netcompany

Digital platform solutions driving growth and welfare

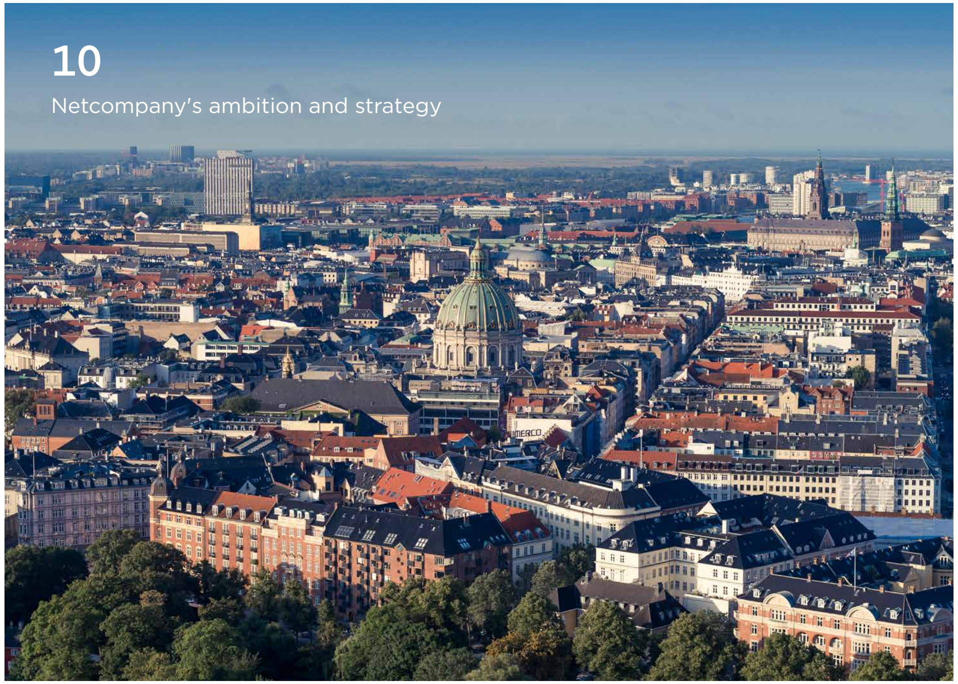
We plan to make your business a winner »

Annual Report 2020

Content

Welcome to the Netcompany 2020 Annual Report – an extraordinary year with extraordinary results

At a glance



Our business

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Netcompany in numbers

EBITA margin

26.2%

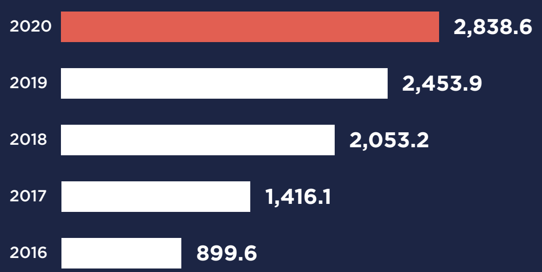
Cash conversion (normalised)

103%

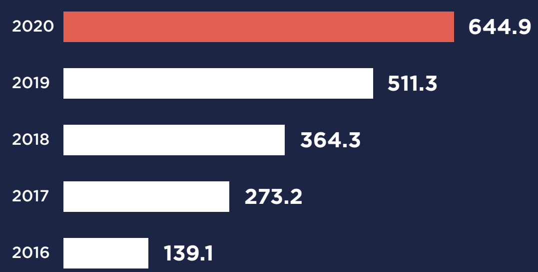
Employees at year end

3,134

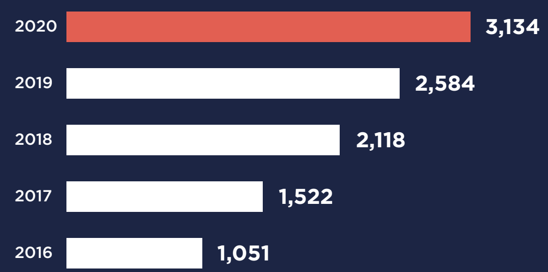
Revenue
(DKKm)



EBIT
(DKKm)



Employees at year end
(Headcounts)



Letter from the Chairman

We will always focus on the long term objective of Netcompany

Netcompany continued to deliver complex and mission critical solutions to our customers in 2020 in an unprecedented time »

Despite severe disturbance to our markets following the COVID-19 pandemic we continued to deliver on time, budget and scope. It is often in times of crisis the business model is truly put to the ultimate test, and as Chairman I am proud of how resilient the Netcompany business model has proven to be. The relentless focus on quality in everything we do, the focus on always being agile and ready to adapt to new surroundings while still focussing on getting projects live as agreed has been pivotal for our performance for the year.

We refrained from retracting our guidance for the full year during the spring as most other companies did, based on our strong backlog and pipeline of projects.

However, the second lockdown in the UK in the fall, and the following impact on the UK economy, led us to reduce our growth expectations by a couple of percentage points, which we delivered with growth close to 17% in constant currencies. Despite the negative impact from COVID-19 we refrained from participating in any government relief package on a Group level and still realised margins of 26%. For 2021, we expect to grow 15-20% organically and deliver around 23-25% in adjusted EBITA margin.

We have always strived to be **open, transparent and direct** in our communication – with all stakeholders including the **investor community and shareholders**, which I believe that we have exercised in a difficult time

We have always strived to be open, transparent and direct in our communication – with all stakeholders including the investor community and shareholders, which I believe that we have exercised in a difficult time. During the year, we have seen increased interest in our company and we have welcomed several new shareholders. As of December we entered the main index of Nasdaq Copenhagen – the C25 index – following increased market capitalisation of close to 100% in 2020 and an average daily share turnover which more than doubled in 2020.

Our work as Board of Directors

During the year, we have made a couple of changes to the Board. Pernille Fabricius stepped down as Vice-Chairman and left the Board during the spring. Juha Christensen assumed the role as Vice-Chairman of the Board of Directors. In addition, Robbert Kuppens left the Board for personal matters during the summer. Instead we welcomed Åsa Riisberg, a Swedish citizen, and Hege Skryseth, a Norwegian citizen. Åsa Riisberg assumed the role as Chairman of the Audit committee.

During the year, the Board has engaged in discussions and prioritisations around the strategic direction, the financial performance, risk management and general governance within the Group. We reconfirmed the long term strategic ambition for Netcompany and believe that we stand strong to deliver on that ambition in the years to come. Further, we have conducted a self evaluation where we have concluded that we as a Board fulfil our fiduciary duties.

Capital Structure

For the year 2020, we propose that the Annual General Meeting approve to pay out DKK 50m as a dividend for the year. In addition, we will initiate a share buyback programme of the same size bringing the total remuneration to the shareholders to DKK 100m for the year. Our strong financial position and cash flow allows us to do so.

We will continue to ensure a solid capital base for Netcompany and will gradually increase the distribution of free cash flow to shareholders.

Bo Rygaard
Chairman of the Board of Directors

14.6%
Organic revenue growth

103%
Cash conversion (normalised)

Letter from the CEO

Extraordinary results in an extraordinary year

Driven by superior delivery & world-class employees »

2020 has indeed been an extraordinary year. The spread of COVID-19 globally has challenged our businesses, authorities and every institution in society. When I look back at 2020, I am truly proud of what we have achieved driven by our talented workforce. We have delivered a wide range of complex business critical solutions helping some of the largest public and private organisations and enterprises to realise benefits through digitalisation.

Our strong performance is a testimony to our dedicated focus on always delivering what we promise to our customers no matter the challenges we face – high quality solutions on time, budget and scope. Following our steadfast and guiding principle the Group has realised around 17% growth and 26% margins generating earnings close to DKK 750m.

I am pleased to see Netcompany being so resilient in creating ongoing business value and high quality in all our project deliveries.

In close collaboration with ATP, Netcompany delivered Socialpension – a secure and efficient public benefits platform that ensures correct and timely pay-out of benefits to citizens. Further, the Danish authorities was equipped with COVIDmeter and SmitteStop - solutions contributing to monitor and combat the spread of COVID-19.

In the fall of 2020, we established a joint venture together with Copenhagen Airport A/S, to develop a future market leading digital airport platform. Also, in 2020 DSV went live with a new global platform for handling the quoting and sales processes across all countries in the road division.

In addition, we engaged in promising partnerships and delivery of complex projects in our entities outside of Denmark - encouraging for our ability to execute on our longer-term vision of becoming a Northern European market leader.

Our growing international operation

A dedicated effort to grow our international footprint shows positive momentum. Our unique business model proves repeatable and scalable across markets with exciting and strategically important recent wins in both Norway and the Netherlands.

In May, Netcompany was selected to deliver and maintain a Toll Service Provider solution for Fjellinjen Utsteder AS, who wish to make toll payments simpler and clearer for drivers and companies. In October, it was announced that Netcompany will be the Norwegian Medicines Agency's long term strategic digitalisation partner in developing a new and innovative digital platform. Furthermore, the Norwegian authorities appointed Netcompany to deliver the new contact tracing app designed to better help containing the spread of COVID-19.

In the Netherlands, the rapid adoption of the successful Netcompany business model and the inherent focus on complex, larger scale public projects in the Dutch operation has led to impressive results.

In July, we proudly delivered a new and modern Donor Register for the Dutch government – a solution being praised for its accessibility and user-friendliness. Our pipeline is promising and supports our continued growth in the exciting Dutch market.

In the UK, the severe negative impact from COVID-19 to the economy has challenged the business. We have experienced engagements being postponed or even cancelled in the short term, while we have continued to deliver quality performance in all our existing projects. In addition, we have successfully converted the majority of our contractors to permanent employees during 2020. This is a planned and important step to leverage the full potential of our unique and scalable business model in the UK market – a market we strongly believe has large potential in a long term perspective.

It is therefore with great confidence and motivation we continue to execute on our planned integration of both talented new hires and the Netcompany business model.

Reinventing the way to digitise societies

The advantages of digital transformation are real, tangible, and in many cases crucial for establishing sustainable business models in both private and public enterprises. At Netcompany, we enable our customers to adapt to the ever-changing world whether the changes are caused by political forces, climate change, or an unforeseen pandemic.

In 2020, we launched The Govtech Framework consisting of hundreds of society-critical IT solutions based on more than 2,000 components. Our Govtech Framework, which might be the most comprehensive portfolio of successful Govtech deliveries and components in Northern Europe, provides in-depth insights as well as a deep understanding of what we believe a successful delivery model for a modern digital public sector should look like.

This goes hand in hand with our flexible platform engineering. We believe in agile, futureproof solutions, based on proven platform components that ensure full flexibility and opportunity for ongoing innovation. With our undisputed track record of delivering some of the most complex and innovative solutions we know how to deliver the right solutions instrumental for world-class, user-friendly, digital services for citizens and businesses.

We are convinced that whilst a lot has been achieved in the area of digitalisation we are still only at the starting point of the journey. The Govtech Framework and our platform engineering combined will be key drivers in helping governments and businesses across markets pave the way for a successful and sustainable business model in a digital world.

Unique talent delivering unique results

Our ongoing success is defined by our ability to continuously attract, develop, and retain top talent in all markets. In 2020, we welcomed around 1,000 new Netcompany employees and increased the employee base by 20% reaching a total of around 3,100 talented people.

The majority of our new starters have been warmly and successfully welcomed virtually, due to COVID-19 restrictions. I am full of admiration of how we have managed to onboard our new Netcompany family members virtually to ensure the best possible start to hopefully an exceptional and developing career path with us.

Despite the impact of COVID-19 we have continued to invest in our employees personal and professional skills and will continue to do so in the future to sustain a highly attractive workplace for top class IT professionals.

I am excited to embark on 2021 together with our clients, partners, and employees getting another step closer to realise our ambition of becoming a Northern European market leader.

André Rogaczewski
CEO and Co-Founder

Financial highlights and key figures

DKK million	2020	2019	2018	2017	2016[1]
Income statement					
Revenue					
Public	1,777.7	1,455.5	1,152.1	730.2	368.3
Private	1,060.9	998.3	901.1	685.9	531.3
Revenue by segments, total	**2,838.6**	**2,453.9**	**2,053.2**	**1,416.1**	**899.6**
Development	1,517.0	1,257.7	1,005.4	646.9	438.4
Maintenance	1,321.6	1,196.1	1,047.8	769.2	461.2
Revenue by type, total	**2,838.6**	**2,453.9**	**2,053.2**	**1,416.1**	**899.6**
Organic	2,812.4	2,416.5	1,777.5	1,232.0	887.9
Acquisition	26.2	37.4	275.7	184.0	11.7
Revenue by growth, total	**2,838.6**	**2,453.9**	**2,053.2**	**1,416.1**	**899.6**
Special items	0.0	-4.4	-34.5	-32.9	-35.5
Adjusted EBITA	744.4	617.4	514.2	402.0	248.0
EBITA	744.4	613.0	479.7	369.0	212.9
Operating profit (EBIT)	644.9	511.3	364.3	273.2	139.1
Net financials	-47.0	-14.0	-108.7	-72.1	-62.7
Net profit	321.9	388.5	181.2	141.6	32.8
Financial position					
Investment in tangible assets	23.9	24.6	22.9	16.7	13.6
Investments in intangible assets	0	0	0	11.1	8.3
Total assets	4,039.4	3,727.6	3,485.4	3,469.5	2,860.4
Equity	2,428.6	2,071.7	1,806.3	1,643.9	1,260.5
Dividends paid	0	0	0	0	0
Net increase in cash and cash equivalents	233.6	23.6	-85.3	163.3	-79.4

DKK million	2020	2019	2018	2017	2016[1]
Cash flow figures					
Cash flow from operating activities	580.9	460.3	186.4	195.3	116.9
Cash flow from investing activities	-101.6	-73.3	-27.2	-124.2	-2,512.1
Cash flow from financing activities	-245.7	-363.4	-244.6	92.2	2,315.7
Free cash flow	557.0	435.8	163.6	167.5	94.7
Net increase in cash and cash equivalents	233.6	23.6	-85.3	163.3	-79.4
Earnings per share					
Earnings per share (DKK)	6.56	7.91	3.65	N/A	N/A
Diluted Earnings per share (DKK)	6.52	7.89	3.65	N/A	N/A
Employees					
Average number of full-time employees	2,768	2,293	1,861	1,256	877
Financial ratios (ref. Appendix)					
Revenue growth	15.7%	19.5%	45.0%	57.4%	18.7%
Gross profit margin	40.7%	40.6%	39.8%	43.3%	41.4%
Adjusted EBITA margin	26.2%	25.2%	25.0%	28.4%	27.6%
EBITA margin	26.2%	25.0%	23.4%	26.1%	23.7%
Operating profit margin	22.7%	20.8%	17.7%	19.3%	15.5%
Effective tax rate	28.7%	21.9%	29.1%	29.6%	57.1%
Return on equity	14.3%	20.0%	10.5%	9.8%	5.2%
Solvency ratio	60.1%	55.6%	51.8%	47.4%	44.1%
ROIC	11.2%	13.6%	6.6%	5.5%	2.5%
ROIC (Adjusted for Goodwill)	53.7%	58.4%	27.9%	9.4%	9.2%
Cash conversion ratio	139.4%	93.2%	60.3%	77.4%	104.8%

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

Jan, Manager

“I want to drive the digitalisation of society in the right direction and make the world a better place through technology”

Our Business

Our ambition and strategy

Our ambition in Netcompany is to become a Northern European market leader within IT services. To realise that ambition we have defined a strategy based on three main pillars »

Gain market share

In the four countries where we are already present, we aim to increase our market share by focussing on winning larger and complex projects to deliver solutions to both public and private customers.

By attracting the best talent, educating them rigorously in our own Netcompany Academy, and by ensuring quality "side by side" training with skilled more experienced colleagues, we are confident that our value proposition will prevail leading us to gain market shares.

Where it makes sense, we will be willing to make "bolt on" acquisitions in specific areas to gain access to either a pool of specific talent, a certain industry or a given technology.

Utilise platforms

A key part of Netcompany´s delivery model is to use common tools and methodologies for developing and documenting new solutions. Since the founding of Netcompany in 2000, these methodologies have been in place and a significant number of components have been developed and standardised. These components belong to Netcompany and have in 2020 been formally structured into a framework named Govtech.

The Govtech framework allows us to present new solutions to new and existing customers, where parts of the end solution exist already and hence, significantly reduces time to market for our customers and in addition reduces the total costs of ownership.

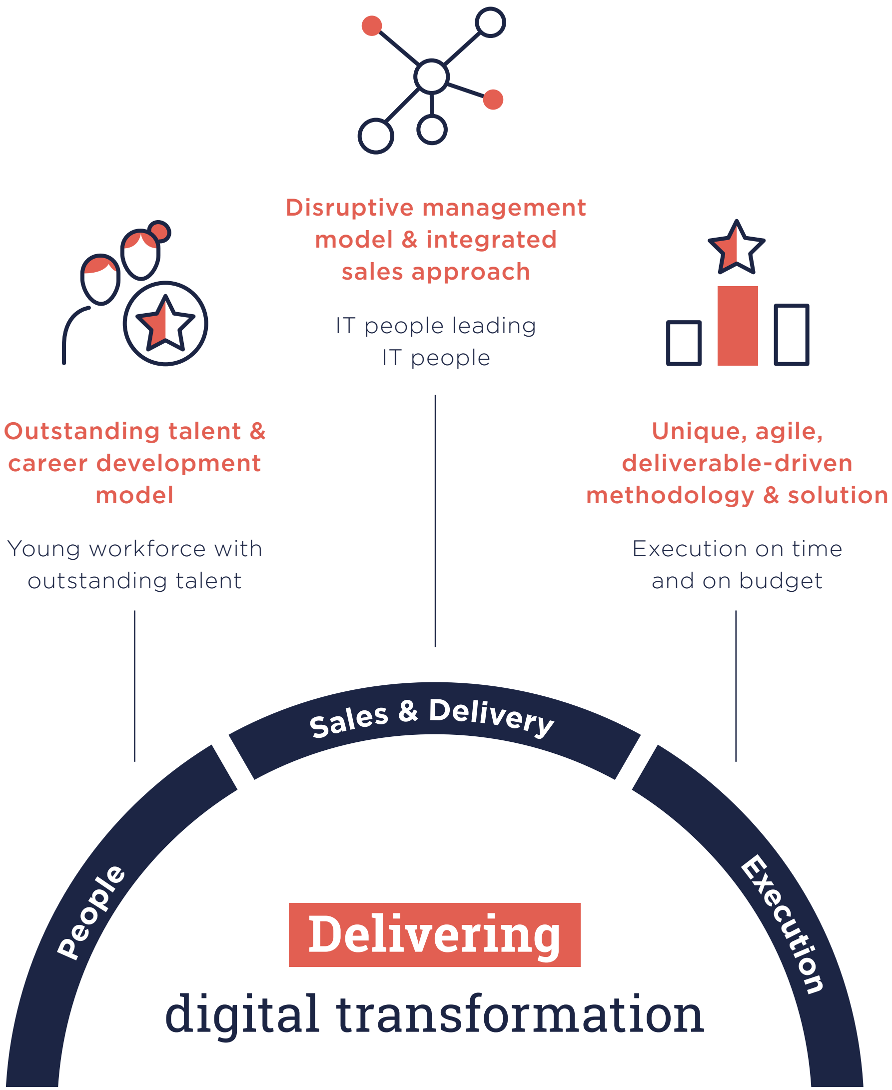
In addition, we have embarked on "The Platform" approach when developing new large complex solutions. We will seek to enter partnerships with customers when developing new platforms that can subsequently be commercialised in a broader context – like the case with Copenhagen Airport and the establishment of the joint venture, Smarter Airports, to develop a new Digital Airport Platform.

Export our business model

The way Netcompany operates and develops complex solutions can be expanded into other countries. Since 2016, Netcompany has established its presence in Norway, the UK and the Netherlands – all via acquisitions. In general terms, Netcompany expects to reach financial performance targets of 20-25% growth and 20-25% EBITA margin in new countries within 3-5 years after acquisition.

The plan for the next couple of years is to establish Netcompany in Sweden and Finland. Where entry into a new country historically has been done via an acquisition, our entry into Sweden could also be made greenfield in conjunction with a new Swedish customer.

Equity story



Netcompany is a pure play next generation IT provider »

This means that in the solutions we develop, maintain and operate, we:

- Use new technologies to develop solutions
- Are technology agnostic
- Focus on mission critical and complex solutions with our clients
- Have no legacy systems in our portfolio

In doing so we enable our client's digital transformation making them more competitive, more efficient and bring them into a position to lead the industries or services they operate in.

Our business is split between public and private customers with roughly half of our revenues stemming from development of new solutions and the other half stemming from maintaining and running them.

We achieve our financial metrics by having a relentless focus on always delivering our projects on time, budget and scope. We have done so since we were founded in 2000 by ensuring that we always have IT people leading IT people, by employing top talent and by adhering to the same methodology on all projects in all parts of the company.

When we enter new geographies, we aim to transition the acquired company into the Netcompany operating model in 3-5 years.

Netcompany is historically anchored around three financial pillars:

1. **~20%**
High organic growth rate

2. **+25%**
Industry leading margin

3. **~100%**
High cash conversion

Case story

Ensuring quality medicinal treatment

Netcompany is partnering with the Norwegian Medicines Agency in the development of a new digital platform after having won one of the largest new govtech deals in the Norwegian public sector in 2020.

Long term digital partnership to create wider and more efficient use of data

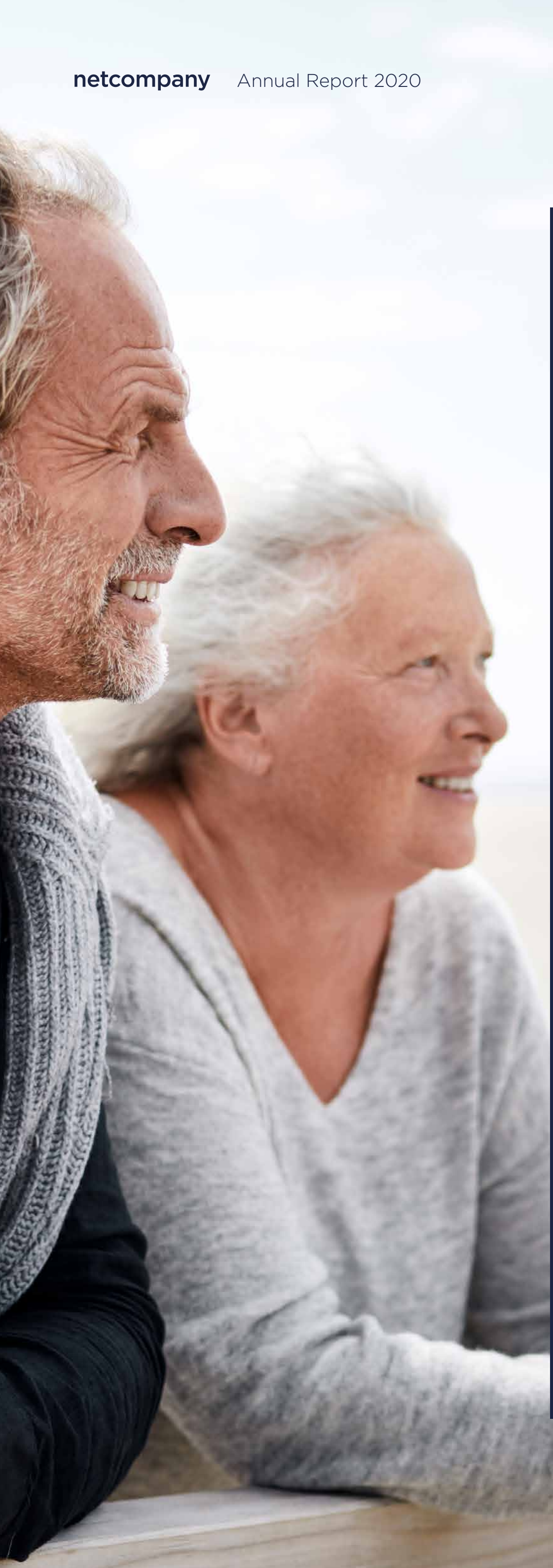
The project is a great example of Netcompany's approach to scalable Govtech platforms that can be adapted to fit the needs of the specific client and context. The new platform for the Norwegian Medicines Agency will be based on open Govtech registry components used to build a similar platform for the Danish Medicines Agency that launched in November 2020.

