

## *Company announcement – Nine months ended 30 September 2019*

Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

Company announcement  
no 20/2019  
6 November 2019

### *Summary*

In Q3 2019, Netcompany realised reported revenue of DKK 592.1m, of which DKK 578.1m was organic, corresponding to 20.8% (constant 21.2%) growth in reported currencies and an organic revenue growth of 18%.

Adjusted EBITA margin, when not including the non-organic impact from the Netherlands reached 28.8% which was 1 percentage point higher than Q3 2018. When including the negative impact of 1.1 percentage points from the acquisition of Netcompany Netherlands adjusted EBITA margin was 27.7%.

The average number of full-time employees grew by 480 from 1,866 in Q3 2018 to 2,345 in Q3 2019. Part of the increase was related to the acquisition of Netcompany Netherlands, which affected the average FTEs in Q3 2019 by 82.

Free cash flow remained strong and increased by 156.5% from DKK 49.3m in Q3 2018 to DKK 126.5m in Q3 2019, corresponding to a cash conversion rate of 103.1%. Work in progress was reduced as planned.

By the start of October 2019, revenue visibility increased by 18% to DKK 2,387.4m compared to DKK 2,025.3m at the beginning of Q4 2018.

Based on the revenue growth realised in September and taking into account the outlook for the remaining part of 2019, Netcompany lowers its expectation to full year reported revenue growth in constant currencies from previously between 20.75% - 23.25% to around 20%. Netcompany still expects full year Group adjusted EBITA margin in constant currencies before impact from acquisitions to be around 26%. The higher than expected relative revenue growth from Netcompany Netherlands means that the impact from acquisitions on adjusted EBITA margin is now expected to be negative by 0.6 percentage point rather than negative by 0.3 percentage point as previously.

Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

**netcompany**

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

*“During Q3, we continued to deliver industry-leading growth and profitability with revenue growth of more than 21% in constant currencies and realised an EBITA margin above 27%. I am proud to see Netcompany being so resilient when it comes to growth and margins, even in a quarter where we realised lower than expected revenue growth. This is a clear result of ongoing high quality in our project deliveries.*

*As a result of the lower than expected revenue growth, we have adjusted our expectations to full year revenue growth to a total growth of around 20% however at unchanged margins from the organic part of the business reiterating the strong performance of Netcompany and the high quality in our project deliveries.*

*I am also proud to see that we continue to hire the most talented new employees across the Group which have brought close to 500 new employees to our family.”*

*André Rogaczewski, Netcompany CEO and Co-founder*

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### Performance highlights for Q3 2019

- Revenue increased by 20.8% (21.2% constant), hereof 18% from organic growth to DKK 592.1m in reported currencies.
- Gross profit margin was 43.2% against 42.4% in Q3 2018.
- Free cash flow improved by 156.5% to DKK 126.5m.
- Cash conversion rate of 103.1%.

### Financial overview - Q3

DKK million	Q3 2019 (reported)	Q3 2019 (constant)*	Q3 2018	% change (reported)	Netcompany Netherlands non-organic impact	% change (constant)
Revenue	592.1	594.3	490.3	20.8%	2.8pp	21.2%
Gross profit	255.7	256.5	208.1	22.9%	1.6pp	23.3%
EBITA	163.5	164.2	136.3	20.0%	-1.7pp	20.5%
EBITA margin	27.6%	27.6%	27.8%	-0.2pp	-1.1pp	-0.2pp
Adjusted EBITA	164.1	164.9	136.4	20.4%	-1.7pp	20.9%
Adjusted EBITA margin	27.7%	27.7%	27.8%	-0.1pp	-1.1pp	-0.1pp
Operating profit	137.5	138.3	107.5	28.0%	-3.0pp	28.7%
Operating profit margin	23.2%	23.3%	21.9%	1.3pp	-1.1pp	1.3pp
Net profit / loss	102.5	103.1	78.3	31.0%	-2.5pp	31.8%
Capex	-4.3	N/A	-7.6	-42.7%	N/A	N/A
Net increase / decrease in cash and cash equivalents	40.8	N/A	42.9	-4.9%	N/A	N/A

\*Constant currencies measured using average exchange rates for Q3 2018

Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

### Performance highlights for the first nine months of 2019

- Revenue increased by 18.1%, hereof 16.7% from organic growth to DKK 1,782.9m in reported currencies and by 18.1% in constant currencies.
- Gross profit margin was 39.9% against 39.9% for the same period in 2018.
- Free cash flow remained strong and increased from DKK 140.8m in 9M 2018 to DKK 318.9m in 9M 2019.
- Cash conversion rate of 98.9%.

