-37,638</b>	<b>-38,458</b>	<b>-155,737</b>

*Note 14 – Collateral provided and contingent liabilities*

There have been no changes in collateral provided and contingent liabilities during Q1 2019 compared to the annual report for 2018.

*Note 15 – Related party transactions*

Transactions with related parties:

The Group has had the following transactions with other companies controlled by the Significant Shareholders:

DKK thousands	Q1 2019	Q1 2018	Total 2018
Revenue	2,761	2,456	10,039

*Note 16 – Accounting policies*

The annual consolidated financial statements of the Group are prepared in accordance with IFRS as adopted by the European Union. The interim consolidated financial statements included in this Q1 2019 financial report has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the European Union. The accounting policies applied are consistent with those applied in the consolidated annual financial statements for 2018 for Netcompany Group A/S.

*Financial Calendar*

- 18 June 2019: Capital Markets Day
- 21 August 2019: Interim report for the first 6 months of 2019
- 6 November 2019: Interim report for the first 9 months of 2019

### *Disclaimer*

This report contains forward-looking statements including, but not limited to, the statements and expectations contained in the outlook section. Forward-looking statements are statements (other than statements of historical fact) relating to future events and Netcompany's anticipated or planned financial and operational performance.

The words 'may', 'will', 'will continue', 'should', 'expect', 'foresee', 'anticipate', 'believe', 'estimate', 'plan', 'predict', 'intend' or variations of these words, including negatives thereof, as well as other statements regarding matters that are not historical fact or regarding future events or prospects, constitute forward-looking statements.

Netcompany has based these forward-looking statements on its current views with respect to future events and financial performance. These views involve a number of risks and uncertainties, which could cause actual results to differ materially from those predicted in the forward-looking statements and from the past performance of Netcompany.

Although Netcompany believes that the estimates and projections reflected in the forward-looking statements are reasonable, they may prove materially incorrect, and actual results may materially differ, e.g. as the result of risks related to the industry in general or Netcompany in particular, including those described in Netcompany Group A/S' Annual Report 2018 and other information made available by Netcompany.

Factors that may affect future results include, but are not limited to, global and economic conditions, including currency exchange rate and interest rate fluctuations, delay or failure of projects related to research and/or development, unexpected contract breaches or terminations, unplanned loss of patents, government-mandated or market-driven price decreases for Netcompany's products, introduction of competing products, reliance on information technology, Netcompany's ability to successfully market current and new products, exposure to product liability, litigation and investigations, regulatory developments, actual or perceived failure to adhere to ethical marketing practices, unexpected growth in costs and expenses, failure to recruit and retain the right employees, and failure to maintain a culture of compliance.

As a result, forward-looking statements should not be relied on as a prediction of actual results. Netcompany undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent required by law.

The Annual Report 2018 of Netcompany Group A/S is available at [www.netcompany.com](http://www.netcompany.com)

### *About Netcompany*

Netcompany delivers business critical IT solutions and consultancy that help our customers to achieve significant business benefits in a digitized world. Netcompany also helps our customers to manage and operate IT solutions both on location and in the cloud.