Both Nordic medicines agencies aim to ensure that the population in each country has access to safe, reliable, and efficient medicine. The agencies are also the specialists and supervisory authorities for medical devices, just as they facilitate research and innovation.

In order to carry out these tasks in the best possible way, both agencies considered it necessary to acquire a new digital platform. One that will strengthen cooperation and interaction with European authorities, improve internal processes and make information to the health service more accessible. One that can be used to efficiently administer all processes surrounding medicine approval, marketing authorisations and supervision.

As the digital partner of both agencies, Netcompany delivers on a society-critical task. In collaboration with the agencies, we help make sure that the agencies' specific ambitions for the platform are met, as well as ensuring that the platforms follow local legislation and improve all aspects of user engagement.

For the Norwegian Medicines Agency, Netcompany has become the new long term digital partner the agency has been looking for. The project is a historical milestone for the data-centred agency as the project allows for a wider and more efficient use of the agency's data between the agency's employees, just as the platform will interact extensively with its European counterparts.



Case story

State pension and disability pensions

As an organisation within ATP (Danish Labour Market Supplementary Pension), Europe's 3rd largest pension provider, Udbetaling Danmark is responsible for the collection, disbursement and control of a number of public benefits on behalf of the Danish government, and contributes to an efficient welfare society.

A central task of the organisation is to handle state pensions and early retirement pensions, as well as other pension related benefits for Danish citizens in Denmark and abroad.

In need of a modern replacement, ATP and Netcompany engaged in close collaboration to deliver Socialpension — a secure and efficient benefits platform that ensures correct and timely pay-out of benefits.

Benefits that for many recipients are their only income and, hence, are essential for their livelihood.

The platform covers a full range self-service portal, managing the assessment and calculations of benefits based on current legislation combined with different aspects in a pensioner's life — such as income, cohabitation and death — as well as the management of the actual payout of benefits and updating all necessary peripheral systems.

The main objective of the project was to combine several obsolete and cost-intensive systems into one modern system with significantly lower operational and maintenance costs.

The platform was delivered during the COVID-19 lockdown in the spring of 2020, showing great skills, ambitions, and commitments from everyone involved to succeed with the project and meet the deadline. This project is also a testament to how Netcompany's platforms can easily be adapted to work across industries and sectors.

Paying out more than **10.5 billion DKK** to **1.3 million** citizens each month

Lewis, Senior Consultant

"Working on complicated projects is one of the most enjoyable parts of working in Netcompany - collecting requirements, suggesting options and presenting the end product to customers being my favourite bit"

Financial Review

2020 financial performance and 2021 guidance

In 2020, the Group delivered revenue growth of 17% in constant currencies (16% reported) of which 16 percentage points was organic and 1 percentage point was non-organic related to the acquisition of QDelft (Netcompany Netherlands) in 2019.

17%

Revenue growth in 2020

In the fall, the Group revised its expectations for both top line growth and margin due to the negative impacts on the UK operation following the strict lockdown measures in relation to the second wave of COVID-19 infections. This led the Group to reduce its expectations for revenue growth by 2 percentage points to the low end of 17% to 19% and to reduce its expectations to adjusted EBITA margin by 1 percentage point to around 25%.

Adjusted EBITA margin was 26%. Revenue growth in constant currencies and adjusted EBITA margin was in line with the revised guidance of the year.

Non-organic revenue growth for the year was 1%, which was in line with expectations.

The market for digitalisation in Denmark remained strong in 2020 and a number of public tenders are expected to come to the market in 2021 following the recent years' trend. In addition, more and more projects in the private sector are initiated, which enables a balanced growth between the public and private sector. Continued focus on talent attraction and development remain core, and the Group expects training activities and social events to return to pre COVID-19 levels for 2021.

26%

Adjusted EBITA margin in 2020

In the UK, the transition away from independent contractors towards our own employees has almost been completed and, hence, the implementation of IR35 is not expected to have any negative impact on Netcompany UK assuming resources are utilised. Additional investment, in the form of increased involvement from senior management in Denmark and in the further development of the UK business, is still expected.

The integration of Netcompany Netherlands has progressed well in 2020 and the Dutch operation is expected to continue its strong growth. The completion of two large fixed fee projects in Q1 2020 has changed the Dutch operation structurally, which will also impact margins in 2021 positively.

In Norway, the investment into developing the business to tender for – and win – larger projects started to show results in 2020. While good progression has been made in 2020, there is still some work remaining before the integration can be concluded as complete.

The Group has plans to enter into Sweden and Finland, but timing is difficult to accurately predict and thus the effects on top line growth is not included in the guidance for 2021.

Financial metrics in constant currencies	Target 2021	Actual performance 2020	Updated target Q3	Original target 2020
Organic revenue growth	~15-20%	15.5%	low end of 16-18%	~18-20%
Adjusted EBITA margin from organic businesses	~23-25%	26.3%	~25%	~26%
Non-organic revenue growth	0	1.1%	~1%	~1%
Reported revenue growth	~15-20%	16.6%	low end of 17-19%	~19-21%
Adjusted EBITA margin	~23-25%	26.1%	~25%	~26%

In 2021, we expect organic revenue growth of 15% to 20% in constant currencies and an adjusted EBITA margin of between 23% and 25% in constant currencies

Guidance for 2021

For 2021, we expect organic revenue growth of 15% to 20% in constant currencies and an adjusted EBITA margin of between 23% and 25% in constant currencies.

The range in the expectation for revenue growth reflects the general macroeconomic uncertainty, and the continued risk in the UK market in particular.

We have in our guidance assumed to be able to initiate internal training activities and social events in 2021 and bring them to the same level as pre COVID-19.

In addition, office expansions in both Copenhagen and Oslo that were planned but delayed in 2020 are expected to be completed in 2021.

Further, the margins in 2021 will be negatively impacted by the full inclusion of expenses for the ongoing three year revolving Long Term Incentive Programme initiated at the time of the IPO.

Based on organic growth, free cash flow is expected to continue to improve during 2021 in absolute terms.

Leverage, measured as net interest bearing debt to 12 months adjusted EBITA, is expected to be around 0.5 taking into consideration redistribution of funds of DKK 100m to shareholders in 2021.

100m

Distribution to shareholders

Our expectations for 2021 is reflecting a number of uncertainties, which individually or in conjunction can have a negative impact on our ability to grow our business and hence our margins. We base our 2021 expectations on the following main assumptions:

- No negative impact from macroeconomic events.
- No material improvement to the business environment in the UK following severe economic consequences from the COVID-19 in 2020 and the uncertainty of Brexit.
- Public digitalisation to continue on at least par level with 2020.
- No delay or deferral of ongoing or planned public tender processes.
- Continued digitalisation in the private sector in the markets where the Group has meaningful presence in that specific segment.
- Continued ability to attract, educate and retain talent throughout the Group.
- Ability to schedule training activities, social events, business travel and other meetings across our markets with no major restrictions.

In addition, our guidance for 2021 is based on the assumption that no major third wave of COVID-19 with associated lockdown restrictions will occur. Given current progress on developing and making vaccines available, the general improvement in understanding of how COVID-19 transmits and the measures required to prevent this, we see a third prolonged full lockdown as unlikely. However, at this point in time we cannot rule out the possibility entirely.

Performance overview

Reported revenue grew 15.7% (constant 16.6%) to DKK 2,838.6m from DKK 2,453.9m in 2019. Non-organic revenue was 1.1 percentage points related to the impact from Netcompany Netherlands in the period from 1 January 2020 to 13 May 2020.

Revenue growth was driven by strong performance in the Danish operation that grew by 21% and in the Dutch operation that more than doubled revenue in 2020. In Norway, revenue growth was 0.7% (constant 9.6%) and in the UK, revenue growth was negative 14.8% (constant 13.6%).

In 2019, revenue was positively impacted by the release of DKK 32.6m from the risk contingency reserve compared to a release of DKK 3.5m in 2020. The net impact hereof is close to 1.5 percentage points negative on the revenue growth rate for 2020.

Growth on Group level was driven by the public segment which grew 22.1%, whereas the private segment only increased 6.3% as a consequence of the impact on the private segment following COVID-19 related lockdown restrictions in Norway and in the UK.

(DKK'000)	2020	2019	Change (reported)	Non-organic impact from Netcompany Netherlands BV.
Revenue	2,838.6	2,453.9	15.7%	1.1pp
Cost of service	-1,683.4	-1,458.1	15.4%	1.2pp
Gross profit	**1,155.2**	**995.8**	**16.0%**	**0.8pp**
Gross profit margin	*40.7%*	*40.6%*	*0.1pp*	*-0.1pp*
Sales and marketing costs	-17.1	-11.7	45.7%	0.0pp
Administrative costs	-393.7	-366.7	7.4%	2.0pp
Adjusted EBITA	**744.4**	**617.4**	**20.6%**	**0.2pp**
Adjusted EBITA margin	*26.2%*	*25.2%*	*1.1pp*	*-0.2pp*
Special items	0.0	-4.4	-99.9%	0.0pp
EBITA	**744.4**	**613.0**	**21.4%**	**0.2pp**
EBITA margin	*26.2%*	*25.0%*	*1.2pp*	*-0.2pp*
Amortisation	-99.4	-101.7	-2.2%	1.4pp
Operating profit (EBIT)	**644.9**	**511.3**	**26.1%**	**0.0pp**
Operating profit margin	*22.7%*	*20.8%*	*1.9pp*	*-0.2pp*
Net financials	-47.0	-14.0	234.8%	3.2pp
Fair value adjustment of contingent consideration	-141.3	0	N/A	0.0pp
Income / loss from investment in joint venture	-5.0	0	N/A	0.0pp
Profit before tax	**451.7**	**497.3**	**-9.2%**	**-0.1pp**
Tax	-129.8	-108.8	19.3%	0.0pp
Effective tax rate	*28.7%*	*21.9%*	*6.9pp*	*0.0pp*
Profit	**321.9**	**388.5**	**-17.1%**	**-0.2pp**

Netcompany Netherlands, acquired at 13 May 2019, is not fully included in the reported figures for 2019 and the impact from Netcompany Netherlands for the period 1 January 2020 until 13 May 2020 is shown in the table as non-organic impact from Netcompany Netherlands, whereas impact from 14 May 2020 and onwards will be seen as organic impact.

Adjusted EBITA was DKK 744.4m – an increase of 20.6%

Despite the negative impacts from COVID-19 related measures taken by various governments, Netcompany has seen utilisation ratios in line with previous years. However, the underlying performance per country has varied with the operations in Denmark and the Netherlands yielding improved utilisation ratios and the operation in Norway and the UK yielding lower utilisation ratios compared to 2019.

Cost of services increased with 15.4%, which was slightly lower than the increase in revenue. This was caused by a higher utilisation in Denmark and the Netherlands, which was almost ofset by lower utilisation in Norway and in the UK and the transition away from independent contractors to own employees in a period where revenue was lost at short notice also impacted utilisation negatively in the UK. Additionally, more resources have been spent on business development, tender activities and other sales related tasks in 2020 than in 2019 – in particular as a consequence of the Danish operation being involved in multiple tenders in Norway, the UK and in the Netherlands. While these activities, in the short term have reduced the gross profit margins, they are fundamental for the continued future progression in margins across the Group.

Gross profit margin for the Group was slightly higher in 2020 at 40.7% compared to 40.6% in 2019. Additionally, gross profit margin in 2019 was positively impacted by the release of DKK 32.6m from the risk contingency reserve into revenue. For 2020, the release amounted to DKK 3.5m. Adjusted for the contingency risk reserves, gross profit margin in 2020 and 2019 would have been 40.6% and 39.8% respectively, which means gross profit margin increased by 0.8% - in a normalised setting.

40.7%

Gross profit margin

Sales and marketing costs increased to DKK 17.1m, corresponding to an increase of 45.7% due to a low base in previous year. During 2020, more resources have been used to increase awareness of the Netcompany brand and name outside of Denmark, and in addition, a number of new branding activities were launched in Denmark to strengthen Netcompany's brand even further.

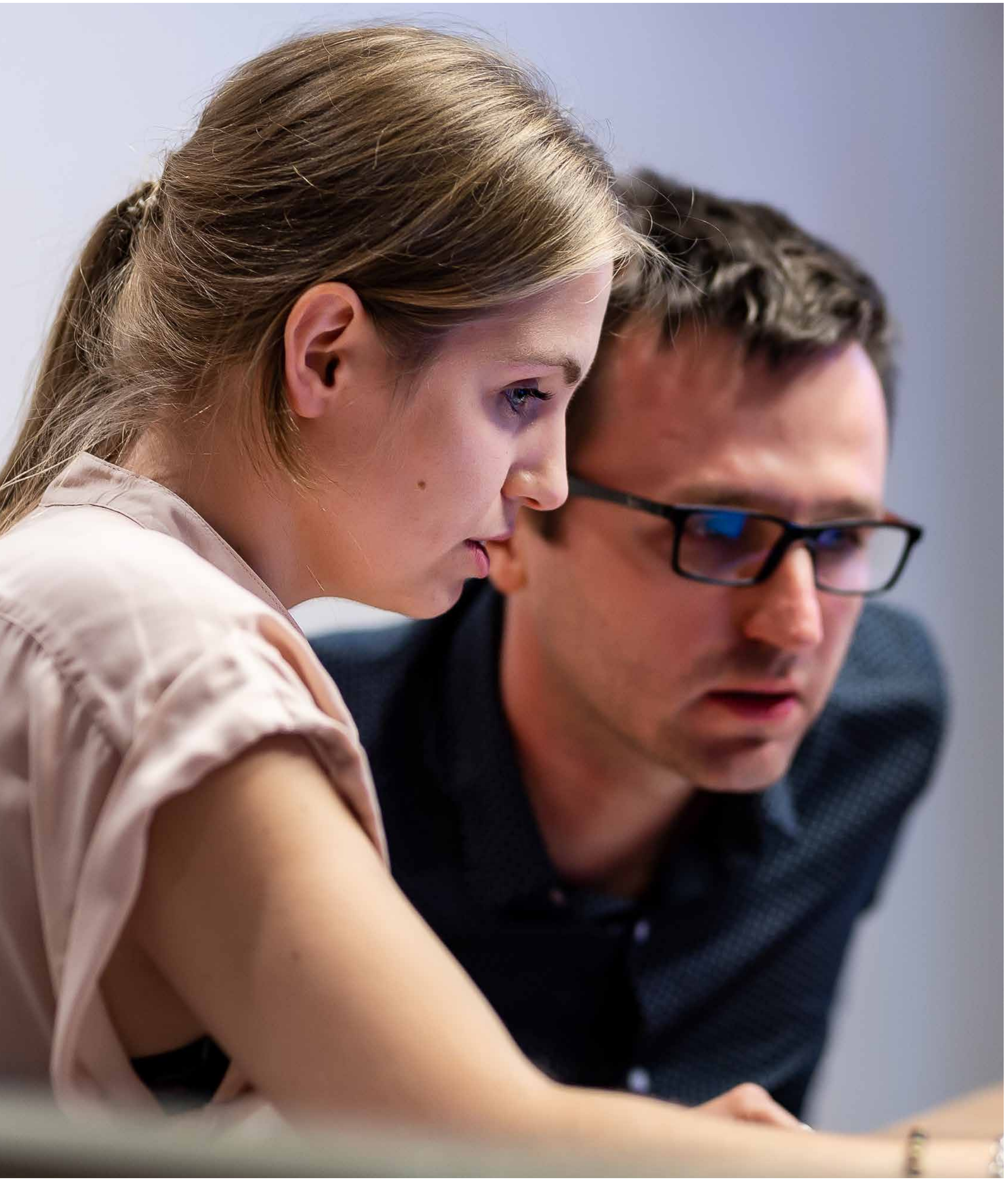
Administrative costs increased by 7.4% compared to 2019, hence, at a lower rate than the intake of new employees which grew by 20.7%. The main reason for administrative costs growing slower than the FTE intake is the restrictions imposed related to COVID-19, which has led to less travel, fewer social activities and also fewer courses. In addition, planned office expansion in Copenhagen and Oslo has been postponed from 2020 to 2021. While some costs patterns are most likely to change structurally it is still too early to firmly conclude that recurring cost savings are to follow from COVID-19. As in 2019, the cost for the Group's Long Term Incentive Programme is in a gradual build up phase meaning that the cost for the programme will not be fully loaded into the costs base until 2022. The annual increase for the total Long Term Incentive based remuneration Programme is approximately DKK 25m of which around DKK 8m are reported as administrative costs and the remaining part included in cost of services. Once fully loaded the total annual cost for the programme is around DKK 40m – before adding new participants to the programme.

6.6%

Non-client facing FTE

Non-client facing FTEs was 6.6% in 2020 – slightly below the level of 2019. Netcompany continues to aim for a ratio of non-client facing FTEs of around 5%. In 2020, particularly in the UK, additional resource was added to the HR function to facilitate the increased intake of our own employees. For 2021 and onwards, it is expected that the non-client facing FTE ratio will gradually move towards the targeted 5% level.

Adjusted EBITA was DKK 744.4m, which is an increase of more than DKK 125m or 20.6% compared to 2019, yielding an adjusted EBITA margin of 26.2%, which is 1.1 percentage point higher than realised margin in 2019. Adjusting for the release of the DKK 32.6m from the contingency reserve in



2019 the margin improvement in 2020 would have been 2 percentage points, underlining the strong operational performance realised in 2020, which was further improved by savings on some costs as a result of the measures implemented related to COVID-19.

644.9m

Operating profit (EBIT)

Operating profit (EBIT) increased by DKK 133.7m to DKK 644.9m. Amortisation was in line with 2019. Some of the intangible assets are fully amortised in 2020 and others will be fully amortised by the end of 2022.

Net financial cost for the year was DKK 47m of which the majority is related to currency exchange adjustments. In Q4, an internal loan within the Group related to the financing of the acquisition of Hunter MacDonald in the UK, now Netcompany UK, was converted to equity and eliminate the translation risk going forward. In 2020, currency exchange adjustments related to this loan was negative DKK 23.9m. Interest rate costs for the Group's external banking facility was DKK 13.7m compared to DKK 18.8m in 2019.

The adjustment of the contingent purchase prise for the Dutch acquisition was DKK 141.3m and reflected an increased value of our Dutch investment following superior performance in 2020. The increase in the purchase price was handled as an expense in accordance with IFRS 3.

Net tax for the year was 129.8m, which was equivalent to an effective tax rate of 28.7% compared to an effective tax rate of 21.9% in 2019. The increase in effective tax rate was due to the non-tax deductible fair value adjustment of DKK 141.3m. If not adjusted for the contingent purchase price regulation, effective tax rate would have been 21.9%. Netcompany pays corporate income tax in all its operating entities following current and at any time applicable rules. In addition, Netcompany has not participated in any government funded support or relief package related to COVID-19 in any of the countries in which Netcompany is doing business.

When adjusted for the fair value adjustment of the purchase price for the Dutch acquisition, net profit for the year was DKK 463.2m, corresponding to an improvement of DKK 74.7m compared to 2019.

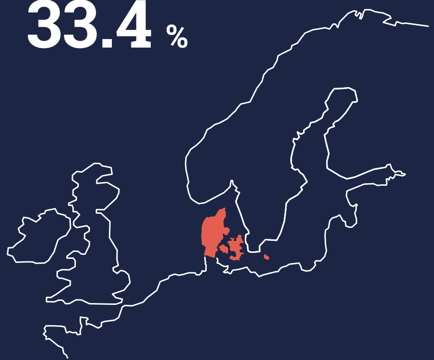
Operating entitites

Denmark

Revenue
2,200 DKKm

Gross profit margin
46.0 %

Adj. EBITA margin
33.4 %



Client Facing FTE
1,845

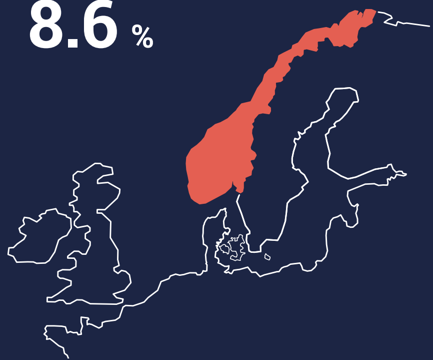
Core Addressable IT Service market*
22,000 DKKm

Norway

Revenue
217 DKKm

Gross profit margin
22.2 %

Adj. EBITA margin
8.6 %



Client Facing FTE
235

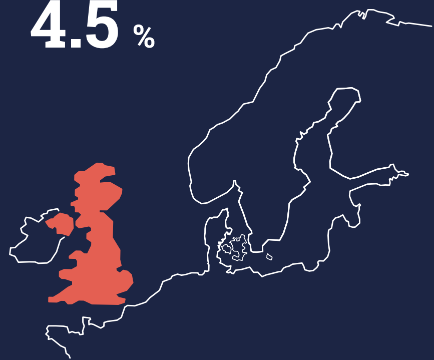
Core Addressable IT Service market*
9,000 DKKm

United Kingdom

Revenue
345 DKKm

Gross profit margin
18.2 %

Adj. EBITA margin
4.5 %



Client Facing FTE
388

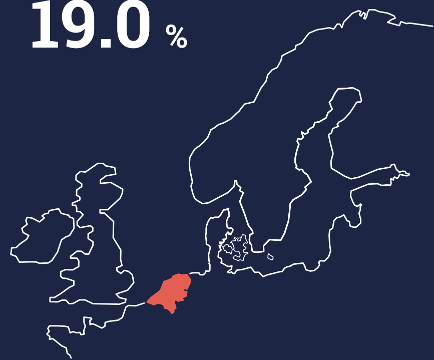
Core Addressable IT Service market*
125,000 DKKm

Netherlands

Revenue
99 DKKm

Gross profit margin
37.6 %

Adj. EBITA margin
19.0 %



Client Facing FTE
118

Core Addressable IT Service market*
34,000 DKKm

* The core addressable IT services market is defined as the part of the addressable market which is dominated by medium and large companies with significant annual IT Budgets, with strategic focus on using digitalisation as a competitive advantage by implementing complex projects where sophisticated IT capabilities are required.

Information related to operating entities

Revenue in constant currencies grew by 16.6% from DKK 2,453.9m in 2019 to DKK 2,861.1m in 2020. The non-organic revenue from the Dutch operation amounted to DKK 26.2m or 0.9%.

In the Danish operation, revenue increased by DKK 381.1m, equivalent to 21% growth compared to 2019. In Norway, revenue increased by DKK 19.1m (9.6%) and in the Netherlands, revenue increased by DKK 61.5m (164.6%). Compared to 2019 statutory accounts, the Dutch operation grew by 94.8% in 2020. The UK operation saw revenue decline by DKK 54.3m – equivalent to negative 13.6%.

For the Danish public tenders the win ratio in 2020 was 72%, which is on par with last year's win ratio of 73%.

Gross profit margin in the Danish operation was 46%, which was in line with the level in 2019. However, in 2019 a total of DKK 32.6m was released from the risk contingency reserve compared to DKK 3.5m in 2020.

2020 in constant currencies (DKK'000)	Denmark	Norway	United Kingdom	Netherlands	Total
Revenue from external customers	2,199.9	217.5	345.0	98.8	2,861.1
Gross profit	**1,012.2**	**48.2**	**62.8**	**37.2**	**1,160.4**
Gross profit margin	*46.0%*	*22.2%*	*18.2%*	*37.6%*	*40.6%*
Local admin costs	-277.4	-29.5	-47.5	-18.4	-372.7
Adjusted EBITA before allocated cost from HQ	**734.8**	**18.7**	**15.4**	**18.8**	**787.6**
Adjusted EBITA margin before allocated cost from HQ	*33.4%*	*8.6%*	*4.5%*	*19.0%*	*27.5%*
Allocated costs from HQ	-28.6	-4.7	-6.3	-1.9	-41.5
Special items, allocated	0.0	0.0	0.0	0.0	0.0
EBITA	**706.2**	**14.0**	**9.1**	**16.9**	**746.1**

Constant currencies measured using average exchange rates for 2019

2019 in reported currencies (DKK'000)	Denmark	Norway	United Kingdom	Netherlands	Total
Revenue from external customers	1,818.8	198.4	399.3	37.4	2,453.9
Gross profit	**826.0**	**65.2**	**96.5**	**8.1**	**995.8**
Gross profit margin	*45.4%*	*32.9%*	*24.2%*	*21.6%*	*40.6%*
Local admin costs	-256.2	-30.9	-41.0	-13.9	-342.0
Adjusted EBITA before allocated cost from HQ	**569.8**	**34.4**	**55.5**	**-5.9**	**653.8**
Adjusted EBITA margin before allocated cost from HQ	*31.3%*	*17.3%*	*13.9%*	*-15.7%*	*26.6%*
Allocated costs from HQ	-25.5	-2.7	-7.5	-0.7	-36.4
Special items, allocated	-3.1	-0.3	-0.9	0.0	-4.4
EBITA	**541.1**	**31.3**	**47.1**	**-6.5**	**613.0**

Adjusted EBITA before allocated cost from HQ increased by DKK 133.8m yielding an adjusted EBITA margin of 27.5%

The net impact hereof is equivalent to a negative impact to revenue growth in Denmark in 2020 of close to 2 percentage points. Gross profit margin in 2019 would have been 0.8 percentage point lower adjusted for this too.

The underlying strong performance in Denmark was driven by the continued timely delivery of a number of larger projects and continued growth of new projects in both the public and private segment. In addition, the restrictions imposed related to COVID-19 has led to fewer hours used on training and social events, which in turn has increased the amount of available hours in general terms to be used on client related tasks.

In Norway, gross profit margin was negatively impacted by the lack of major new wins from the summer 2019 to the fall 2020 as resources have not been fully utilised. Additionally, loss of smaller short term projects with some private customers followed the COVID-19 measures implemented in Norway during the spring and summer. Further, a number of senior managers and partners have spent a significant amount of time during 2020 on business development in Norway, leading to lower gross profit margin as costs related hereto are allocated to the Norwegian unit.

In the UK, gross profit margin was negatively impacted by a combination of hard lockdown from COVID-19, the ongoing change from independent contractors to permanent employees and too a high proportion of the project portfolio being of a short term nature. Loss of projects seen particular in the spring and late Q3 2020 led to significant under-utilisation of resources. In the same period, Netcompany UK successfully had reduced the amount of independent contractors by close to 100 and instead hired the doubled amount of own employees. This essentially meant that the cost of the underutilisation was mainly borne by Netcompany UK.

In the Dutch operation on the other hand, gross profit margins were improved significantly during 2020 as a result of two larger fixed fee projects with negative margins being completed early in the first quarter. In addition, the Dutch operation has increased utilisation during the year compared to 2019 following the implementation of the Netcompany operating model.

In Denmark, adjusted EBITA before HQ costs increased by DKK 165m yielding an adjusted EBITA margin of 33.4% compared to 31.3% in 2019. The restrictions to travel and social activities imposed as a response to the COVID-19 pandemic has improved margins by around 1 percentage point. In addition, planned office expansions in Copenhagen and Oslo was postponed to 2021 improving margins further.

In Norway, the adjusted EBITA margin before HQ costs was reduced by 8.7 percentage points as a result of the lower activity, also impacting gross profit margin, and costs for redundancies for members of the former management Group. Severance costs impacted adjusted EBITA margin by 1.4 percentage points.

The adjusted EBITA margin before HQ costs was significantly reduced in the UK as a direct consequence of the lower utilisation and more permanent employees also impacting gross profit margin. In addition, the UK operation had increased the HR function substantially in 2020 to hire the replacement of close to 100 independent contractors.

In the Netherlands, the adjusted EBITA margin before HQ costs increased from negative 15.7% in 2019 to positive 19% in 2020. The improvement was driven by the improved gross margin and a significant improvement in the administrative routines in the Dutch operation during the year. In addition, a number of integration projects have been completed during 2020.

34.7pp

Improvement in adjusted EBITA margin before allocated HQ costs for the Dutch operation

Total HQ costs allocated to the operating entities was DKK 41.5m compared to DKK 36.4m in 2019. The main increase in the allocated costs relates to the gradual build up of share based remuneration following the Restricted Stock Units (RSU) programme that has a three year revolving character, which means that the full costs for the RSUs will be embedded in the numbers from 2021 and onwards.

Segment information

Public segment

62.6%

Revenue in the public segment increased by 22.1% from DKK 1,455.5m in 2019 to DKK 1,777.7m in 2020.

Private segment

37.4%

Revenue in the private segment increased by 6.3% from DKK 998.3m in 2019 to DKK 1,060.9m in 2020.

Public segment

Public (DKK'000)	**2020**	**2019**	**Change (reported)**	**Non-organic impact from Netcompany Netherlands BV.**
Revenue	1,777.7	1,455.5	22.1%	1.8pp
Cost of services	-1,102.6	-907.8	21.5%	1.9pp
Gross profit	**675.1**	**547.8**	**23.2%**	**1.5pp**
Gross profit margin	*38.0%*	*37.6%*	*0.3pp*	*0.0pp*
Allocated costs	-270.0	-244.1	10.6%	2.9pp
Adjusted EBITA	**405.1**	**303.6**	**33.4%**	**0.3pp**
Adjusted EBITA margin	*22.8%*	*20.9%*	*1.9pp*	*0.0pp*
Special items	-0.0	-2.7	-99.9%	0.0pp
EBITA	**405.1**	**300.9**	**34.6%**	**0.3pp**
EBITA margin	*22.8%*	*20.7%*	*2.1pp*	*0.0pp*
Amortisation	-65.0	-62.8	3.6%	2.2pp
Operating profit (EBIT)	**340.0**	**238.1**	**42.8%**	**0.1pp**
Operating profit margin	*19.1%*	*16.4%*	*2.8pp*	*0.0pp*

Netcompany Netherlands, acquired at 13 May 2019, is not fully included in the reported figures for 2019 and the impact from Netcompany Netherlands until 13 May 2020 is shown in the table as non-organic impact from Netcompany Netherlands, whereas impact from 14 May 2020 and onwards will be seen as organic impact.

Revenue in the public segment increased by 22.1% in 2020 to DKK 1,777.7m compared to DKK 1,455.5m in 2019. The non-organic growth was 1.8 percentage points and is attributable to the Dutch operation.

The increase in the public segment revenue was overall driven by continued high activity in the Danish operation, which grew a total of 21% and in the Dutch operation, which close to tripled revenue in the segment in 2020.

In Denmark, performance was driven by high activity levels with the Danish ministry of Taxation, KOMBIT and ATP, whereas growth in the Dutch segment was driven by high activity with the Replacement Fund and the Participation Fund as well as the Ministry of Finance in the Netherlands.

In Norway, revenue in the public segment showed moderate growth driven by the wins late in the year together with the Norwegian Medicines Agency. In the UK, growth was 8.1%.

Gross profit margin for the segment across the Group was 38% - slightly better than 2019 where margin was 37.6%, however, with substantial deviations from country to country. In Denmark and the Netherlands, margins improved following strong delivery on projects and high utilisation throughout the year despite COVID-19. In the UK and in Norway, margins were lower than in 2019 as COVID-19 impacted operations in these markets negatively as they both had a number of smaller short term projects in the public segment that were postponed during 2020 leading to lower utilisation.

Adjusted EBITA margin improved to 22.8% compared to 20.9% in 2019. In addition to the improved gross profit margin, adjusted EBITA margins was improved significantly in the Danish operation following strong deliveries and a generally lower level of costs to be allocated following COVID-19. In addition, performance in the Dutch operation was also improved significantly on adjusted EBITA margin level.

Private segment

Revenue in the private segment was DKK 1,060.9m, which was 6.3% higher compared to realised in 2019 of DKK 998.3m. However, there are significant differences in the underlying performance country by country. In both Norway and the UK, revenue in the private segment was reduced in 2020 compared to 2019, whereas the revenue in the private segment in Denmark increased by 20.9% in 2020 with growth picking up in the third and fourth quarter, which both grew by more than 24%. The strong growth in the Danish segment was a result of an increase of larger projects in the market late 2019 and early 2020, which Netcompany successfully won. Additionally, the growth was impacted by the continued development of projects with TopDanmark and the joint venture, which Netcompany established with Copenhagen Airport.

Private (DKK'000)	2020	2019	Change (reported)	Non-organic impact from Netcompany Netherlands BV.
Revenue	1,060.9	998.3	6.3%	0.1pp
Cost of services	-580.7	-550.3	5.5%	0.1pp
Gross profit	**480.1**	**448.0**	**7.2%**	**0.1pp**
Gross profit margin	*45.3%*	*44.9%*	*0.4pp*	*0.0pp*
Allocated costs	-140.8	-134.3	4.8%	0.1pp
Adjusted EBITA	**339.3**	**313.7**	**8.1%**	**0.1pp**
Adjusted EBITA margin	*32.0%*	*31.4%*	*0.6pp*	*0.0pp*
Special items	-0.0	-1.7	-99.9%	0.1pp
EBITA	**339.3**	**312.0**	**8.7%**	**0.1pp**
EBITA margin	*32.0%*	*31.3%*	*0.7pp*	*0.0pp*
Amortisation	-34.4	-38.9%	-11.6%	0.1pp
Operating profit (EBIT)	**304.9**	**273.1**	**11.6%**	**0.1pp**
Operating profit margin	*28.7%*	*27.4%*	*1.4pp*	*0.0pp*

Netcompany Netherlands, acquired at 13 May 2019, is not fully included in the reported figures for 2019 and the impact from Netcompany Netherlands until 13 May 2020 is shown in the table as non-organic impact from Netcompany Netherlands, whereas impact from 14 May 2020 and onwards will be seen as organic impact.

In Norway, revenue in the private segment fell by DKK 3.1m in 2020 mainly as a consequence of projects being postponed or delayed due to COVID-19. The reason for these projects being delayed was – as opposed to Denmark – that the projects to a large extent were smaller short term non-strategic projects, mainly sold on the basis of individual expertise. The same was the case in the UK where revenue in the private segment fell by DKK 72.7m.

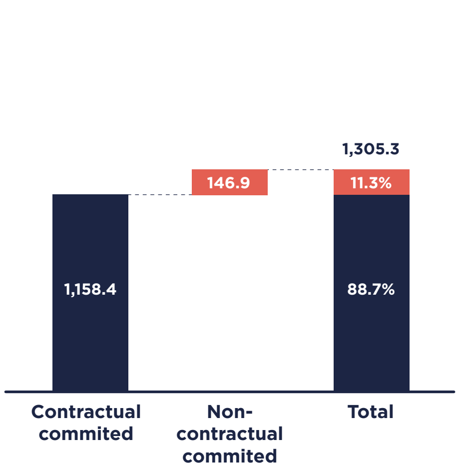
Like in 2019 the amount of business that the Dutch operation delivers in the private segment is limited.

Despite the drop of revenue in the private segment in both Norway and in the UK, gross profit margin for the segment on a Group level was in line with last year at 45.3%, mainly driven by a strong margin in Denmark and the fact that the relative size of the Danish operation is large. On a Group level, the loss of revenue in Norway and the UK was to a large extent recovered by higher margin revenue realised in the Danish operation during 2020.

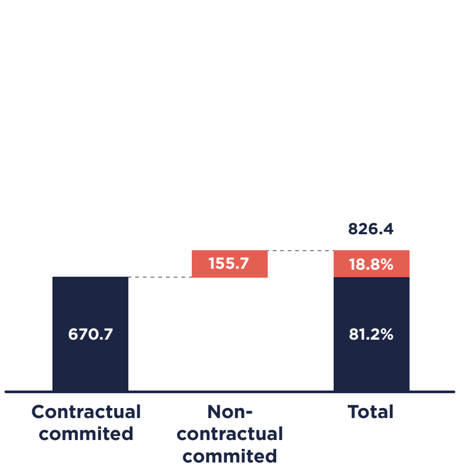
For the same reasons adjusted EBITA margin for the Group at 32% was in line with 2019.

Revenue visibility

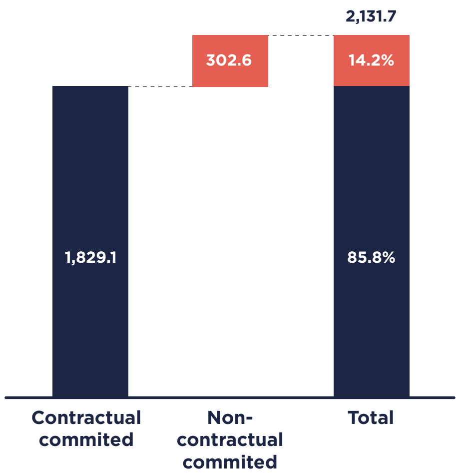
Public segment



Private segment



Total segment



Revenue visibility has **increased 16.6%** from DKK 1,827.8m for 2020 to DKK 2,131.7m for 2021

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 2021 amounts to DKK 2,131.7m. Of this, contractual committed revenue amounts to DKK 1,829.1m and non-contractual committed engagements amounts to DKK 302.6m.

Revenue visibility for 2021 in the public segment amounts to DKK 1,305.3m, of which contractual committed revenue amounts to DKK 1,158.4m and non-contractual committed engagements amounts to DKK 146.9m.

Revenue visibility for 2021 in the private segment amounts to DKK 826.4m, of which contractual committed revenue amounts to DKK 670.7m and non-contractual committed engagements amounts to DKK 155.7m.

Revenue visibility has increased 16.6% from DKK 1,827.8m for 2020 to DKK 2,131.7m for 2021.

Cash flow, liquidity and other significant financial positions

Work in progress, prebilled invoices and trade receivables

The combined value of work in progress, prebilled invoices and trade receivables increased by 11.7% compared to a revenue growth of 15.7% in 2020. The combined value of contract work in progress, prebilled invoices and trade receivables as a percentage of revenue fell from 32.6% in 2019 to 31.5% in 2020, which was an improvement of 1.1 percentage points, while days sales outstanding improved from 79 days in 2019 to 59 days in 2020.

Free cash flow and cash conversion ratio

Netcompany generated a free cash flow of DKK 557m, an increase of DKK 121.3m, which led to a cash conversion ratio of 139.4% compared to 93.2% in 2019. The increase in cash conversion ratio was driven by a combination of the factors described and the fair value adjustment of the contingent consideration regarding the acquisition of Netcompany Netherlands (previous QDelft B.V.). Adjusting for the fair value adjustment of contingent consideration, cash conversion ratio for 2020 would have been 103%.

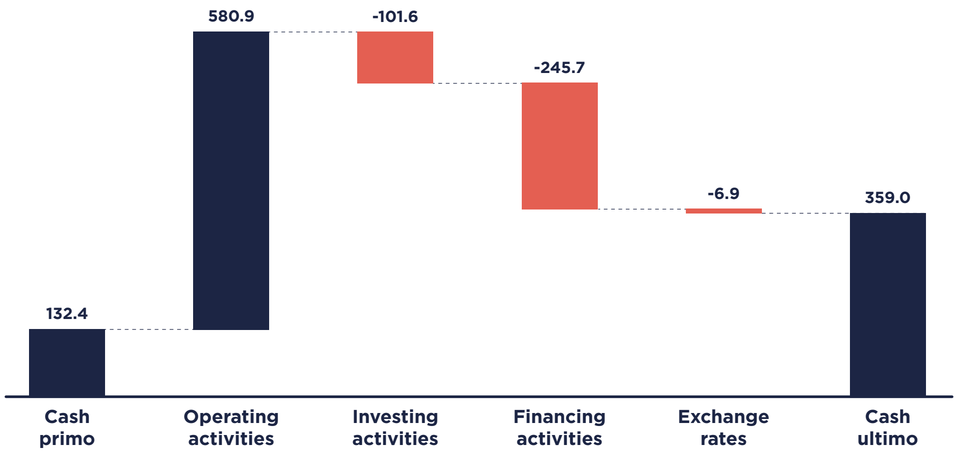
Funding and liquidity

By the beginning of 2020, Netcompany had drawn DKK 965.2m of the total committed facilities of DKK 1,500m. During 2020, Netcompany has used the positive cash flow to repay borrowings of further DKK 200m, hence, a total outstanding credit facility of DKK 765.2m as of 31 December 2020. Further, Netcompany invested DKK 75m in a joint venture with Copenhagen Airport.

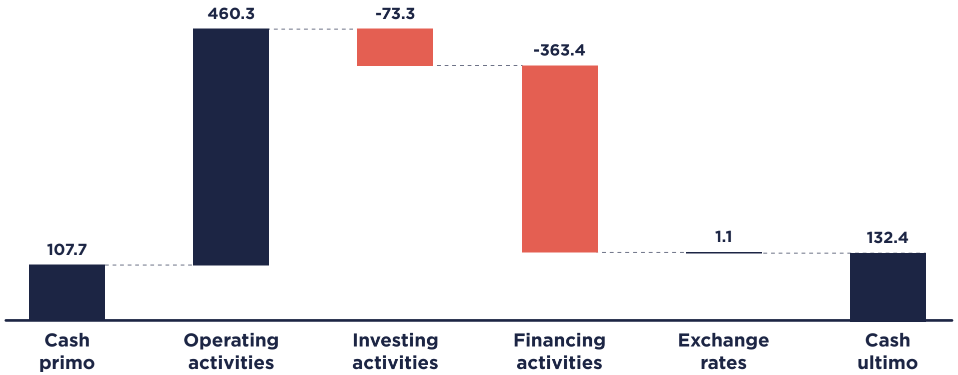
The positive development in the cash position has resulted in a debt leverage below 1, as strived for. This also meant that the external interest rate has been reduced twice during 2020, and now equals 1.1%.

Based on the strong financial position and cash flow, Netcompany proposes a payout of DKK 50m in dividend to shareholders and will initiate a share buyback programme of the same size bringing the total remuneration to the shareholders in 2020 to DKK 100m.

Cash flow development in 2020 (DKK'000)



Cash flow development in 2019 (DKK'000)



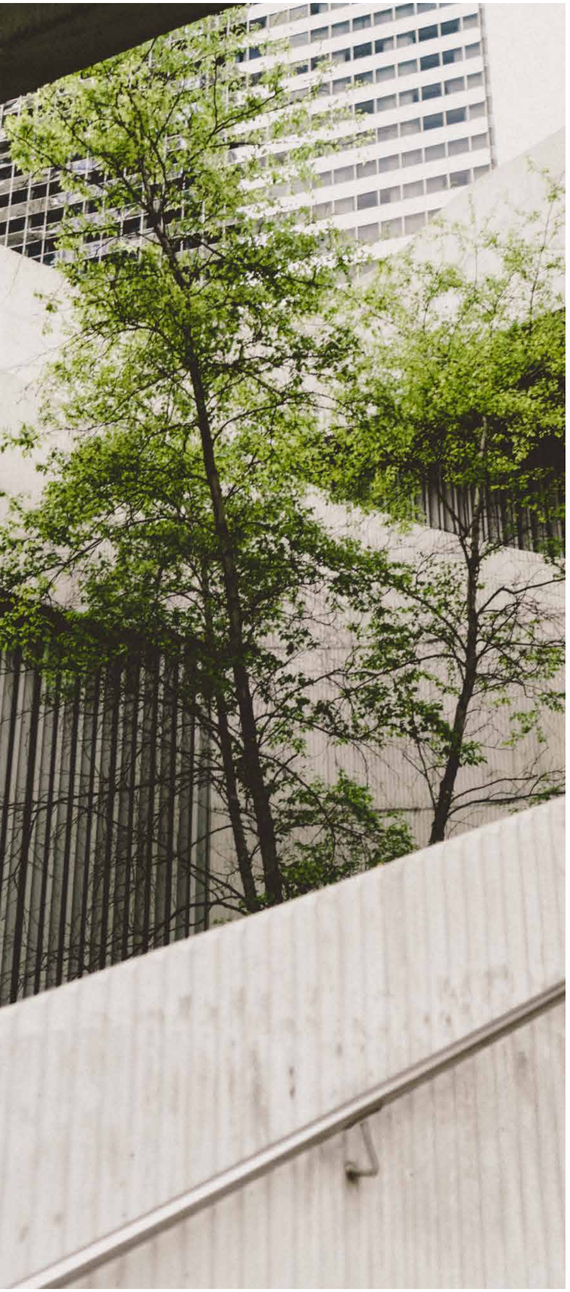
Christoffer, Manager

“IT people leading IT people is a cornerstone in Netcompany”

Governance

Environmental, Social and Governance

ESG key figures overview	Unit	Target 2021	Actual 2020	Target 2020	2019	2018	2017
Environment							
CO_2e, scope 1 (direct GHG emissions)	Tons per FTE	<0.08	0.06	<0.08	0.08	0.07	0.06
CO_2e, scope 2 (indirect GHG emissions)	Tons per FTE	<0.21	0.12	<0.21	0.21	0.25	0.27
CO_2e, scope 3 (other indirect GHG emissions)	Tons per FTE	<0.69	0.19	-	0.69	0.44	0.09
Energy consumption	GJ per FTE	<7.29	4.99	<7.29	7.29	8.21	8.25
Renewable Energy Share	%	75	73.39	-	73.23	64.93	65.10
Water consumption	m^3 per FTE	<4.61	3.28	<4.61	4.61	5.38	5.82
Social							
Full-time employees incl. freelancers and contractors	FTE	-	2,768	-	2,293	1,861	1,256
Gender diversity	f/m	20%/80%	18%/82%	20%/80%	19%/81%	19%/81%	17%/83%
Gender diversity for managers, principals and partners	f/m	13%/87%	11%/89%	13%/87%	12%/88%	10%/90%	9%/91%
Sick leave	%	<3.5	3.1	<3.0	3.8	3.5	2.9
Employee satisfaction	eNPS	>35	42	>20	42	36	48
Customer satisfaction	NPS	>20	20	>20	22	26	11
Governance							
Gender diversity - Board of Directors (BoD)	f/m	40%/60%	40%/60%	20%/80%	20%/80%	17%/83%	0%/100%
Attendance at the BoD meetings	%	>97	100	>97	97	95	99
CEO Pay-Ratio	times	<1:19	1:18	-	1:17	1:12	1:06



Netcompany is helping customers implement new technologies to further digitalise their respective businesses and operations, which indirectly have a positive impact on the environment as these new solutions are significantly more efficient in relation to energy consumption than old legacy systems.

The impacts of these systems are difficult to measure, however, they do exist and contribute positively to an improved environment. In addition, Netcompany measures its direct impact on the environment as outlined here.

Netcompany has a strong focus on its employees to ensure that they are continually educated. We measure our employees satisfaction with working at Netcompany and can proudly report an eNPS of 42 across the Group. We have an equal pay policy meaning that women and men with equal experiences, competencies and performance receive the same salary.

Netcompany recognises that a diverse and inclusive workplace is imperative for securing and maintaining competitiveness in the market and securing better problem-solving abilities and innovation.

Raising the underrepresented gender in our Group is not easy given that Netcompany hires 80% of staff straight from educations where the same gender inequality is present.

Netcompany has chosen to disclose its statutory statement on corporate social responsibility, including diversity, cf. sections 99a, 99b and 107(d) of the Danish Financial Statements Act

However, we will aim to raise the number of female IT professionals relatively in Netcompany in 2021.

Netcompany has chosen to disclose its statutory statement on corporate social responsibility, including diversity, cf. sections 99a, 99b and 107(d) of the Danish Financial Statements Act, and our Communication on Progress report to the UN Global Compact, which Netcompany joined in 2013, in the form of an ESG report.

This year's environmental KPI's are in many ways affected by COVID-19 and should be viewed in this context. Therefore, we have also chosen to maintain our environmental targets from 2020.

ESG report 2020

Read more about the ESG at Netcompany here:

www.netcompany.com/int/About-us/ESG

Corporate Governance

Governance model
Netcompany has a two-tier management structure, which is comprised of the Board of Directors and the Executive Management. 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 Company's activities, while the Executive Management is responsible for the Company's day-to-day management. The division of responsibility between the Board of Directors and the Executive Management is set out in the 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 and Executive Management
For the time being, the Board of Directors of Netcompany Group A/S currently consists of five 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 required.

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

During 2020, the Board of Directors conducted an evaluation of the Board of Directors and the individual members. As two of the Board members joined the Board in August, it was decided to base the evaluation on a questionnaire that the individual members of the Board of Directors had been asked to complete. The evaluation included among others effectiveness, performance, achievements 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. The evaluation showed a high degree of satisfaction among the members of the Board of Directors and Group Executive Management. In 2021, the Board evaluation will be carried out with external assistance.

A description of the individual board members, including their other executive positions and independence, can be found on page 35.

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 (Chairman), Scanes Bentley and Juha Christensen and 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 election of an external auditor.

In 2020, the Audit Committee performed an audit tender and presented its proposal to elect EY as auditor for 2021 to the Board, which approved it and will present it at the general meeting in March for approval.
The Audit Committee meets at least four times a year.

Remuneration Committee

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

The Nomination Committee meets at least twice a year.

Executive Management

The members of the Executive Management currently 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

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

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, 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 47 out of the 47 recommendations.

According to the Danish Financial Statements Act section 107b, a statement on corporate governance for the financial year is prepared. This statement forms part of the Management's Review and can be viewed at:

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

Whistleblower

In 2017, Netcompany implemented a whistleblower system, where the purpose is to provide a possibility to report serious offences or suspected serious offences with full anonymity that may impact Netcompany Group as a whole or the life or health of an individual.

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 2020, three incidents were submitted via the whistleblower system, and appropriate action was taken where applicable.

Whistleblower cases are taken very seriously, and we have enhanced the awareness of good conduct and that incidents can be reported through the whistleblower portal.

Executive Management

André Rogaczewski
Co-founder and CEO

Nationality Danish
Born (year) 1968

André Rogaczewski is a co-founder of Netcompany since 2000 and Chief Executive Officer. André is a board member of Berlingske Media A/S, Auction Group A/S, and PAYProff Systems A/S. He is also a member of the Danish Government's Disruption Council, non-executive board member of the Confederation of Danish Industries (DI), and chairman of its Digital Federation (DI Digital). André holds a M.Sc. Computer Science from Aalborg University.

Claus Jørgensen
Co-founder and COO

Nationality Danish
Born (year) 1967

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.

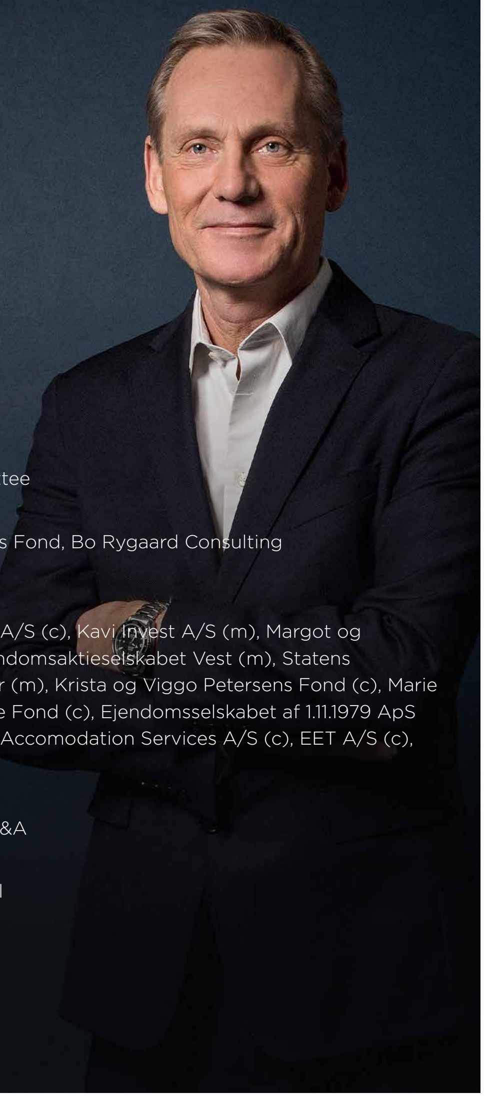
Thomas Johansen
Partner and CFO

Nationality Danish
Born (year) 1970

Thomas Johansen is Partner and 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. an MBA from Rotterdam School of Management.

Board of Directors

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



Bo Rygaard
Chairman

First elected 2016[1]
Term 2020
Born (year) 1965
Nationality Danish
Independent Yes

Board committee memberships
Remuneration Committee, Nomination 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), Parken Sport & Entertainment A/S (c), Kavi Invest A/S (m), Margot og Thorvald Dreyers Fond (m), Tatin ApS (m), 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), Ejendomsselskabet af 1.11.1979 ApS (m), Lalandia A/S (c), Lalandia Billund A/S (c), Accomodation Services A/S (c), EET A/S (c), ES North A/S (m).

Special competencies
Strategy, General business management and M&A

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

Board meetings attended
7 out of 7

Committee meetings attended
7 out of 7

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

Juha Christen Christensen
Vice Chairman

First elected 2016[2]
Term 2020
Born (year) 1964
Nationality Danish
Independent Yes

Board committee memberships
Nomination Committee, Remuneration Committee, and Audit Committee

Executive positions
CEO of Truly ApS

Non-executive positions
Cloud Made Ltd (c), Star Glocal Consulting Inc (c), Bang & Olufsen A/S (c)

Special competencies
Consulting, Technology market insight, Strategy and M&A

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

Board meetings attended
7 out of 7

Committee meetings attended
9 out of 9

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

Board of Directors

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

Hege Skryseth

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

Board committee memberships
None

Executive positions
President of Kongsberg Digital and Executive Vice President of Kongsberg

Non-executive positions
Tomra Systems ASA (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
4 out of 4

Åsa Riisberg

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

Board committee memberships
Audit Committee

Executive positions
None

Non-executive positions
Bonnier News AB (m), Cinder Invest AB (m), Bonnier Capital AB (m), Dagens Nyheter AB (m), Women in Finance Foundation and SSE MSc Finance Advisory Board

Special competencies
Åsa has extensive knowledge and experience in accounting, 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
4 out of 4

Committee meetings attended
3 out of 3

Scanes Bentley

First elected 2019
Term 2020
Born (year) 1957
Nationality British
Independent Yes

Board committee memberships
Audit Committee

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

Non-executive positions
Wealth Wizards Ltd (c), Twizzletwig Ltd (m), 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
7 out of 7

Committee meetings attended
6 out of 6

Remuneration report

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 put in place in connection with the IPO in June 2018.

The current remuneration package consist of the elements shown on the right.

The overall remuneration structure

The overall remuneration level of the Board of Directors, proposed to the Annual General Meeting, is assessed to be in line with market practice of companies of similar market capitalisation and size to Netcompany.

Remuneration structure of the Board of Directors

The fees and fixed base salaries are unchanged in 2020 from what were reported in the prospectus forming the basis of the IPO on 7 June 2018.

There exists no model for the Board to achieve short term bonuses related to the financial performance of the Company, as well as the Board is not remunerated in shares.

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	●	●	
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

Composition of the Board of Directors

Hege Skryseth and Åsa Riisberg joined the Board of Directors in August 2020. Pernille Fabricius (former Vice Chairman of the Board) retired from the Board of Directors in March 2020 and Robert Kuppens retired from the Board in August 2020.

Since 19 August 2020 the Board of Directors have consisted of Bo Rygaard (C), Juha Christensen (VC), Scanes Bentley, Hege Skryseth and Åsa Riisberg.

Remuneration report 2020

Read more about the audited Remuneration of Netcompany here:

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

Remuneration structure of the Executive Management

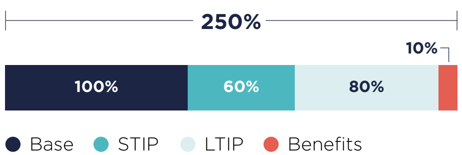
In line with the Remuneration Policy, the Board of Directors proposes the remuneration of the Executive Management for the coming year.

The remuneration model for Executive Management is set to reflect market-based remuneration for similar publicly traded companies in respect to growth, profitability, size and international reach. The total remuneration is constructed to be aligned with the long term objectives of the shareholders with Executive Management incentives.

The target salary for Executive Management assumes a full allocation of variable incentives, and will at full pay out of incentives be a total of 250% including the fixed base salary.

The STIP is based on targets ensuring focus on day-to-day operations, while LTIP grants are tied to targets in line with the long term strategy of Netcompany.

Executive Management remuneration structure (based on full allocation)



5 year key figures (DKK'000)	2020	2019	2018	2017	2016[1]
Remuneration of Board of Directors					
Bo Rygaard, Chairman	1,051	661	438	437	23
Juha Christensen, Vice Chairman	763	624	502	336	23
Scanes Bentley	489	394	-	-	-
Hege Skryseth	128	-	-	-	-
Åsa Riisberg	199	-	-	-	-
Robbert Kuppens[2]	296	168	-	-	-
Pernille Fabricius[2]	179	855	546	89	-
Pekka Ala-Pietilä[2]	-	730	1,057	525	-
Thomas Broe-Andersen[2]	-	0	0	0	0
Carsten Gomard[2]	-	637	1,000	333	-
Nicholas Hjorth[2]	-	-	-	-	0
Lars Denkov[2]	-	-	-	-	0
Remuneration of Executive Management[3]					
André Rogaczewski, CEO	10,475	10,267	7,575	3,082	3,082
Claus Jørgensen, COO	10,475	10,267	7,575	3,082	3,082
Thomas Johansen, CFO	5,823	5,707	5,636	1,498	-
Carsten Gomard[4]	-	-	-	2,095	3,078
Financial Measures, Netcompany Group					
Revenue	2,838,590	2,453,853	2,053,216	1,416,085	899,593
Organic Revenue	2,812,433	2,416,493	1,777,506	1,232,044	887,860
Adjusted EBITA margin	26.2%	25.2%	25.0%	28.4%	27.6%
Average FTEs in Group	2,768	2,293	1,861	1,256	877
Average pay for company employees[5]	561	533	510	543	483
CEO Pay-ratio	1:18	1:17	1:12	1:06	1:06

1 The Group was established on 1 February 2016; prior to this date Netcompany only consisted of Netcompany A/S. To allow for a meaningful comparison between the full-year number, the key figures of 2016 show the consolidation between the 11-months reported figures in NC TopCo A/S and the one month of January 2016 reported in Netcompany A/S, which in total, comprise the Group. Please refer to the Prospectus for further information.
2 Retired from the Board of Directors
3 In addition, the Executive Management are entitled to spend up to 10% of their fixed base salary on a company car.
4 Retired from the Executive Management
5 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 Group´s risk management, the philosophy has always been to anchor responsibility locally with the operational units based on methodology and processes defined centrally.

With expansion into new business segments 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 in DK, UK, NO, NL
- 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 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

Political and reputational

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

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

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 to the Group.

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

The following pages gives an overview of Netcompany's key risks, including root causes and mitigation actions taken throughout the Group in 2020.

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 reputation in the marketplace 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 times.

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 like in Poland and Vietnam.

Unable to generate new business

Root cause

While Netcompany has a high degree of repeat customers generating a solid foundation for its annual revenues, the continued successful addition of new customers is also an important growth factor. New customers in new segments and new markets are an integral part of Netcompany's growth strategy.

Risk

Failing to meet the target of being "on time, on budget and in scope" may lead to loss of reputation in the marketplace 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 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.

Shareholder information

The share

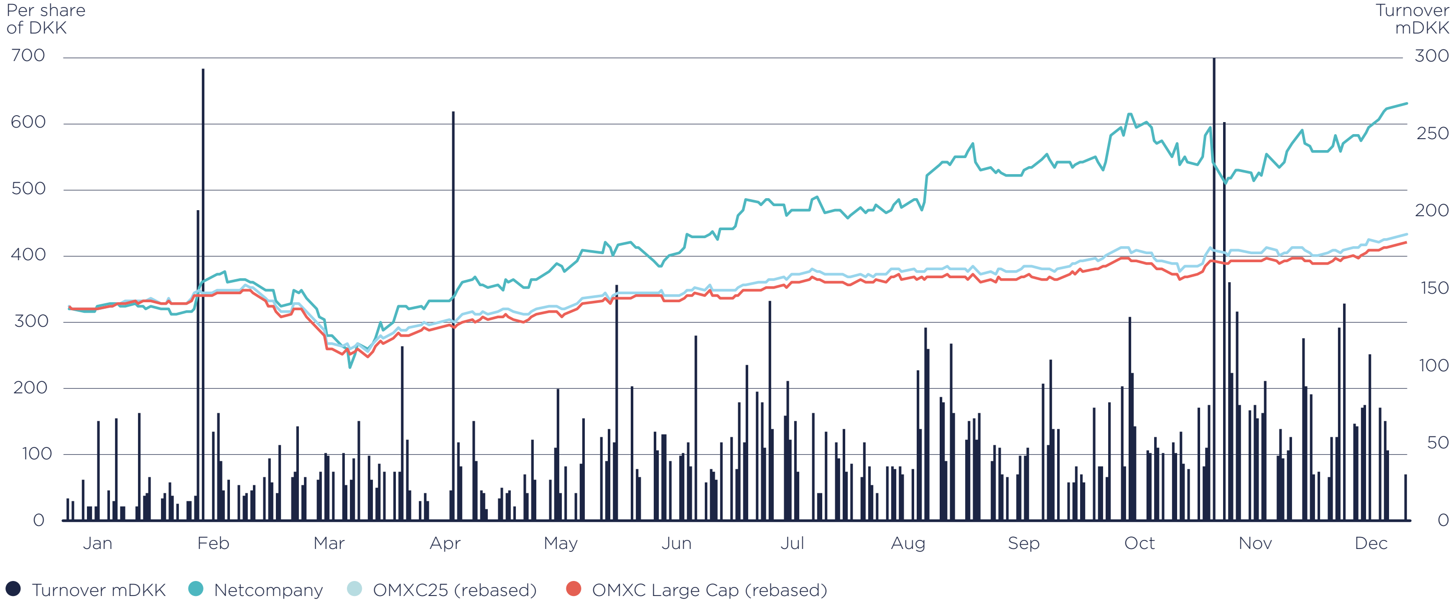
Netcompany shares were priced at DKK 622.5 (DKK 317) per share at 31 December 2020, equal to a market capitalisation of DKK 31,125m (DKK 15,850m). The share price increased by 96.4% during 2020. By comparison, the Nasdaq Copenhagen blue chip index (OMXC25 CAP), of which Netcompany in 2020 became a member, increased by 33.7%, while the index for large-sized companies (OMXC Large Cap) increased by 29.4%.

Share capital

Netcompany´s share capital is DKK 50m divided into 50 million shares.

Netcompany holds a total of 899,813 treasury shares equivalent to 1.8% of the share capital. The treasury shares are 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 members of the Board of Directors and Executive Management Board is disclosed in the Remuneration report and in note 7 of the financial statements.

Netcompany share price development 2020



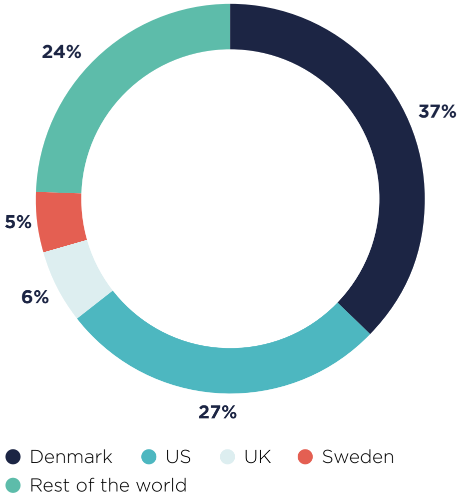
Increase of share capital

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

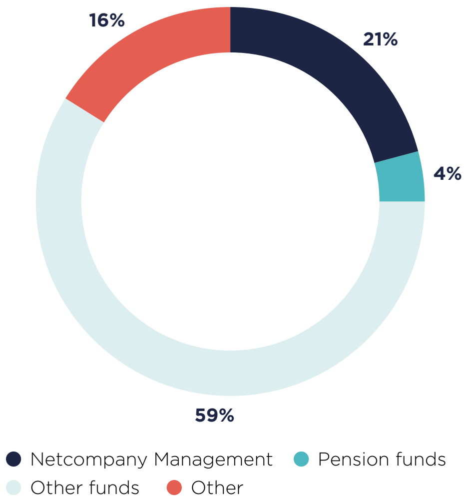
In the period until 21 May 2023, the Board of Directors is also authorised to increase the company's share capital with pre-emption rights for the company's existing shareholders by up to a nominal amount of DKK 5m.

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

Shareholder structure by geography



Shareholder structure by category



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

At 31 December 2020, Netcompany had more than 8,750 (4,300) registered shareholders. Around 60% (58%) 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 Danish and foreign funds and institutional investors held some 63% of the company's shares. In pursuance of section 55 of the Danish Companies Act the following investors have reported holding by more than 5% of Netcompany's share capital at 31 December 2020:

- AC NC Holding ApS: 10.30%
- The Capital Group Companies: 5.26%

Share-based incentive schemes/ restricted stock units

In total, 332,409 (235,668) RSUs were issued at 31 December 2020, of which 104,403 (78,242) were granted to Executive Management and 228,006 (157,426) were granted to Other Key Management Personnel and other employees. The fair value of the RSUs at grant was DKK 78.1m (DKK 44.1). The cost related hereto is expensed over the vesting period. A total amount of DKK 24.8m (DKK 13.9m) was recognised as staff costs in the income statement in 2020.

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 378,153 RSUs have been granted, which will vest in February 2023. Further 351,703 RSUs will be granted and vest in February 2023 depending performance in the period 2020-2022.

Dividends and share buyback

For 2020, Netcompany will redistribute DKK 100m in cash to its shareholders by means of dividends of DKK 50m and the introduction of a share buyback programme of DKK 50m to be executed in the period between the approval at the Annual General Meeting and 30 June 2021.

The ex-dividend date for trading of shares is 10 March 2021. Dividends are expected to be paid 15 March 2021.

Share related keys figures (unit)	**2020**	**2019**	**2018**
Share price			
Price at year-end (DKK)	623	317	220
Price high (DKK)	628	320	265
Price low (DKK)	208	199	180
Market value at year-end (DKKm)	31,125	15,850	11,000
No. of shares at year-end (m)	50	50	50
No. of circulating shares at year-end (m)	49.1	49.1	49.7
Shareholder return at year-end			
Share price change (%)	96.4	44.1	22.2
Total shareholder return (%)	96.4	44.1	22.2
Share valuation at year-end			
Equity per share (DKK)	48.6	41.4	36.1
Price/book value (times)	12.8	7.7	6.1

For 2021, Netcompany aims to redistribute up to 50% of its free cash flow for the year given that leverage is at 0.5 or below.

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 Netcompanys homepage, where users can subscribe to Netcompany's announcement service.

» **https://www.netcompany.com/int/Investor-Relations/Announcements**

At 31 December 2020, Netcompany had more than 8,750 registered shareholders

Financial calendar 2021

25 January 2021	Deadline for shareholders to submit proposals for the agenda of the Annual General Meeting 2021
28 January 2021	Annual Report for the financial year 2020
9 March 2021	Annual General Meeting 2021
6 May 2021	Interim report for the first 3 months of 2021
18 August 2021	Interim report for the first 6 months of 2021
4 November 2021	Interim report for the first 9 months of 2021

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

Dan, Senior Data Specialist

"Sharing knowledge and helping colleagues across teams and locations has always been key to our success at Netcompany"

Financial statements

Financial statements

Content

Notes to the consolidated financial statements

Statement of comprehensive income for the Group for 2020

DKK'000	Notes	2020	2019
Revenue	3	2,838,590	2,453,853
Cost of services	4	-1,683,372	-1,458,102
Gross profit		**1,155,218**	**995,751**
Sales and marketing costs	5	-17,104	-11,742
Administrative costs	6	-393,741	-366,658
Special items	8	-3	-4,398
EBITA (non-IFRS)		**744,371**	**612,954**
Amortisation	9	-99,426	-101,674
Operating profit (EBIT)		**644,945**	**511,280**
Financial income	10	19,347	39,930
Financial expenses	10	-66,306	-53,954
Fair value adjustment of contingent consideration	14	-141,268	0
Income / loss from investment in joint venture	16	-5,035	0
Profit before tax		**451,683**	**497,256**
Tax on profit for the year	11	-129,766	-108,786
Profit for the year		**321,918**	**388,470**
Earnings per share (DKK)	21	6.56	7.90
Diluted earnings per share (DKK)	21	6.52	7.88
Other comprehensive income Items that may be reclassified subsequently to profit or loss:			
Exchange rate adjustments on translating foreign subsidiaries		10,250	-11,928
Other comprehensive income / loss		**10,250**	**-11,928**
Comprehensive income for the year		**332,168**	**376,542**

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

Statement of financial position of the Group at 31 December 2020

DKK'000	Notes	2020	2019
Goodwill	13, 14	2,264,065	2,264,065
Other intangible assets	13, 14	187,069	286,495
Intangible assets		**2,451,134**	**2,550,560**
Leasehold improvements	15	14,245	11,023
Equipment	15	32,120	34,351
Right of use assets	15	88,956	100,850
Property, plant and equipment		**135,321**	**146,223**
Investment in joint venture	16	69,965	0
Other receivables		18,482	15,980
Deferred tax	11	8,842	3,526
Financial assets		**97,290**	**19,506**
Non-current assets		**2,683,745**	**2,716,290**
Trade receivables	17	458,774	531,402
Receivables from joint venture		8,260	0
Contract work in progress	18	476,603	319,354
Other receivables		5,868	422
Prepayments		47,176	27,759
Receivables		**996,682**	**878,938**
Cash	19	**358,996**	**132,350**
Current assets		**1,355,678**	**1,011,288**
Assets		**4,039,423**	**3,727,577**

DKK'000	Notes	2020	2019
Share capital	20	50,000	50,000
Treasury shares		-175,000	-175,000
Share-based remuneration		42,478	17,724
Exchange rate adjustments on translating foreign subsidiaries		-3,793	-14,044
Retained earnings		2,514,936	2,193,018
Equity		**2,428,621**	**2,071,699**
Borrowings	22	760,556	958,642
Leasing		57,377	64,621
Other payables	23	173,207	31,140
Deferred tax liability	11	66,037	73,341
Non-current liabilities		**1,057,177**	**1,127,745**
Leasing		35,392	39,359
Prebilled invoices	18	41,747	51,016
Trade payables		39,875	44,055
Other payables	23	393,944	363,274
Provisions	24	0	3,525
Income tax payable	11	42,667	26,905
Current liabilities		**553,625**	**528,135**
Liabilities		**1,610,802**	**1,655,879**
Equity and liabilities		**4,039,423**	**3,727,577**

Statement of changes in equity for the Group for 2020

DKK'000	Share capital	Treasury shares	Share-based remuneration	Exchange rate adjustments on translating foreign subsidiaries	Retained earnings	Total
Equity at 1 January 2020	**50,000**	**-175,000**	**17,724**	**-14,044**	**2,193,018**	**2,071,699**
Share-based remuneration for the year (note 7)	0	0	24,754	0	0	24,754
Profit for the year	0	0	0	0	321,918	321,918
Other comprehensive income / loss for the year	0	0	0	10,250	0	10,250
Equity at 31 December 2020	**50,000**	**-175,000**	**42,478**	**-3,793**	**2,514,936**	**2,428,621**

DKK'000	Share capital	Treasury shares	Share-based remuneration	Exchange rate adjustments on translating foreign subsidiaries	Retained earnings	Total
Equity at 1 January 2019	**50,000**	**0**	**3,818**	**-2,116**	**1,754,548**	**1,806,251**
Treasury shares acquired in the year (note 20)	0	-175,000	0	0	50,000	-125,000
Share-based remuneration for the year (note 7)	0	0	13,906	0	0	13,906
Profit for the year	0	0	0	0	388,470	388,470
Other comprehensive income / loss for the year	0	0	0	-11,928	0	-11,928
Equity at 31 December 2019	**50,000**	**-175,000**	**17,724**	**-14,044**	**2,193,018**	**2,071,699**

Cash flow statement for the Group for 2020

DKK'000	Notes	2020	2019
Operating profit (EBIT)		644,945	511,280
Depreciation and amortisation	9	164,431	157,946
Non-cash		17,596	19,160
Working capital changes	25	-103,248	-86,706
		723,724	**601,679**
Income taxes paid		-126,163	-115,669
Financial income received		2,533	3,816
Financial expenses paid		-19,220	-29,497
Cash flows from operating activities		**580,873**	**460,329**
Net cash outflow on acquisition of subsidiaries	14	0	-37,325
Cash and cash equivalents at acquisition date of subsidiaries	14	0	-8,519
Investment in joint venture	16	-75,000	0
Acquisition of property, plant and equipment		-23,869	-24,578
Other receivables (deposits)		-2,779	-2,880
Cash flows from investing activities		**-101,649**	**-73,302**
Payments of share buyback		0	-175,000
Proceeds from borrowings		0	75,000
Repayment of borrowings		-200,000	-225,000
Repayment of leasing debt		-45,652	-38,414
Cash flows from financing activities		**-245,652**	**-363,414**
Increase in cash and cash equivalents		**233,573**	**23,612**
Cash and cash equivalents at 1 January		132,350	107,666
Effect of exchange rate changes on the balance of cash held in foreign currencies		-6,927	1,072
Cash and cash equivalents at 31 December	19	**358,996**	**132,350**

Reconciliation of liabilities arising from financing activities (DKK'000)	Borrowings (note 22)	Leasing	Total
Opening balance 1 January 2020	**958,642**	**103,981**	**1,062,622**
Repayments	-200,000	-45,652	-245,652
Leasing (non-cash)	0	34,441	34,441
Amortisation of loan costs (non-cash)	1,914	0	1,914
Closing balance 31 December 2020	**760,556**	**92,769**	**853,325**

Reconciliation of liabilities arising from financing activities (DKK'000)	Borrowings (note 22)	Leasing	Total
Opening balance 1 January 2019	**1,105,780**	**83,474**	**1,189,254**
Proceeds from borrowings	75,000	0	75,000
Repayments	-225,000	-38,414	-263,414
Acquired entities (non-cash)	0	9,777	9,777
Leasing (non-cash)	0	49,144	49,144
Amortisation of loan costs (non-cash)	2,862	0	2,862
Closing balance 31 December 2019	**958,642**	**103,981**	**1,062,622**

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.

Photo: Montalti Anna Laura

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 2020 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.

Consolidated financial statements

The consolidated financial statements comprise Netcompany Group A/S (Parent) and the entities (subsidiaries) that are controlled by the Parent. Control is achieved when the Parent is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to use its power over the entity to affect those returns.

Consolidation principles

The consolidated financial statements are prepared on the basis of the financial statements of Netcompany Group A/S and its subsidiaries. The consolidated financial statements are prepared by adding together financial statement items of a uniform nature. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated entities are eliminated.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Netcompany Netherlands B.V. is recognised from 13 May 2019, when the Group acquired full control of the entity.

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's primary service offerings include information technology consulting services and operations solutions. Consulting services are generally provided on either a time-and-material basis or on a fixed-price contract basis. Revenue from time-and-material contracts is recognised as hours are delivered and direct expenses are incurred. Revenue from fixed-price contracts is recognised under the percentage-of- completion method, whereby revenue is recognised based on hours incurred to date as a percentage of the total estimated costs of hours to fulfil the contract.

Revenue from operations solutions is recognised in the period the solutions are provided, which will either be based on output measures or using the straight-line method over the term of the contracts.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and

NOTE 1

Accounting policies (continued)

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.

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 for 2020, it is particularly important to note the following judgements, estimates and assumptions. These are described in further detail adjacent to the relevant disclosed notes:

Judgements

- Special items (note 8)
- Investment in joint venture (note 16)

Estimates and assumptions

- Impairment (note 13)
- Business Combinations (note 14)
- Contract work in progress (note 18)
- Other payables (note 23)
- Provisions (note 24)

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 2020. 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 2020.

At the date of authorisation of these financial statements, the Group has assessed the new and revised IFRS Standards 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.

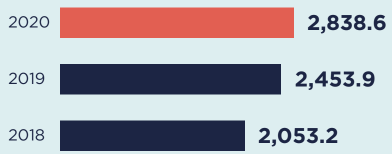
As of 1 January 2019, Netcompany adopted the interpretation IFRIC 23, which clarifies the accounting treatment for uncertainties in income taxes within the scope of IAS 12" Income taxes". The application of IFRIC 23 had no effect on Netcompany's consolidated financial statements.

Section 2

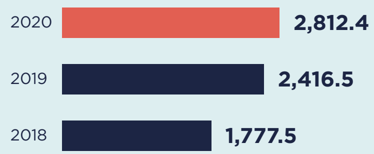
Results for the year

This section covers notes related to the performance for the financial year, including segment information showing operating entities revenue and EBITA-margin, which are two of Netcompany's key performance measures.

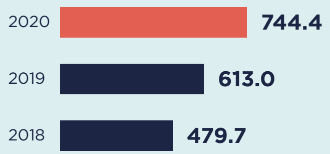
Revenue (DKKm)



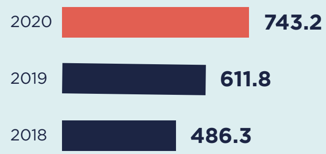
Organic revenue (non-IFRS) (DKKm)



EBITA (non-IFRS) (DKKm)



Organic EBITA (non-IFRS) (DKKm)



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 strategic business areas consists of public and private. The public business area covers public authorities or companies acting as a public company. The private business area covers all other types of customers.

Netcompany is geographically represented in Denmark, Norway, UK, Netherlands, Poland & Vietnam.

Denmark

Revenue 2,199.9 DKKm

EBITA (non-IFRS) 706.2 DKKm

Netherlands

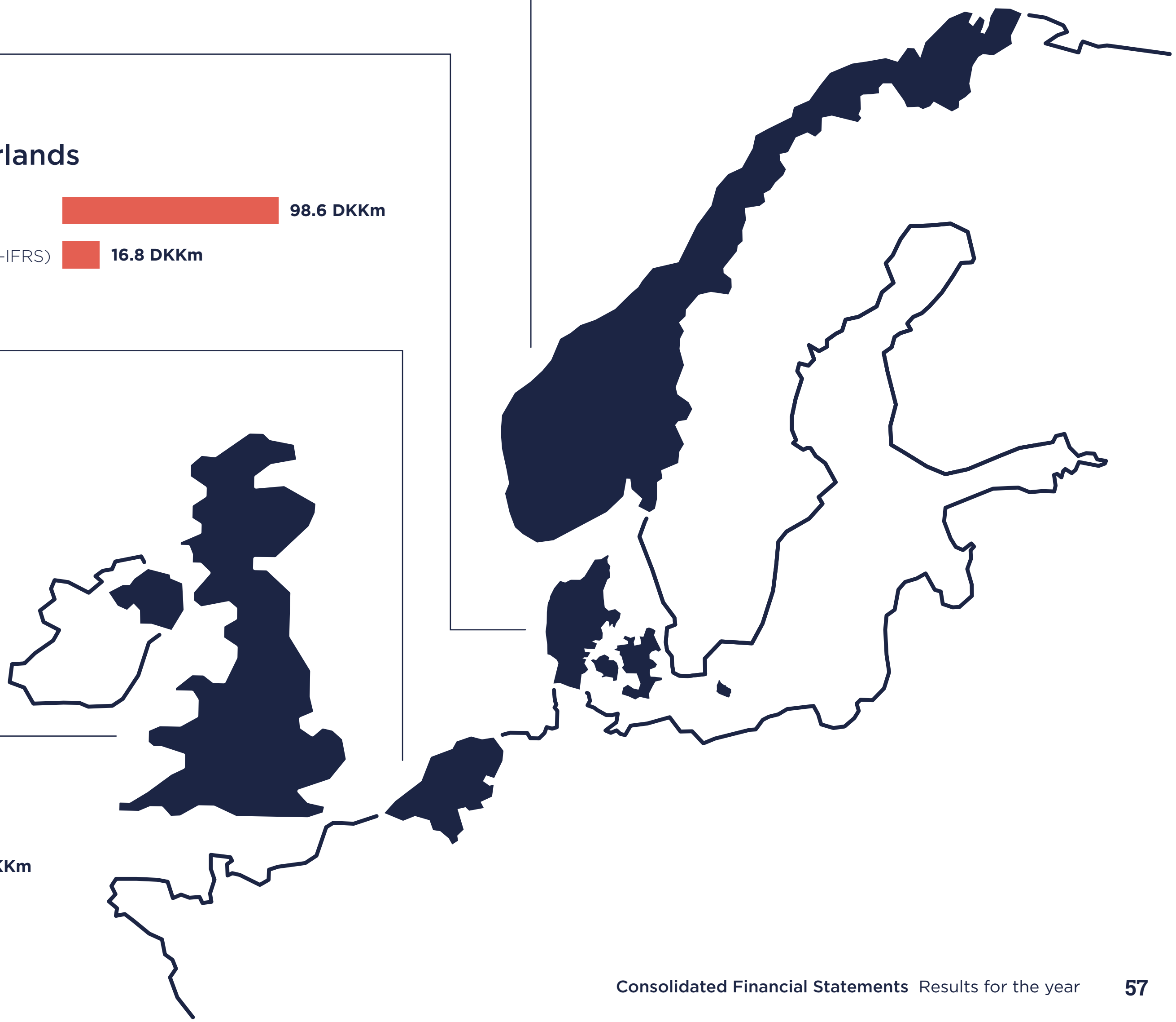
Revenue 98.6 DKKm

EBITA (non-IFRS) 16.8 DKKm

Norway

Revenue 199.8 DKKm

EBITA (non-IFRS) 12.0 DKKm



United Kingdom

Revenue 340.3 DKKm

EBITA (non-IFRS) 9.4 DKKm

NOTE 3

Segment information (continued)

Revenue types (DKK'000)	Public 2020	Private 2020	Total 2020	Public 2019	Private 2019	Total 2019
Development	919,519	597,437	1,516,956	737,782	519,960	1,257,743
Maintenance	858,204	463,429	1,321,633	717,761	478,350	1,196,111
Revenue by type, total	**1,777,723**	**1,060,866**	**2,838,590**	**1,455,543**	**998,311**	**2,453,853**

Business segments (DKK'000)	Public 2020	Private 2020	Total 2020	Public 2019	Private 2019	Total 2019
Revenue	1,777,723	1,060,866	2,838,590	1,455,543	998,311	2,453,853
Cost of services	-1,102,627	-580,745	-1,683,372	-907,779	-550,323	-1,458,102
Gross profit	**675,097**	**480,121**	**1,155,218**	**547,764**	**447,988**	**995,751**
Sales and marketing costs	-11,236	-5,868	-17,104	-7,818	-3,923	-11,742
Administrative costs	-258,785	-134,956	-393,741	-236,323	-130,335	-366,658
Adjusted EBITA (non-IFRS)	**405,076**	**339,298**	**744,374**	**303,623**	**313,729**	**617,352**
Adjusted EBITA margin (non-IFRS)	*22.8%*	*32.0%*	*26.2%*	*20.9%*	*31.4%*	*25.2%*
Special items	-2	-1	-3	-2,684	-1,713	-4,398
EBITA (non-IFRS)	**405,074**	**339,297**	**744,371**	**300,939**	**312,016**	**612,954**
EBITA margin (non-IFRS)	*22.8%*	*32.%*	*26.2%*	*20.7%*	*31.3%*	*25.0%*
Amortisation	-65,047	-34,379	-99,426	-62,805	-38,869	-101,674
Operating profit	**340,027**	**304,917**	**644,945**	**238,134**	**273,147**	**511,280**
Operating profit margin	*19.1%*	*28.7%*	*22.7%*	*16.4%*	*27.4%*	*20.8%*

NOTE 3

Segment information (continued)

Segment information related to operating entities (DKK'000)	Denmark 2020	Norway 2020	United Kingdom 2020	Netherlands 2020	Total 2020
Revenue from external customers	2,199,865	199,778	340,315	98,632	2,838,590
EBITA, operating entities (non-IFRS)	**706,183**	**11,988**	**9,377**	**16,823**	**744,371**

Segment information related to geographical areas (DKK'000)	Denmark 2020	Norway 2020	United Kingdom 2020	Netherlands 2020	Poland 2020	Vietnam 2020	Subtotal 2020	Elimination 2020	Total 2020
Revenue from external customers	2,199,865	199,778	340,315	98,632	0	0	2,838,590	0	2,838,590
Revenue from internal sales	101,769	12,346	3,121	4	141,795	31,480	290,516	-290,516	0
Revenue, legal entities	**2,301,634**	**212,124**	**343,436**	**98,636**	**141,795**	**31,480**	**3,129,106**	**-290,516**	**2,838,590**
Internal cost allocation	-201,025	-22,178	-49,207	-11,636	-4,219	-2,288	-290,553	290,553	0
Other costs	-1,389,385	-175,197	-304,916	-73,663	-124,691	-26,330	-2,094,182	-37	-2,094,219
EBITA, legal entities (non-IFRS)	**711,224**	**14,750**	**-10,687**	**13,337**	**12,885**	**2,862**	**744,371**	**0**	**744,371**

Non-current assets	Denmark 2020	Norway 2020	United Kingdom 2020	Netherlands 2020	Poland 2020	Vietnam 2020	Total 2020	Other non-current assets 2020	Reconciled to financial statements 2020
Intangible assets	1,901,951	144,009	242,751	162,423	0	0	2,451,134	0	2,451,134
Tangible assets	71,651	691	15,370	15,911	21,507	10,191	135,321	0	135,321
Financial assets	84,636	0	868	0	1,887	1,057	88,447	8,842	97,290
Total	**2,058,238**	**144,700**	**258,989**	**178,334**	**23,394**	**11,248**	**2,674,902**	**8,842**	**2,683,745**

NOTE 3

Segment information (continued)

Segment information related to operating entities (DKK'000)	Denmark 2019	Norway 2019	United Kingdom 2019	Netherlands 2019	Total 2019
Revenue from external customers	1,818,811	198,396	399,286	37,360	2,453,853
EBITA, operating entities (non-IFRS)	**541,145**	**31,306**	**47,053**	**-6,549**	**612,954**

Segment information related to geographical areas (DKK'000)	Denmark 2019	Norway 2019	United Kingdom 2019	Netherlands 2019	Poland 2019	Vietnam 2019	Subtotal 2019	Elimination 2019	Total 2019
Revenue from external customers	1,818,811	198,396	399,286	37,360	0	0	2,453,853	0	2,453,853
Revenue from internal sales	73,495	2,107	0	0	122,610	27,840	226,051	-226,051	0
Revenue, legal entities	**1,892,306**	**200,503**	**399,286**	**37,360**	**122,610**	**27,840**	**2,679,904**	**-226,051**	**2,453,853**
Internal cost allocation	-152,905	-13,348	-50,176	-3,711	-4,050	-1,963	-226,154	226,154	0
Other costs	-1,184,484	-159,813	-323,060	-41,847	-108,245	-23,346	-1,840,797	-103	-1,840,899
EBITA, legal entities (non-IFRS)	**554,917**	**27,341**	**26,049**	**-8,198**	**10,314**	**2,530**	**612,954**	**0**	**612,954**

Non-current assets	Denmark 2019	Norway 2019	United Kingdom 2019	Netherlands 2019	Poland 2019	Vietnam 2019	Total 2019	Other non-current assets 2019	Reconciled to financial statements 2019
Intangible assets	1,964,776	153,021	267,053	165,711	0	0	2,550,560	0	2,550,560
Tangible assets	84,049	1,120	19,136	18,418	8,393	15,107	146,223	0	146,223
Financial assets	13,122	0	741	0	904	1,213	15,980	3,526	19,506
Total	**2,061,947**	**154,141**	**286,930**	**184,129**	**9,297**	**16,321**	**2,712,764**	**3,526**	**2,716,290**

NOTE 4

Cost of services

DKK'000	2020	2019
Project costs	255,491	341,354
Staff costs (note 7)	1,412,104	1,103,599
Depreciation (note 9)	15,777	13,149
Total cost of services	**1,683,372**	**1,458,102**

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.

NOTE 5

Sales and marketing costs

DKK'000	2020	2019
Sales and marketing costs	12,826	9,028
Staff costs (note 7)	4,278	2,714
Total sales and marketing costs	**17,104**	**11,742**

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	2020	2019
Administrative costs	179,992	181,372
Staff costs (note 7)	164,520	142,164
Depreciation (note 9)	49,228	43,122
Total administrative costs	**393,741**	**366,658**

§ 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	2020	2019
Salaries and wages	1,498,315	1,181,535
Pension contributions	14,840	10,024
Other social security costs	53,066	42,983
Other staff costs	14,680	13,935
Total staff costs	**1,580,902**	**1,248,477**
Presented as follows in income statement:		
Costs of services	1,412,104	1,103,599
Sales and marketing costs	4,278	2,714
Administrative costs	164,520	142,164
Total staff costs	**1,580,902**	**1,248,477**
Average number of employees	**2,768**	**2,293**

§ 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.

NOTE 7

Staff costs and remuneration (continued)

DKK'000	2020	2019
Remuneration to the Board of Directors		
Bo Rygaard	1,050	660
Juha Christensen	698	507
Scanes Bentley	476	387
Hege Skryseth	128	0
Åsa Riisberg	192	0
Robbert Kuppens	278	159
Pernille Fabricius	172	804
Pekka Ala-Pietilä	0	669
Thomas Broe-Andersen	0	0
Carsten Gomard[1]	0	637
Total	**2,993**	**3,824**

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

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

The Group does not have post-employment benefits or termination obligations.

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

DKK'000	2020	2019
Remuneration to the Executive Management		
André Rogaczewski	7,159	7,032
Claus Jørgensen	6,909	6,902
Thomas Johansen	4,002	3,919
Total short term remuneration	**18,070**	**17,853**
André Rogaczewski	3,025	1,777
Claus Jørgensen	3,025	1,777
Thomas Johansen	1,681	987
Total share-based remuneration expensed	**7,731**	**4,541**
Total	**25,801**	**22,394**
Remuneration to Other Key Management Personnel		
Short term remuneration	9,735	9,225
Long term remuneration	1,710	970
Total Remuneration to Other Key Management Personnel	**11,445**	**10,195**
Total Remuneration to Executive Management and Other Key Management Personnel	**37,246**	**32,589**

NOTE 7

Staff costs and remuneration (continued)

During 2020, 96,741 RSUs (105,470 RSUs) were granted of which 26,161 (44,605) were granted to Executive Management and 70,580 (60,865) were granted to Other Key Management Personnel and other employees.

The fair value of the granted RSUs at grant date was DKK 78.1 million (DKK 44.1 million). The cost associated herewith is expensed over the vesting period with DKK 24.8 million in 2020 (DKK 13.9 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 2021. The Group's share-based incentive schemes are further detailed in the Remuneration report.

DKK'000	2020	2019
Share-based remuneration expenses:		
Management	7,731	4,541
Other Key Management Personnel	1,710	970
Employees	15,313	8,395
Total	**24,754**	**13,906**

Restricted stock units in Netcompany shares	1 January 2020	Issued	Expensed	Cancelled	Outstanding	Value at grant date	Vesting date
	No.	No.	No.	No.	No.	DKK´000	
2018 Shares allocated (management)	16,413	0	-11,002	0	5,411	5,214	30 June 2021
2018 Shares allocated (employees[1])	56,043	0	-27,661	-3,513	24,870	17,100	31 December 2021
2019 Shares allocated (management)	30,835	0	-15,460	0	15,375	9,200	31 December 2021
2019 Shares allocated (employees[1])	38,795	0	-19,923	-2,673	16,199	12,554	31 December 2021
2020 Shares allocated (management)	0	26,161	-8,067	0	18,094	9,200	31 December 2022
2020 Shares allocated (employees[1])	0	70,580	-24,261	-2,457	43,862	24,822	31 December 2022
Total allocated shares	**142,086**	**96,741**	**-106,374**	**-8,643**	**123,811**	**78,090**	

Restricted stock units in Netcompany shares	1 January 2019	Issued	Expensed	Cancelled	Outstanding	Value at grant date	Vesting date
	No.	No.	No.	No.	No.	DKK´000	
2018 Shares allocated (management)	27,385	0	-10,972	0	16,413	5,214	30 June 2021
2018 Shares allocated (employees[1])	88,190	0	-32,147	0	56,043	17,100	31 December 2021
2019 Shares allocated (management)	0	44,605	-13,770	0	30,835	9,200	31 December 2021
2019 Shares allocated (employees[1])	0	60,865	-20,792	-1,278	38,795	12,554	31 December 2021
Total allocated shares	**115,575**	**105,470**	**-77,680**	**-1,278**	**142,086**	**44,068**	

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

NOTE 8

Special items

DKK'000	2020	2019
Costs related to M&A	3	4,398
Total special items	**3**	**4,398**

Accounting principles

Special items are non-recurring costs or income recorded in the income statement which cannot directly be attributed to the Group´s ordinary activities.

Such costs and income comprise expenses for restructuring, fundamental structural changes in the business and M&A. They are therefore presented separately to provide a more comparable basis for assessing the underlying performance.

Significant judgements, estimates and assumptions

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

Depreciation and amortisation

DKK'000	2020	2019
Depreciation		
Leasehold improvements	4,125	2,030
Equipment	18,385	17,700
Right of use assets	42,495	36,543
Total depreciation	**65,005**	**56,272**
Amortisation		
Technology and software	11,139	10,876
Trademark	8,431	8,390
Order back-log	11,036	15,366
Customer relationships	68,821	67,042
Total amortisation	**99,426**	**101,674**

NOTE 9

Depreciation and amortisation (continued)

Depreciation and amortisation presented as follows in the income statement: (DKK'000)	**2020**	**2019**
Cost of services	15,777	13,149
Administrative costs	49,228	43,122
Amortisation	99,426	101,674
Total depreciation and amortisation	**164,431**	**157,946**

§ Accounting principles

Please refer to notes 13 & 15.

NOTE 10

Financial income and expenses

DKK'000	**2020**	**2019**
Financial income		
Exchange rate adjustments	19,266	39,873
Other interest income	81	57
Total Financial income	**19,347**	**39,930**
Financial expenses		
Interest expense, borrowings	13,661	18,788
Interest, leasing	3,986	3,313
Exchange rate adjustments	43,177	23,974
Other finance charges	5,481	7,879
Total Financial expenses	**66,306**	**53,954**

§ 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.

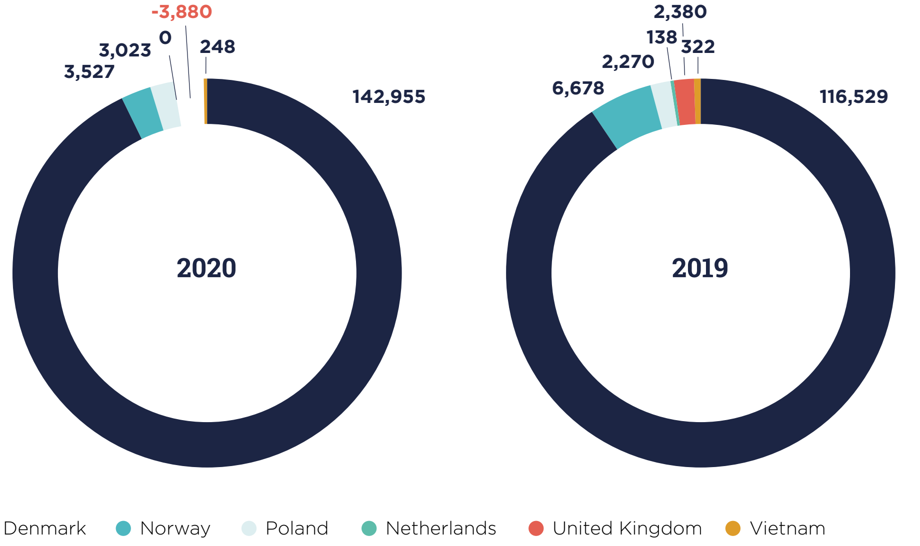
NOTE 11

Tax

Current Tax (DKK'000)	2020	2019
Current tax	145,873	128,317
Prior year	-2,977	-145
Change in deferred tax	-13,130	-19,386
Total tax for year	**129,766**	**108,786**
Profit before tax	451,683	497,256
Tax at a rate of 22%	99,370	109,396
Tax-based value of non-deductible expenses	35,005	1,361
Tax-based value of non-taxable income	-1,823	0
Changes to previous years	-2,977	-145
Changes in tax rates	86	0
Acquisition of subsidiaries	0	-1,495
Effect of different tax rates in foreign subsidiaries	105	-331
Total current tax	**129,766**	**108,786**
Effective tax rate[1]	**28.7%**	**21.9%**
Tax payable and tax receivable		
Tax payable at 1 January, net	**-26,905**	**-14,490**
Foreign exchange adjustments	972	475
Addition, acquisition of entity	0	-395
Changes to previous years	2,977	145
Payment relating to prior years	17,210	14,044
Current tax for the year	-145,873	-128,317
Current tax interest for the year	0	8
Payments relating to the current year	108,953	101,625
Total tax receivable / payable, net	**-42,667**	**-26,905**

DKK'000	2020	2019
Current tax is presented as follows in the balance sheet		
Tax receivable (assets)	0	0
Tax payable (liabilities)	-42,667	-26,905
Total tax receivable / payable, net	**-42,667**	**-26,905**

Current Tax (DKK'000)



[1] The increase in effective tax rate was due to a non tax deductible fair value adjustment of DKK 141.3m made for the contingent purchase price of the Dutch Operation. Effective tax rate if not adjusted for the contingent purchase price of the Dutch operation would have been 21.9% for 2020.

NOTE 11

Tax (continued)

DKK'000	2020	2019
Deferred tax has been presented as follows in the statement of financial position:		
Deferred tax asset	8,842	3,526
Deferred tax liability	-66,037	-73,341
Total deferred tax	**-57,195**	**-69,816**

DKK'000	2020	2019
Deferred tax:		
Non-current assets	-33,087	-55,739
Work in progress	-36,122	-23,663
Other current assets	2,761	5,851
Current liabilities	9,253	3,734
Total deferred tax	**-57,195**	**-69,816**

Deferred tax (assets/liabilities): (DKK'000)	Property, plant & equipment	Right of use assets	Intangible assets	Work in progress	Other current assets	Current liabilities	Share-based payments	Total
Opening balance 1 January 2020	**4,968**	**441**	**-61,148**	**-23,663**	**5,851**	**-49**	**3,783**	**-69,816**
Recognised in profit / loss	1,975	-195	21,046	-12,459	-3,081	865	4,980	**13,130**
Effect of currency exchange adjustments	-174	0	0	0	-9	-57	-269	**-509**
Closing balance 31 December 2020	**6,770**	**245**	**-40,102**	**-36,122**	**2,761**	**759**	**8,494**	**-57,195**

Deferred tax (assets/liabilities): (DKK'000)	Property, plant & equipment	Right of use assets	Intangible assets	Work in progress	Other current assets	Current liabilities	Share-based payments	Total
Opening balance 1 January 2019	**3,741**	**161**	**-80,046**	**-13,239**	**-46**	**398**	**807**	**-88,225**
Recognised in profit / loss	1,192	268	21,257	-10,423	4,574	-447	2,966	**19,386**
Effect of currency exchange adjustments	35	12	0	0	3	0	10	**60**
Acquisitions	0	0	-2,359	0	1,322	0	0	**-1,037**
Closing balance 31 December 2019	**4,968**	**441**	**-61,148**	**-23,663**	**5,851**	**-49**	**3,783**	**-69,816**

NOTE 11

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 carry-forwards, 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 12

Income statement classified by function

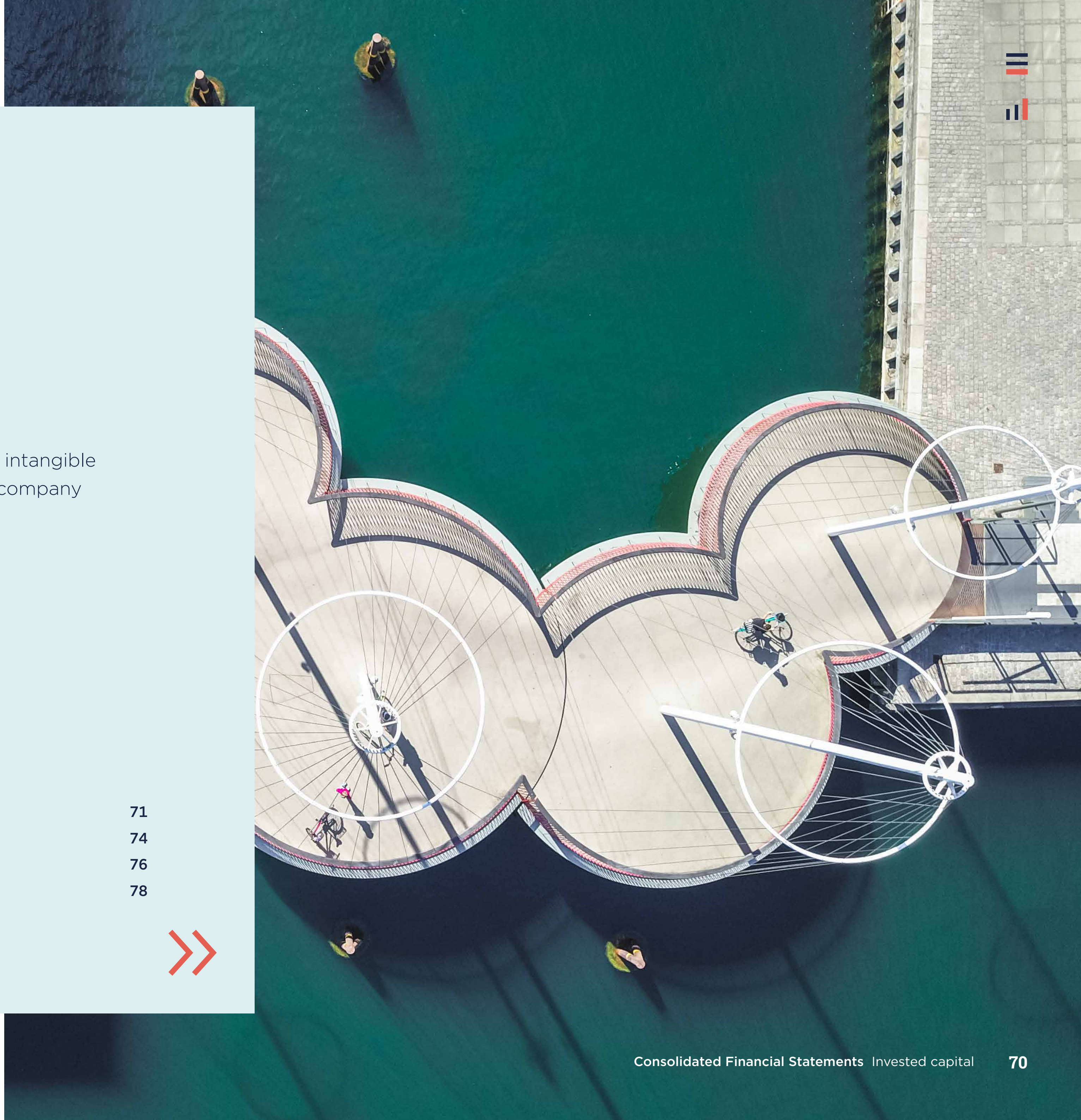
(DKK'000)	2020	2019
Income statement		
Revenue	2,838,590	2,453,853
Cost of services, incl. depreciation and amortisation	-1,683,372	-1,458,102
Gross profit	**1,155,218**	**995,751**
Sales and marketing costs	-17,104	-11,742
Administrative costs, incl. depreciation and amortisation	-493,170	-472,729
Operating profit (EBIT)	**644,945**	**511,280**
Financial income	19,347	39,930
Financial expenses	-66,306	-53,954
Fair value adjustment of contingent consideration	-141,268	0
Income / loss from investment in joint venture	-5,035	0
Profit before tax	**451,683**	**497,256**
Tax on the profit	-129,766	-108,786
Net profit for the year	**321,918**	**388,470**

Depreciation and amortisation have been presented as follows in the above income statement: (DKK'000)	2020	2019
Cost of services	-15,777	-13,149
Administrative costs	-148,654	-144,796
Depreciation and amortisation	**-164,431**	**-157,946**

Section 3

Invested capital

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



NOTE 13

Intangible assets

DKK'000	Goodwill	Technology and software	Trademark	Order back-log	Customer relationships	Total other intangible assets
Cost at 1 January 2020	**2,264,065**	**65,729**	**167,776**	**37,514**	**350,658**	**621,678**
Additions, acquisition of subsidiaries	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Cost at 31 December 2020	**2,264,065**	**65,729**	**167,776**	**37,514**	**350,658**	**621,678**
Amortisation at 1 January 2020	**0**	**-54,559**	**-32,857**	**-23,730**	**-224,036**	**-335,183**
Amortisation for the year	0	-11,139	-8,431	-11,036	-68,821	-99,426
Disposals	0	0	0	0	0	0
Amortisation at 31 December 2020	**0**	**-65,698**	**-41,288**	**-34,766**	**-292,856**	**-434,609**
Carrying amount at 31 December 2020	**2,264,065**	**31**	**126,488**	**2,749**	**57,802**	**187,069**

DKK'000	Goodwill	Technology and software	Trademark	Order back-log	Customer relationships	Total other intangible assets
Cost at 1 January 2019	**2,108,688**	**65,729**	**167,776**	**95,911**	**344,276**	**673,692**
Additions, acquisition of subsidiaries	155,377	0	0	6,034	6,382	12,416
Disposals	0	0	0	-64,430	0	-64,430
Cost at 31 December 2019	**2,264,065**	**65,729**	**167,776**	**37,514**	**350,658**	**621,678**
Amortisation at 1 January 2019	**0**	**-43,684**	**-24,467**	**-72,794**	**-156,994**	**-297,939**
Amortisation for the year	0	-10,876	-8,390	-15,366	-67,042	-101,674
Disposals	0	0	0	64,430	0	64,430
Amortisation at 31 December 2019	**0**	**-54,559**	**-32,857**	**-23,730**	**-224,036**	**-335,183**
Carrying amount at 31 December 2019	**2,264,065**	**11,170**	**134,919**	**13,784**	**126,622**	**286,495**

§ Accounting principles

Goodwill

On initial recognition, goodwill is recognised and measured as the difference between, on one hand, the cost of the acquired subsidiary and, on the other hand, the fair value of the acquired identifiable assets, liabilities and contingent liabilities. The recognised goodwill amount is allocated to the activities of the Group generating separate payments, 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.

Goodwill is not amortised but tested at least once a year for impairment. Goodwill derives from business acquisitions.

NOTE 13

Intangible assets

Other intangible assets
Other intangible assets acquired in a business combination consists of technology, order back-log, customer relationships and trademark. Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised on a straight-line basis over their estimated useful lives:
- Technology: 5 years
- Order back-log: 3 years
- Customer relationships: 5 - 7 years
- Trademark: 20 years

Software
The cost of developed software comprises costs such as salaries, depreciation and amortisation that are directly attributable to the development projects and are needed to complete the project, recognised from the time at which the development project first qualifies for recognition as an asset.

Amortisation is recognised on a straight-line basis over their estimated useful lives:
- Software: 3-5 years

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Impairment
Goodwill and other intangible assets which are acquired through business combinations are impairment tested at least annually or 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 CGUs fair value, net of selling costs, and the value in use.

To determine the value in use, estimated future cash flows are discounted to net present value by applying a discount rate that reflects current market assessments of the time value of money and the particular risks related to the asset or the 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.

Impairment tests
The tests performed at the end of 2020 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 2020. 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 2021 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 comprise five years.

NOTE 13

Intangible assets (continued)

Cash flow projections beyond the five year forecast have been extrapolated using a steady 1.0% per annum growth rate. 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.

Netcompany shares were priced at DKK 622.5 per share at 31 December 2020, equal to a market capitalisation of DKK 31,125 million, which is significantly higher than equity value at 31 December 2020.

Significant judgements, estimates and assumptions

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.

DKK'000	2020	2019
Allocated goodwill 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
Total	**2,264,065**	**2,264,065**
Allocated other intangibles to cash-generating units		
Netcompany A/S[1]	126,639	189,464
Netcompany Norway AS	25,333	34,344
Netcompany UK Ltd.[2]	28,051	52,353
Netcompany Netherlands B.V.	7,046	10,334
Total	**187,069**	**286,495**

Discount rates and growth rates in terminal period used as assumptions	2020	2019
Discount rate before tax:		
Netcompany A/S[1]	9.3%	9.3%
Netcompany Norway AS	11.0%	10.8%
Netcompany UK Ltd.[2]	11.5%	11.2%
Netcompany Netherlands B.V.	11.0%	10.9%
Growth rate in terminal period	1.0%	1.0%

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

NOTE 14

Business Combinations

The Group made no acquisitions during 2020.

In May 2019, the Group acquired the entire share capital of Netcompany Netherlands B.V. (QDelft B.V.) at a price estimated at DKK 157.8 million of which DKK 37.3 million was paid in cash and DKK 120.4 million was part of a contingent consideration.

The determination of the purchase price and the purchase price allocation is considered final. Any adjustments after 12 months has been and will be recognised in comprehensive income as a fair value adjustment of the consideration payable.

An adjustment to the purchase price is warranted given the mechanisms set forth in the Share Purchase Agreement because the Dutch operation has significantly overperformed in 2020 compared to the expectations at the aquisition date. This adjustment will be added to the payable purchase price and expensed in 2020 as a fair value adjustment following IFRS 3.

The total consideration consists of two elements – a contingent element and an earn out element. The basis for the valuation of both elements is normalised adjusted EBITA before HQ cost for the Dutch operation for 2020. The contingent purchase price is 11 times the 2020 normalised adjusted EBITA before HQ cost less net debt adjustments at the transaction time equal to DKK 178.6 million. The contingent purchase price is paid half in cash and half in Netcompany shares.

The cash part of the purchase price was paid partly in May 2019 by an upfront payment of DKK 37.3m and the cash part of the contingent consideration of DKK 89.3 million will be paid in February 2021. The part of the contingent purchase price which is payable in shares, will be due after the approval of the Annual Report 2022 at the Annual General Meeting in March 2023. The share based part of the contingent purchase price is DKK 89.3 million which will be translated into RSUs based on the share price of Netcompany at the time of the transaction. This corresponds to 378,153 shares, which will be granted to the sellers in February 2021 and vest in March 2023.

The earn-out related purchase price is maximum 5 times the 2020 normalised adjusted EBITA before HQ costs depending on performance criteria for the period 2020 to 2022. If CAGR and adjusted EBITA before allocated HQ costs are above 25% on both metrics the maximum earn out will be paid equal to a value of DKK 107.5 million. The earn-out purchase price is fully payable in shares based on the share price Netcompany at the time of the transaction.

Based on the measurement of identifiable assets and liabilities at their fair values, the difference between the total consideration and the fair value of the identified net assets was originally estimated at DKK 155.4 million, which represents the goodwill from the acquisition of Netcompany Netherlands B.V. (QDelft B.V.). Taking the actual performance for 2020 and adjustments to the expected earn-out into account, an adjustment to the purchase price recognised in 2020 equals DKK 141.3 million, which has been recognised as a fair value adjustment in the income statement.

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

Goodwill is also not deductible for tax purposes.

Assets and liabilities recognition
These amounts have been calculated using the subsidiary's results and adjusting them for differences in the accounting policies between the Group and the subsidiary.

The Group has incurred acquisition costs totalling DKK 4.4 million in 2019, which are included in special items.

NOTE 14

Business Combinations (continued)

Assets and liabilities recognised (DKK'000)	QDelft B.V.
Non-current assets	
Order back-log	6,034
Customer relationships	6,382
Leasehold/Equipment	5,806
Right of use assets	9,630
Current assets	
Trade receivables	5,535
Contract work in progress	7,384
Current liabilities	
Leasing	-9,777
Deferred tax liabilities	-2,359
Bank debt facilities and borrowings	-8,519
Trade payables	-3,662
Other payables	-14,064
Net assets taken over	**2,390**
Goodwill	155,377
Fair value adjustment to contingent consideration in 2020	141,268
Total consideration	**299,035**
Up front cash payment	37,325
Contingent consideration	261,709
Total consideration	**299,035**

Identified assets and liabilities	
Order back-log, DKK 6,034k	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 10.0% p.a. The calculated fair value has been increased with a tax amortisation benefit factor of 1.2.
Customer relationships, DKK 6,382k	Fair value of customer relationships has been determined on the basis of forecasted NOPLAT from acquisition date in May 2019 to 2024 adjusted for an expected churn-rate and discounted with the internal required rate of return of 10.0% p.a. The calculated fair value has been increased with a tax amortisation benefit factor of 1.2.
Deferred tax liability, DKK 2,359k	Deferred tax on the re-measurement of order back-log and customer relationships reflects and is equal to the total increase in the fair value of the order back-log and customer relationships as a result of increasing the fair values with the tax amortisation benefit factor.

Impact on revenue and profit/loss from acquired business in 2019 (DKK'000)	Revenue	Profit
QDelft B.V. (since acquisition date, 13 May 2019)	37,360	-4,789
QDelft B.V. (full year impact)	50,734	-13,882

NOTE 14

Business Combinations (continued)

Accounting principles

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, order back-log and customer relationships. As no active market exists for the majority of acquired assets, liabilities and contingent liabilities, in particular in respect of intangible assets, management estimates the fair value.

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.

Significant judgements, estimates and assumptions

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 15

Property, plant and equipment

DKK'000	Leasehold improvements	Equipment	Right of use assets	Total
Cost at 1 January 2020	**20,430**	**81,805**	**155,221**	**257,456**
Correction	4,063	-4,063	0	0
Remeasurements	0	0	3,504	3,504
Additions	4,853	19,016	30,042	53,911
Disposals	-48	-1,153	-19,001	-20,203
Exchange rate adjustments	-457	-864	-4,385	-5,706
Cost at 31 December 2020	**28,841**	**94,740**	**165,381**	**288,962**
Depreciation at 1 January 2020	**-9,407**	**-47,454**	**-54,371**	**-111,233**
Correction	-1,243	1,243	0	0
Depreciation for the year	-4,125	-18,385	-42,495	-65,005
Disposals	32	1,153	19,001	20,187
Exchange rate adjustments	146	823	1,440	2,409
Depreciation at 31 December 2020	**-14,597**	**-62,620**	**-76,424**	**-153,641**
Carrying amount at 31 December 2020	**14,245**	**32,120**	**88,956**	**135,321**

NOTE 15

Property, plant and equipment (continued)

DKK'000	Leasehold improvements	Equipment	Right of use assets	Total
Cost at 1 January 2019	**7,326**	**54,648**	**112,425**	**174,399**
Correction	4,180	25,756	0	29,936
Additions, acquisition of subsidiaries	2,990	2,816	9,630	15,436
Remeasurements	0	0	-15,622	-15,622
Additions	5,899	18,678	59,143	83,720
Disposals	-45	-20,258	-12,337	-32,640
Exchange rate adjustments	79	164	1,983	2,226
Cost at 31 December 2019	**20,430**	**81,805**	**155,221**	**257,456**
Depreciation at 1 January 2019	**-3,223**	**-24,119**	**-29,774**	**-57,116**
Correction	-4,199	-25,738	0	-29,936
Depreciation for the year	-2,011	-17,710	-36,623	-56,344
Disposals	45	20,258	12,337	32,640
Exchange rate adjustments	-19	-145	-312	-476
Depreciation at 31 December 2019	**-9,407**	**-47,454**	**-54,371**	**-111,233**
Carrying amount at 31 December 2019	**11,023**	**34,351**	**100,850**	**146,223**

§ Accounting principles

Equipment and leasehold improvements
Equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the estimated useful lives of the assets, which are 3-5 years.

Depreciation methods, useful lives and residual values are reviewed annually.

Gains and losses from the sale of equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Gains or losses are recognised in the income statement in the functions to which the assets relate.

Right of use assets
Right of use assets are measured at cost less accumulated depreciation and impairment losses adjusted for any 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.

Short term and low-value assets
The Group has entered into leasing contracts regarded as low-value and short term, all expiring within 6 months. Total commitments relating to the non-cancelling period is DKK 0.2 million (DKK 0.1 million). All other lease contracts are recognised on the statement of financial position according to IFRS 16.

NOTE 16

Investment in joint venture

DKK'000	2020
Additions	75,000
Cost at 31 December 2020	**75,000**
Net profit/loss for the year	-399
Calculated elimination of unrealised internal profit	-4,636
Revaluations at 31 December 2020	**-5,035**
Carrying amount at 31 December 2020	**69,965**

Joint Venture: (DKK'000)	Form of enterprise	Ownership	Equity	Result
Smarter Airports A/S, Copenhagen, Denmark	A/S	50%	N/A	N/A

[1] No financial figures for 2020 published yet

Start up costs incurred by Netcompany related to the establishment of Smarter Airports A/S amounts to DKK 2.1 million and consists of salaries, advisory costs in terms of legal, marketing and financial advisory.

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.

Smarter Airports A/S was founded by Netcompany and Københavns Lufthavne A/S on 9 October 2020 and due to the short period until 31 December 2020 and the limited activity within the year, certain disclosures required by IFRS 12 have not been considered relevant for 2020.

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 are 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.

Impairment test for 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 higher of the net selling price and value in use.

Significant judgements, estimates and assumptions

The classification of the joint venture where Netcompany Group controls less than 100% of the voting rights 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.

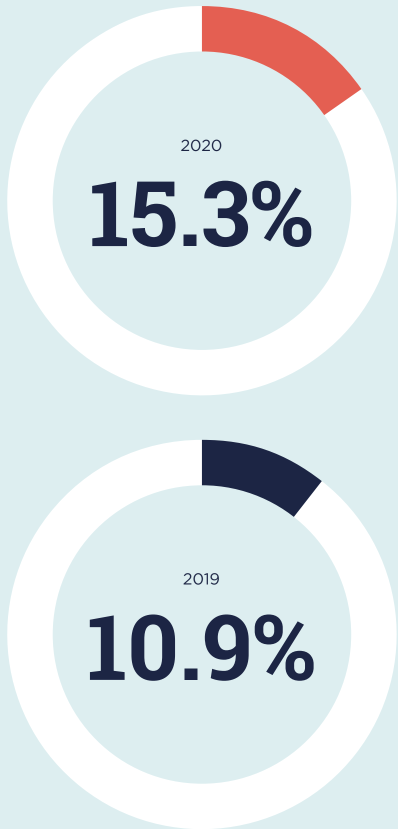
Another factor relevant to this assessment is the extent to which each of the parties can direct the activities and affect the returns, for example by means of rights, reserved matters, or casting votes.

Section 4

Working capital & Capital structure

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

Work in progress compared to revenue (%)



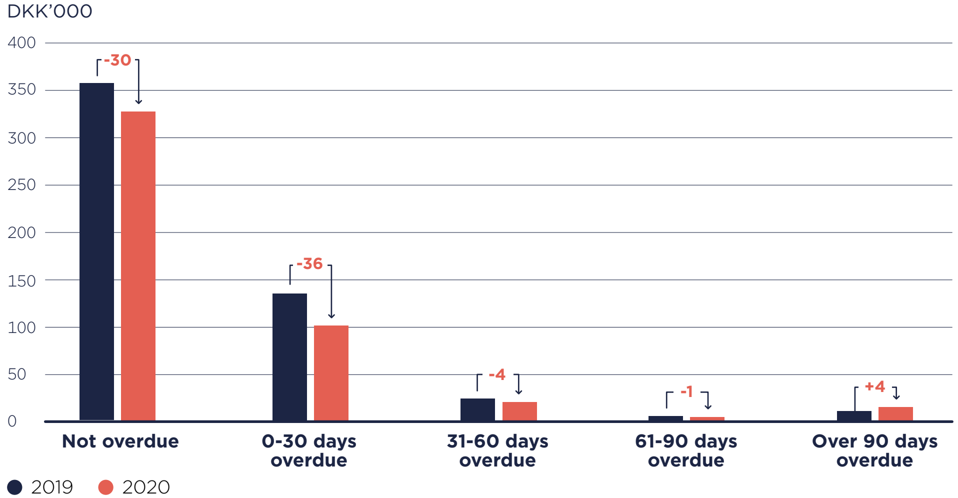
NOTE 17

Trade receivables

DKK'000	2020	2019
Trade receivables	**458,774**	**531,402**

DKK'000	2020	2019
Aging of receivables that are not impaired		
Trade receivables, Not overdue	326,415	356,596
Trade receivables, 0-30 days overdue	99,180	134,702
Trade receivables, 31-60 days overdue	19,876	24,286
Trade receivables, 61-90 days overdue	4,572	5,763
Trade receivables, Over 90 days overdue	14,562	10,870
Total trade receivables excl. expected credit loss	**464,605**	**532,217**
Expected credit loss	-5,831	-816
Total trade receivables	**458,774**	**531,402**

Development in aging of trade receivables from 2019 to 2020



The carrying amount of the trade receivables is assumed to approximate the fair value. For description of credit risk please refer to note 26.

At 31 December 2020, the Group has recognised expected credit loss of DKK 5.8 (DKK 0.8) million for one specific customer, and no credit losses have been recognised during the year (DKK 0).

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 18

Contract work in progress

DKK'000	2020	2019
Selling price of work performed	1,083,501	850,415
Invoiced amount	-648,646	-582,077
Total contract work in progress	**434,856**	**268,339**

Net value - calculated on a contract-per-contract basis - is presented in the statement of financial position as follows: (DKK'000)	2020	2019
Contract work in progress	476,603	319,354
Prebilled invoices	-41,747	-51,016
Total contract work in progress	**434,856**	**268,339**

At 31 December 2020, the Group has recognised a provision for project risks of DKK 0.0 million (DKK 3.5 million). Please refer to note 24.

§ 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 recognized as a liability in "Prebilled invoices".

Revenue recognised
Revenue recognised in the financial year that was included in the contract portfolio at the beginning of the year amounts to DKK 417.3 million (DKK 256.2 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. Revenue recognised from contract work in progress in 2020 and 2019 has not been impacted by any significant changes to the revenue recognised in previous years.

NOTE 18

Contract work in progress (continued)

Future performance obligations
Future performance obligations derives solely from Fixed Price contracts. Future performance obligations represent contractual values less revenue recognised at 31 December 2020 for the Group's fixed price projects at year end. As of 31 December 2020, the Group has future performance obligations of DKK 382.2 million on open fixed price projects out of a total of DKK 1,465.7 million (DKK 315.3 million out of a total of DKK 1,165.8 million).

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

Significant judgements, estimates and assumptions

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.

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.

	<1 year		1-5 years		>5 years	
DKK'000	2020	2019	2020	2019	2020	2019
Expected revenue recognition of future performance obligations	**218,069**	**197,624**	**164,144**	**117,712**	**0**	**0**

NOTE 19

Cash and cash equivalents

DKK'000	2020	2019
Deposits at banks	358,996	132,350
Total cash and cash equivalents	**358,996**	**132,350**

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 risk.

NOTE 20

Share capital

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

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.

In 2018, Danske Bank acquired shares on behalf of Netcompany for DKK 50 million equalling to 322,580 treasury shares. In 2019 Netcompany settled with Danske Bank and acquired further own shares for DKK 125 million equalling to 577,233 treasury shares. In 2020, Netcompany has neither acquired nor sold treasury shares. The purchase of treasury shares is shown as a reduction directly in equity.

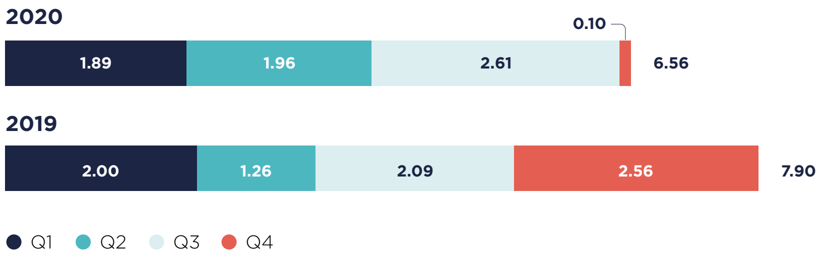
NOTE 21

Earnings per share

DKK'000	2020	2019
Earnings per share - EPS (DKK)	**6.56**	**7.90**
Diluted earnings per share - EPS-D (DKK)	**6.52**	**7.88**
Profit	321,918	388,470
Average number of shares	50,000	50,000
Average number of treasury shares	900	818
Average number of shares in circulation	49,100	49,182
Average number of outstanding restricted stock units	215	111
Average number of diluted shares in circulation	49,316	49,293

It is proposed to the Annual General Meeting to redistribute DKK 100 million in cash to the shareholders by means of dividends of DKK 50 million and share buyback of DKK 50 million (Nil).

Earnings per share - EPS



In Q4 2020, the earnings per share is affected by the fair value adjustment of the contingent consideration (refer to note 14), and would have been 2.98 in Q4 2020 equal to 9.43 for 2020, if normalised for this adjustment.

NOTE 22

Borrowings

	2020	2019
Non-current liabilities[1]	760,556	958,642
Current liabilities	0	0
Total borrowings	**760,556**	**958,642**

[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 2023.

DKK'000	Currency	Maturity	Type of interest	Amortised loan cost	Nominal value	Carrying amount
Bank loans	DKK	2023	Floating	4,626	765,182	760,556
2020				**4,626**	**765,182**	**760,556**

DKK'000	Currency	Maturity	Type of interest	Amortised loan cost	Nominal value	Carrying amount
Bank loans	DKK	2023	Floating	6,540	965,182	958,642
2019				**6,540**	**965,182**	**958,642**

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. Subsequent to initial recognition, borrowings are measured at amortised costs using the effect 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 23

Other payables

DKK'000	2020	2019
Wages and salaries, payroll taxes, social security costs, etc.	53,235	44,521
Holiday pay obligation	144,836	126,595
VAT and duties	58,889	58,684
Contingent consideration (note 14)	261,709	120,441
Other costs payable	48,482	44,173
Total other payable	**567,151**	**394,414**

Accounting principles

Other costs payable comprises short and long term, hence part of the holiday pay obligation is classified and presented as long term due to the new Danish Holiday Act. Further, part of the contingent consideration is classified and presented as long term. For a description of the contingent consideration, please refer to note 14.

For split between long and short term liabilities please refer to note 27.

Significant judgements, estimates and assumptions

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 into consideration the probability of meeting the performance target.

NOTE 24

Provisions

DKK'000	2020	2019
Onerous contracts at 1 January	**3,525**	**36,087**
Decrease in the year	-3,525	-32,562
Provisions for the year	0	0
Onerous contracts at 31 December	**0**	**3,525**

Based on the current project portfolio including monitoring of deliveries on projects, no particular provisions for specific customer cases have been considered applicable at 31 December 2020 (2019: DKK 3.5 million)

Accounting principles

Provisions represent commitments for onerous contracts. 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.

Significant judgements, estimates and assumptions

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 25

Working capital changes

DKK'000	2020	2019
Change in receivables	-117,744	-104,895
Change in payables	14,495	18,189
Total working capital changes	**-103,248**	**-86,706**

NOTE 26

Financial risks and financial instruments

DKK'000	2020	2019
Categories of financial instruments		
Trade receivables	458,774	531,402
Other receivables	5,868	422
Financial assets measured at amortised cost	**464,642**	**531,824**
Cash	358,996	132,350
Financial assets measured at fair value through P&L	**358,996**	**132,350**
Trade payables	39,875	44,055
Other payables excl. contingent consideration	305,442	273,973
Borrowings	760,556	958,642
Leasing	92,769	103,981
Financial liabilities measured at amortised cost	**1,198,642**	**1,380,651**
Contingent consideration	261,709	120,441
Financial liabilities measured at fair value	**261,709**	**120,441**

NOTE 26

Financial risks and financial instruments (continued)

Policy for management of financial risks

There is no change in Netcompany's financial risk assessment compared to last year. The Group's objective at all times is to limit the Group's financial risks.

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

Liquidity risks

The Group attempts to maximise flexibility and minimise risks. At 31 December 2020, the Group has unutilised credit facilities of a total of DKK 699.9 million (DKK 534.8 million) excluding an acquisition facility of DKK 400.0 million (DKK 400.0 million).

Credit risks

In 2020 and 2019, the Group has not realised any credit losses. Based on the customer composition and past history with no credit losses, the credit risk is assessed to be limited and at 31 December 2020, the Group made a provision of DKK 5.8 million (DKK 0.8) 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, which implies limited foreign exchange risk due to the ultimate parent company's functional and reporting currency being in DKK.

The Group is exposed to exchange rate risk in the countries where the Group has it sales activities outside Denmark, which means Norway, UK, Netherlands 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. With respect to subsidiaries situated in Norway, UK, Netherlands, Poland and Vietnam there are transactions with the subsidiaries, however, their extent and risk are not significant.

The bank loan is in DKK. The Group has not entered into any hedging contracts regarding exchange rate risks during 2020 or 2019.

The Group's Policy is to hedge any exchange risk net exposure, that would yield a +2/-2 percentage points EBIT margin impact from a +10%/-10% change in the given currency. If all currencies that the Group is exposed to, change by +/- 10%, this will affect the EBIT by +/- DKK 3.2 million.

Interest rate risks

The interest-bearing liabilities in the Group relates to the loans obtained to finance acquisitions in previous years. Following the IPO in 2018, the Group entered into one overall bank agreement. The bank agreement consists of committed facilities constituting a primary facility agreement of DKK 750.0 million, an ancillary facility of DKK 750.0 million and an optional facility of DKK 400.0 million limited to acquisitions, whereof DKK 765.2 million has been utilised on borrowings and DKK 34.9 million on guarantees.

The Group's bank loan carried floating interest rates at 31 December 2020, which is depending on the financial leverage. Current interest rate at 1.1% is equal to a yearly bank loan interest expense of DKK 8.4 million.

If the interest rate changes 'one step up', due to changes in leverage, a new interest rate of 1.35% will be applicable equal to interest expenses of DKK 10.3 million, which leads to an increase in financial expenses of DKK 1.9 million. According to the loan agreement, it is not possible to get a lower interest rate than the current rate achieved.

The Group is to a limited extent exposed to interest rate risks relating to the cash balances, which bear negative interest due to the current low interest environment.

Optimisation of the capital structure

The Group regularly assesses whether its capital structure is in accordance with the Group's and the shareholders' interests. The overall objective is to ensure a capital structure that supports long term growth whilst maximising returns for the Group's shareholders' by optimising the equity-to-debt ratio.

Significant judgements, estimates and assumptions

The fair value at 31 December 2020 and 2019 of Netcompany's financial instruments was measured in accordance with level 2 and level 3 in the fair value hierarchy (IFRS 13).

NOTE 27

Financial instruments - maturity analysis

	Current		Non-current			
	<1 year		1-5 years		>5 years	
DKK'000	2020	2019	2020	2019	2020	2019
Borrowings	0	0	760,556	958,642	0	0
Leasing	35,392	38,482	54,424	60,428	2,953	7,783
Trade payables	39,875	44,055	0	0	0	0
Other payables	393,944	363,274	173,207	31,140	0	0
Total liabilities	**469,211**	**445,811**	**988,187**	**1,050,210**	**2,953**	**7,783**

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.

Part of other payables relates to the contingent consideration. For a description of the contingent consideration, please refer to note 14.

A more detailed maturity analysis of the borrowings is disclosed in note 21.

Section 5

Other disclosures

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

NOTE 28

Fee to the Group auditor

Fee to the Group auditor (DKK'000)	**2020**	**2019**
Statutory audit	2,620	2,460
Other assurance agreements	2,625	2,902
Tax and VAT advisory services	734	299
Other services	265	196
Total	**6,244**	**5,857**

The fee for non-audit services delivered by Deloitte Statsautoriseret Revisionspartnerselskab to the Group amounts to DKK 3.6 million. Of the amount, DKK 2.5 million are related to issuance of independent IT assurance reports, which are provided to the Group's clients as part of the Group's operations services. The fee for providing independent IT assurance reports are fully paid by the Group's clients and hence does not reflect a cost for the Group. Other than independent IT assurance reports, non-audit services consist of issuance of other assurance reports, technical accounting advisory and certain tax services.

NOTE 29

Related parties

As at 31 December 2020 there are no shareholders with controlling interest.

Large shareholders (>5%) consists of
- AC NC Holding ApS: 10.30% (Denmark)
- The Capital Group Companies: 5.26% (United Kingdom)

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.

Until 19 February 2019, FSN Capital had shareholding interests that led to a significant influence in the Group. From 19 February 2019 FSN Capital no longer had significant shareholder interest.

During the period in 2019 where FSN Capital had >5% ownership, Netcompany recognised revenue from:
- Active Brands AS DKK 0.8 million
- Fitness World A/S DKK 1.9 million

In 2020, Netcompany recognised revenue from:
- Smarter Airports A/S DKK 20.5 million

Transactions with Carsten Gomard Holding ApS comprise mainly of consultancy services amounting to DKK 0 million (DKK 0.4 million).

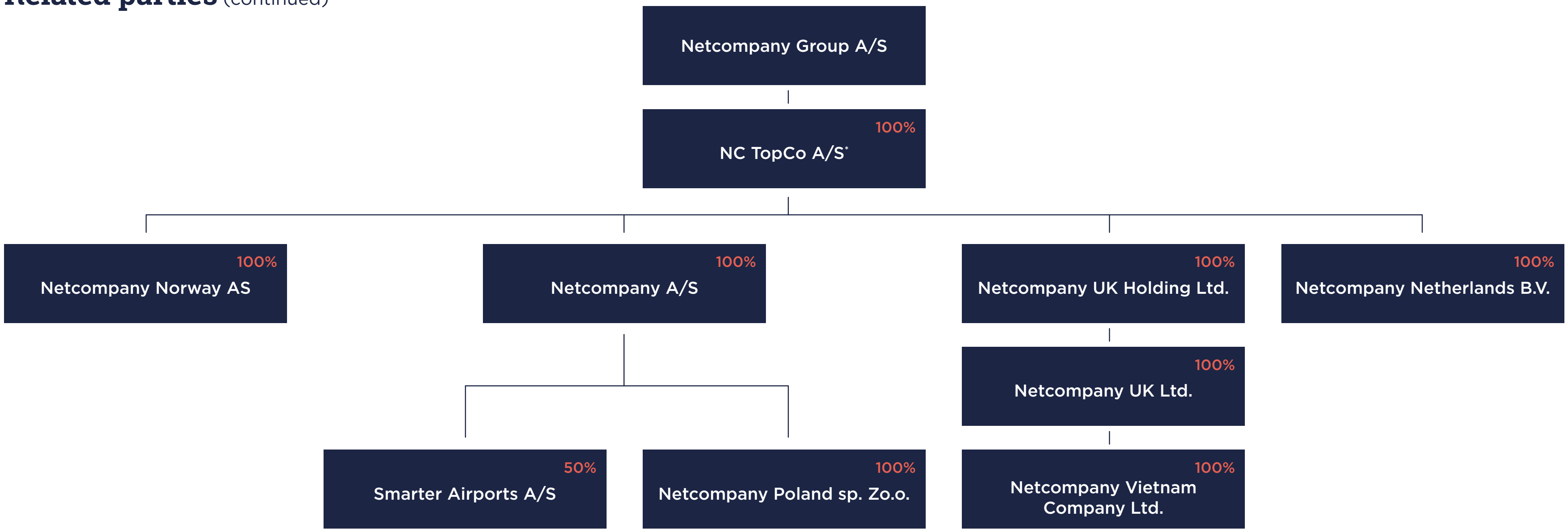
There were no other transactions with members of Executive Management, members of the Board of Directors of the Group or Other Key Management Personnel, other than remuneration, and furthermore no loans were granted to the Board of Directors, Executive Management or Other Key Management Personnel in 2020 or 2019.

Ownership

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

NOTE 29

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
Smarter Airports A/S	Denmark	DKK	50%	Joint venture
Netcompany Poland sp. Z o.o.	Poland	PLN	100%	Subsidiary
Netcompany Norway AS	Norway	NOK	100%	Subsidiary
Netcompany Holding UK Ltd.	United Kingdom	GBP	100%	Subsidiary
Netcompany UK Ltd.	United Kingdom	GBP	100%	Subsidiary
Netcompany Vietnam Company Ltd.	Vietnam	VND	100%	Subsidiary
Netcompany Netherlands B.V.	Netherlands	EUR	100%	Subsidiary

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

* NC NewCo A/S and Netcompany Holding I A/S were dissolved on 2 July 2019 in connection with the completion of the merger of these companies into NC TopCo A/S. The merger was part of an internal Group reorganisation in order to streamline the Group's legal structure.

NOTE 30

Collateral provided and contingent liabilities

As part of its contract commitments with customers, the Group has through its banks provided performance guarantees of DKK 34.9m (nil).

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

NOTE 31

Adoption of the Annual Report for publication

At a meeting held on 28 January 2021, 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 32

Events after the balance sheet date

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

Parent company financial statements

Content

Notes to the parent financial statements

Statement of comprehensive income for the Parent for 2020

DKK'000	Notes	2020	2019
Revenue		30,000	24,000
Gross profit		**30,000**	**24,000**
Sales and marketing costs		-1,453	-962
Administrative costs	2	-37,774	-35,278
Operating profit / loss (EBIT)		**-9,277**	**-12,240**
Financial income	5	25,030	24,944
Financial expenses	5	-32,714	-33,348
Profit / loss before tax		**-16,911**	**-20,643**
Tax on profit / loss for the year	6	3,647	4,518
Profit / loss for the year		**-13,263**	**-16,125**
Other comprehensive income / loss		0	0
Comprehensive income for the year / loss		**-13,263**	**-16,125**

Statement of financial position of the Parent at 31 December 2020

DKK'000	Notes	2020	2019
Right of use assets	7	588	467
Property, plant and equipment		**588**	**467**
Investment in subsidiary	8	1,618,705	1,601,682
Other receivables		217	355
Deferred tax		2,914	1,213
Financial assets		**1,621,836**	**1,603,251**
Non-current assets		**1,622,424**	**1,603,718**
Receivables from Group entities		1,266,946	1,271,811
Tax receivables		101,947	178,361
Other receivables		107	0
Prepayments		963	1,663
Receivables		**1,369,963**	**1,451,836**
Cash	9	**8,685**	**15,203**
Current assets		**1,378,648**	**1,467,039**
Assets		**3,001,072**	**3,070,756**

DKK'000	Notes	2020	2019
Share capital	10	50,000	50,000
Treasury shares		-175,000	-175,000
Share-based remuneration		42,478	17,724
Retained earnings		1,501,305	1,514,568
Equity		**1,418,783**	**1,407,292**
Borrowings	11	760,556	958,642
Leasing		194	345
Non-current liabilities		**760,750**	**958,986**
Leasing		397	128
Trade payables		594	0
Payables to Group entities		812,727	695,677
Other payables	12	7,821	8,673
Current liabilities		**821,539**	**704,478**
Liabilities		**1,582,289**	**1,663,464**
Equity and liabilities		**3,001,072**	**3,070,756**

Statement of changes in equity for the Parent for 2020

DKK'000	Share capital	Treasury shares	Share-based remuneration	Retained earnings	Total
Equity at 1 January 2020	**50,000**	**-175,000**	**17,724**	**1,514,568**	**1,407,292**
Share-based remuneration for the year	0	0	24,754	0	24,754
Profit / loss for the year	0	0	0	-13,263	-13,263
Equity at 31 December 2020	**50,000**	**-175,000**	**42,478**	**1,501,305**	**1,418,783**

DKK'000	Share capital	Treasury shares	Share-based remuneration	Retained earnings	Total
Equity at 1 January 2019	**50,000**	**0**	**3,818**	**1,480,693**	**1,534,511**
Treasury shares acquired in the year	0	-175,000	0	50,000	-125,000
Share-based remuneration for the year	0	0	13,906	0	13,906
Profit / loss for the year	0	0	0	-16,125	-16,125
Equity at 31 December 2019	**50,000**	**-175,000**	**17,724**	**1,514,568**	**1,407,292**

Cash flow statement for the Parent for 2020

DKK'000	Notes	2020	2019
Operating profit (EBIT)		-9,227	-12,240
Depreciation		388	548
Non-cash		7,731	4,541
Working capital changes	13	335	-37
Cash flows from operating activities		**-773**	**-7,188**
Other receivables (deposits)		138	-76
Cash flows from investing activities		**138**	**-76**
Income taxes paid on behalf of the Group		-116,426	-112,586
Financial income received		25,030	24,944
Financial expenses paid		-30,788	-30,463
Net loan to Group entities		316,703	450,343
Payment of share buybacks		0	-175,000
Proceeds from borrowings		0	75,000
Repayment of borrowings		-200,000	-225,000
Repayment of leasing debt		-403	-577
Cash flows from financing activities		**-5,884**	**6,661**
Increase in cash and cash equivalents		**-6,519**	**-603**
Cash and cash equivalents at 1 January		15,203	15,805
Cash and cash equivalents at 31 December	9	**8,685**	**15,203**

Reconciliation of liabilities arising from financing activities (DKK'000)	Borrowings (note 11)	Leasing	Total
Opening balance 1 January 2020	**958,642**	**473**	**959,115**
Repayment	-200,000	-403	-200,403
Amortisation of loan costs (non-cash)	1,914	0	1,914
Leasing (non-cash)	0	521	521
Closing balance 31 December 2020	**760,556**	**591**	**761,147**

Reconciliation of liabilities arising from financing activities (DKK'000)	Borrowings (note 11)	Leasing	Total
Opening balance 1 January 2019	**1,105,780**	**976**	**1,106,756**
Proceeds from external financing	75,000	0	75,000
Repayment	-225,000	-996	-225,996
Amortisation of loan costs (non-cash)	2,862	0	2,862
Leasing (non-cash)	0	493	493
Closing balance 31 December 2019	**958,642**	**473**	**959,115**

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	2020	2019
Administrative costs	8,612	9,144
Staff costs (note 3)	28,773	25,586
Depreciation	388	548
Total administrative costs	**37,774**	**35,278**

NOTE 3

Staff costs and remuneration

DKK'000	2020	2019
Salary and wages	28,756	25,579
Other social security costs	17	7
Total staff costs	**28,773**	**25,586**
Staff costs presented under following account balances		
Administrative costs	28,773	25,586
Total staff costs	**28,773**	**25,586**
Average number of employees	**3**	**3**

NOTE 3

Staff costs and remuneration (continued)

DKK'000	2020	2019
Remuneration to the Board of Directors[1]		
Bo Rygaard	1,050	660
Juha Christensen	698	507
Scanes Bentley	476	387
Hege Skryseth	128	0
Åsa Riisberg	192	0
Pernille Fabricius	172	804
Robbert Kuppens	278	159
Pekka Ala-Pietilä	0	669
Thomas Broe-Andersen	0	0
Carsten Gomard[2]	0	637
Total	**2,993**	**3,824**
Remuneration to the Executive Management[1]		
André Rogaczewski	7,159	7,032
Claus Jørgensen	6,909	6,902
Thomas Johansen	4,002	3,919
Total short term remuneration	**18,070**	**17,853**
André Rogaczewski	3,025	1,777
Claus Jørgensen	3,025	1,777
Thomas Johansen	1,681	987
Total share-based remuneration expensed	**7,731**	**4,541**
Total	**25,801**	**22,394**

[1] Remuneration to Executive Management and Board of Directors is recognised as administrative costs.
[2] Including consulting fee paid to legal entity controlled by the Board member, see note 15.

NOTE 3

Staff costs and remuneration (continued)

During 2020, 96,741 RSUs (105,470 RSUs) were granted of which 26,161 (44,605) were granted to Executive Management and 70,580 (60,865) were granted to Other Key Management Personnel and other employees.

The fair value of the granted RSUs at grant date was DKK 78.1 million (DKK 44.1 million). The cost associated herewith is expensed over the vesting period with DKK 24.8 million in 2020 (DKK 13.9 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 2021. The company's share-based incentive schemes are further detailed in the Group's Remuneration report.

DKK'000	2020	2019
Share-based remuneration expensed:		
Management	7,731	4,541
Other Key Management Personnel (note 8)	1,710	970
Group employees (note 8)	15,313	8,395
Total	**24,754**	**13,906**

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

Restricted stock units in Netcompany share	1 January 2020	Issued	Expensed	Cancelled	Outstanding	Value at grant date	Vesting year
	No.	No.	No.	No.	No.	DKK'000	
2018 Shares allocated (management)	16,413	0	-11,002	0	5,411	5,214	30 June 2021
2018 Shares allocated (Group employees[1])	56,043	0	-27,661	-3,513	24,870	17,100	31 December 2021
2019 Shares allocated (management)	30,835	0	-15,460	0	15,375	9,200	31 December 2021
2019 Shares allocated (Group employees[1])	38,795	0	-19,923	-2,673	16,199	12,554	31 December 2021
2020 Shares allocated (management)	0	26,161	-8,067	0	18,094	9,200	31 December 2022
2020 Shares allocated (Group employees[1])	0	70,580	-24,261	-2,457	43,862	24,822	31 December 2022
Total allocated shares	**142,086**	**96,741**	**-106,374**	**-8,643**	**123,811**	**78,090**	

Restricted stock units in Netcompany share	1 January 2019	Issued	Expensed	Cancelled	Outstanding	Value at grant date	Vesting year
	No.	No.	No.	No.	No.	DKK'000	
2018 Shares allocated (management)	27,385	0	-10,972	0	16,413	5,214	30 June 2021
2018 Shares allocated (Group employees[1])	88,190	0	-32,147	0	56,043	17,100	31 December 2021
2019 Shares allocated (management)	0	44,605	-13,770	0	30,835	9,200	31 December 2021
2019 Shares allocated (Group employees[1])	0	60,865	-20,792	-1,278	38,795	12,554	31 December 2021
Total allocated shares	**115,575**	**105,470**	**-77,680**	**-1,278**	**142,086**	**44,068**	

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

NOTE 4

Depreciation

DKK'000	2020	2019
Depreciation		
Right of use assets	388	548
Total Depreciation	**388**	**548**
Depreciation presented as follows in the income statement:		
Administrative costs	388	548
Total Depreciation	**388**	**548**

NOTE 5

Financial income and expenses

DKK'000	2020	2019
Financial income		
Intra-group interest income	25,030	24,944
Total Financial income	**25,030**	**24,944**
Financial expenses		
Intra-group interest expenses	14,733	7,444
Interest expenses, leasing	12	23
Interest expenses on bank loan	13,661	18,788
Other finance charges	4,308	7,093
Total Financial expenses	**32,714**	**33,348**

NOTE 6

Tax

DKK'000	2020	2019
Current tax	-1,947	-3,520
Change in deferred tax	-1,700	-998
Total current tax	**-3,647**	**-4,518**
Profit/loss before tax	-16,911	-20,643
Tax at a rate of 22%	-3,720	-4,542
Tax-based value of non-deductible expenses	73	23
Total current tax	**-3,647**	**-4,518**
Effective tax rate	**21.6%**	**21.9%**

NOTE 7

Right of use assets

DKK'000	2020	2019
Cost at 1 January	**715**	**1,339**
Remeasurement	153	-465
Additions	356	515
Disposals	-542	-674
Cost at 31 December	**682**	**715**
Depreciation at 1 January	**-248**	**-375**
Disposals	542	674
Depreciation for the year	-388	-548
Depreciation at 31 December	**-94**	**-248**
Carrying amount at 31 December	**588**	**467**

NOTE 8

Investments in subsidiaries

DKK'000	2020	2019
Cost at 1 January	**1,601,682**	**1,592,317**
Additions[1]	17,023	9,365
Cost at 31 December	**1,618,705**	**1,601,682**
Carrying amount at 31 December	**1,618,705**	**1,601,682**

[1] Additions relates to share-based remuneration incurred by the Parent on behalf of staff employed in subsidiaries (note 3).

NOTE 8

Investments in subsidiaries (continued)

Subsidiaries: (DKK'000)	Form of enterprise	Ownership	Equity	Result
NC TopCo A/S, Copenhagen, Denmark[2]	A/S	100 %	1,875,741	339

[2] Annual Report 2019

§ 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.

For the years ended 31 December 2020 and 2019, 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	2020	2019
Deposits at banks	8,685	15,203
Total cash and cash equivalents	**8,685**	**15,203**

NOTE 10

Share capital

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

The shares have not been divided into classes. Please see note 20 in the consolidated financial statement.

NOTE 11

Borrowings

DKK'000	2020	2019
Non-current liability[1]	760,556	958,642
Current liability	0	0
Total borrowings	**760,556**	**958,642**

[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 2023.

DKK'000	Currency	Maturity	Type of interest	Amortised loan cost	Nominal value	Carrying amount
Bank loans	DKK	2023	Floating	4,626	765,182	760,556
2020				**4,626**	**765,182**	**760,556**

DKK'000	Currency	Maturity	Type of interest	Amortised loan cost	Nominal value	Carrying amount
Bank loans	DKK	2023	Floating	6,540	965,182	958,642
2019				**6,540**	**965,182**	**958,642**

NOTE 12

Other payables

DKK'000	2020	2019
Wages and salaries, payroll taxes, social security costs, etc. payable	5,767	6,324
VAT and duties	1,588	1,719
Other costs payable	466	630
Total other payables	**7,821**	**8,673**

NOTE 13

Working capital changes

DKK'000	2020	2019
Change in receivables	594	-1,236
Change in payables	-258	1,199
Total working capital changes	**335**	**-37**

NOTE 14

Financial risks and financial instruments

DKK'000	2020	2019
Categories of financial instruments		
Receivables from Group entities	1,266,946	1,271,811
Financial assets measured at amortised cost	**1,266,946**	**1,271,811**
Cash	8,685	15,203
Financial assets measured at fair value	**8,685**	**15,203**
Borrowings	760,556	958,642
Leasing	591	473
Trade payables	594	0
Payables to Group entities	812,727	695,677
Other payables	7,821	8,673
Financial liabilities measured at amortised cost	**1,582,289**	**1,663,465**

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

The Parent attempts to maximise flexibility and minimise risks. At 31 December 2020, the Parent has unutilised credit facilities of a total of DKK 699.9 million (DKK 534.8 million) excluding an acquisition facility of DKK 400.0 million (DKK 400.0 million).

Credit risks

In 2020 and 2019, the Parent has not realised any credit losses. At 31 December 2020 and 2019, 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.

Interest rate risks

The interest-bearing liabilities relates to the loans obtained to finance acquisitions in previous years. Following the IPO in 2018, Netcompany Group entered into one overall bank agreement. The bank agreement consists of committed facilities constituting a primary facility agreement of DKK 750.0 million, an ancillary facility of DKK 750.0 million and an optional facility of DKK 400.0 million limited to acquisitions, whereof DKK 765.2 million has been utilised on borrowings and DKK 34.9 million on guarantees through subsidiaries.

The bank loan carried floating interest rates at 31 December 2020, which is depending on the financial leverage. Current interest rate at 1.1% is equal to a yearly bank loan interest expense of DKK 8.4 million.

If the interest rate changes 'one step up', due to changes in leverage, a new interest rate of 1.35% will be applicable equal to interest expenses of DKK 10.3 million, which leads to an increase in financial expenses of DKK 1.9 million. According to the loan agreement, it is not possible to get a lower interest rate than the current rate achieved.

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

Related parties

As at 31 December 2020 there are no shareholders with controlling interest.

Large shareholders (>5%) consists of
- AC NC Holding ApS: 10.30% (Denmark)
- The Capital Group Companies: 5.26% (United Kingdom)

Please refer to Shareholder Informaton in Management Commentary.

Related parties with significant influence are the company's Executive Management, Board of Directors and their related parties. Furthermore, related parties are companies in which the above persons have significant interests, as well as 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 24.0 million).

Transactions with Carsten Gomard Holding ApS comprise mainly of consultancy services amounting to DKK 0 (DKK 0.4 million).

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 2020 and 2019.

Ownership

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

NOTE 16

Collateral provided and contingent liabilities

Netcompany Group A/S will provide continuing financial support to Netcompany Holdings UK Limited, Netcompany UK Limited and Netcompany Netherlands B.V. for a period up until February 2022.

The Parent has provided collateral for bank guarantees initiated by its subsidiaries towards its customers.

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

NOTE 17

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 18

Events after the balance sheet date

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

Statement By the Board of Directors and Executive Management

The Board of Directors and the Executive Management have today considered and approved the Annual Report of Netcompany Group A/S for the financial year 1 January - 31 December 2020 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 2020 and of the results of their operations and cash flows for the financial year 1 January - 31 December 2020 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.

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

Copenhagen, 28 January 2021

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

Independent auditor's report

To the Shareholders of Netcompany Group A/S

Opinion
We have audited the consolidated financial statements and the parent financial statements of Netcompany Group A/S for the financial year 1 January 2020 – 31 December 2020, which comprise the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as for the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2020, and of the results of their operations and cash flows for the financial year 1 January 2020 – 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

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

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

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

We were appointed auditors of Netcompany Group A/S for the first time on 16 April 2018 for the financial year 2018. We have been reappointed annually by decision of the general meeting for a total contiguous engagement period of two years up to and including the financial year 2020.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 1 January 2020 – 31 December 2020. These matters were addressed in the context of our audit of the consolidated financial statements and the parent financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition, including the measurement and recognition of work in progress and provisions
Refer to notes 18 and 24 in the consolidated financial statements.

At 31 December 2020, the carrying value of the Group's work in progress amounted to a net asset of DKK 434.9 million represented by sales value of work performed of DKK 1,083.5 million less prebilled invoices of DKK 648.6 million. Furthermore, the Group has recognised a provision of DKK 0 million covering onerous contracts and project risks.

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

Independent auditor's report (continued)

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

How the matter was addressed in our audit
As part of our audit procedures, we obtained an understanding of the process for determining time and cost-to-complete estimates and the process for identifying potential onerous contracts and projects with significant project risks and how provisions are determined for such onerous contracts and for identified projects with significant project risks.

We tested 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 contracts in progress during the year and at 31 December 2020. We selected a sample of contracts to be tested in detail from a statistical approach and based on an assessment of project risk and materiality. For the selected contracts, we tested and challenged the Group's assumptions for determining stage of completion, estimation of expected time and cost-to-complete and estimated profits and we tested the application of the Group's accounting for multiple element arrangements. Furthermore, we tested and challenged the Group's accounting, identification and assessments in relation to change orders, warranty issues, onerous contracts and other identified project risks.

For contracts completed during the year, we have – among other audit procedures - applied audit procedures to match revenue transactions with external payment data and compared actual profitability with original expected profitability to assess the completeness and accuracy of Management's assumptions applied throughout the contract periods.

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

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

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

Independent auditor's report (continued)

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

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

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

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

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

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

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

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

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

We also provide those charged with governance with a statement that we 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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and

Independent auditor's report (continued)

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

Copenhagen, 28 January 2021

Deloitte
Statsautoriseret
Revisionspartnerselskab

Business Registration No 33 96 35 56

Brian Schmit Jensen
State Authorised Public Accountant
MNE no 40050

Appendix

Key figures and financial ratios have been compiled in accordance with the following calculation formulas.

*Marked formulas have been calculated in accordance with "Recommendations & Financial Ratios" issued by the Danish Finance Society.

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

EBITA* = Operating profit + Amortisation

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

Adjusted EBITA = EBITA + Special items

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

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

EBITDA* = EBIT + Depreciation and amortisation

EPS* $= \dfrac{\text{Net profit}}{\text{Average outstanding shares}}$

EPS diluted* $= \dfrac{\text{Net profit}}{\text{Average outstanding shares + Diluted shares}}$

Free cash flow* = Cash flow from operating activities - Capex

Capex* = Cost spent to buy intangible and tangible assets, excluding impact from business acquisitions.

Cash conversion ratio $= \dfrac{\text{Free cash flow x 100}}{\text{Net profit - Amortisation and deferred tax of amortisation}}$

Days sales outstanding* $= \dfrac{\text{Trade receivables x days}}{\text{Revenue}}$

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

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

ROIC (Adjusted for Goodwill)* $= \dfrac{\text{Net profit x 100}}{\text{Average invested capital – average Goodwill}}$

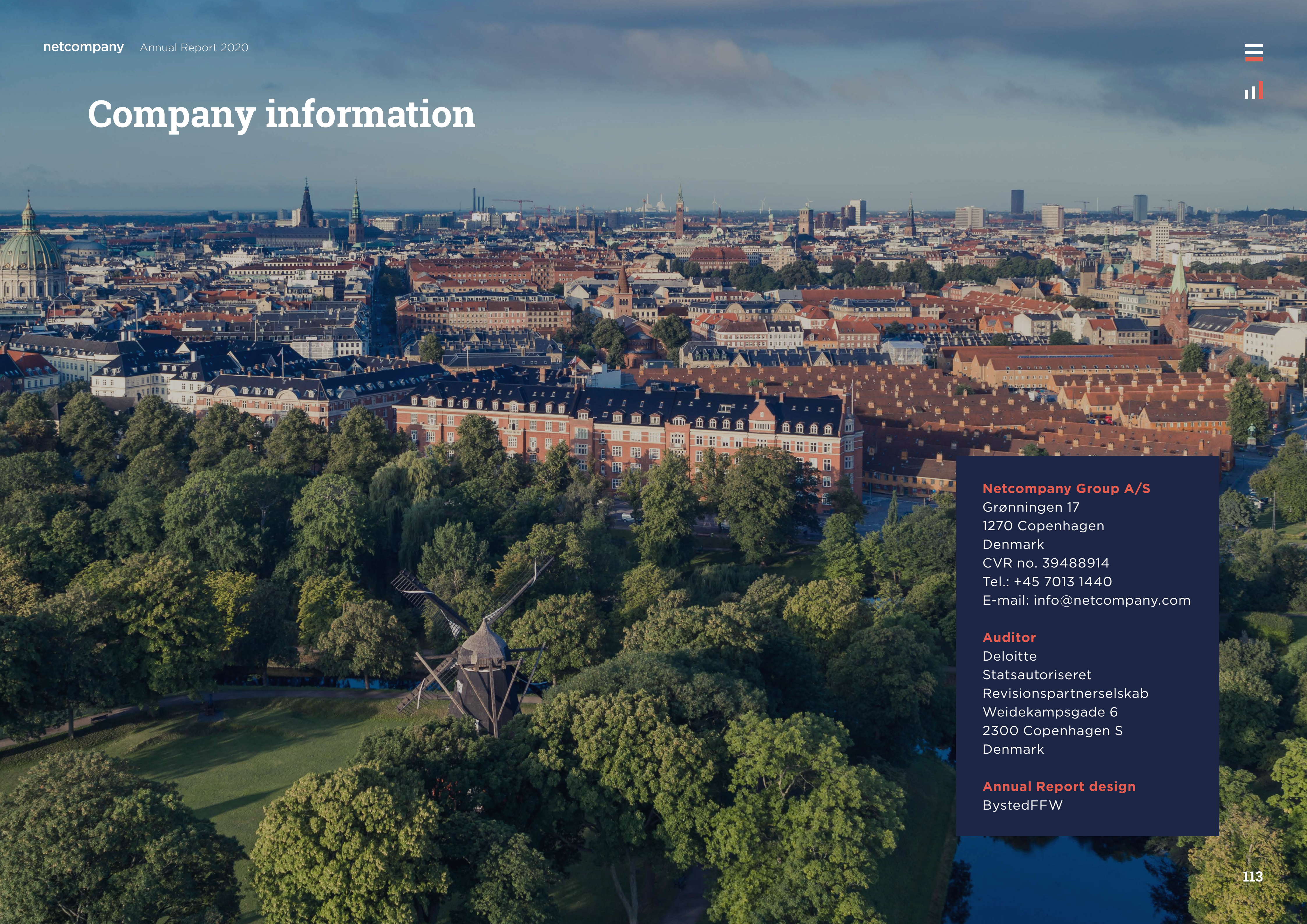
Solvency (equity ratio)* $= \dfrac{\text{Equity x 100}}{\text{Total assets}}$

Equity per share* $= \dfrac{\text{Equity excluding non-controlling interest at year-end}}{\text{Number of circulating shares at year-end}}$

Price/book value* $= \dfrac{\text{Share price at year-end}}{\text{Equity per share at year-end}}$

Market value = Number of shares, excluding treasury shares, year-end x share price at year-end

Company information



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