### Financial overview - nine months of 2019

DKK million	YTD 2019 (reported)	YTD 2019 (constant)*	YTD 2018	% change (reported)	Netcompany Netherlands non-organic impact	% change (constant)	Total 2018
Revenue	1,782.9	1,783.7	1,509.9	18.1%	1.4pp	18.1%	2,053.2
Gross profit	712.0	712.9	602.7	18.1%	0.8pp	18.3%	816.5
EBITA	433.1	434.2	349.1	24.1%	-1.0pp	24.4%	479.7
EBITA margin	24.3%	24.3%	23.1%	1.2pp	-0.5pp	1.2pp	23.4%
Adjusted EBITA	437.5	438.5	383.4	14.1%	-0.9pp	14.4%	514.2
Adjusted EBITA margin	24.5%	24.6%	25.4%	-0.9pp	-0.5pp	-0.8pp	25.0%
Operating profit	356.9	358.0	262.5	35.9%	-1.7pp	36.3%	364.3
Operating profit margin	20.0%	20.1%	17.4%	2.6pp	-0.5pp	2.7pp	17.7%
Net profit / loss	262.9	263.8	112.8	133.0%	-2.3pp	133.9%	181.2
Capex	-15.4	N/A	-14.0	10.1%	N/A	N/A	-22.9
Net increase / decrease in cash and cash equivalents	76.9	N/A	20.3	278.4%	N/A	N/A	-85.3

\*Constant currencies measured using average exchange rates for 2018

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*Conference call details*

In connection with the publication of the results for Q3 2019, Netcompany will host a conference call on 6 November 2019 at 11.00 am CEST. The conference call will be held in English and can be followed live via the company's website; [www.netcompany.com](http://www.netcompany.com)

Dial-in details for investors and analysts:                      DK: 32728042                      UK: +44 (0) 8445718892

Confirmation code:.....      2579285

Webcast Player URL: ...      <https://edge.media-server.com/mmc/p/8asmz8nz>

*Additional information*

André Rogaczewski, CEO                      +45 70 13 14 40

Thomas Johansen, CFO                      +45 51 19 32 24

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*Financial highlights and key figures*

DKK million	Q3 2019	Q3 2018	YTD 2019	YTD 2018	% change YTD	Total 2018
<b>Income statement</b>						
Revenue						
Public	356.4	277.5	1,048.7	831.1	26.2%	1,152.1
Private	235.7	212.8	734.2	678.8	8.2%	901.1
<i>Revenue by segments, total</i>	592.1	490.3	1,782.9	1,509.9	18.1%	2,053.2
Development	299.1	260.2	918.8	700.8	31.1%	1,005.4
Maintenance	293.0	230.1	864.0	809.1	6.8%	1,047.8
<i>Revenue by types, total</i>	592.1	490.3	1,782.9	1,509.9	18.1%	2,053.2
Organic	578.1	406.2	1,761.8	1,259.7	39.9%	1,777.5
Acquisition	14.0	84.1	21.1	250.2	-91.6%	275.7
<i>Revenue by growth, total</i>	592.1	490.3	1,782.9	1,509.9	18.1%	2,053.2
Special items	-0.6	0.0	-4.4	-34.4	-87.3%	-34.5
EBITA	163.5	136.3	433.1	349.1	24.1%	479.7
Adjusted EBITA	164.1	136.4	437.5	383.4	14.1%	514.2
Operating profit (EBIT)	137.5	107.5	356.9	262.5	35.9%	364.3
Net financials	-3.7	-8.4	-19.1	-98.5	-80.6%	-108.7
Net profit / loss	102.5	78.3	262.9	112.8	133.0%	181.2
<b>Financial position</b>						
Capex	-4.3	-7.6	-15.4	-14.0	10.1%	-22.9
Total assets	3,731.5	3,537.4	3,731.5	3,537.4	5.5%	3,485.4
Equity	1,950.7	1,734.8	1,950.7	1,734.8	12.4%	1,806.3
Net increase in cash and cash equivalents	40.8	42.9	76.9	20.3	278.4%	-85.3
Free cash flow	126.5	49.3	318.9	140.8	126.5%	163.6
Free cash flow (tax normalised)	89.6	31.1	299.8	128.9	132.7%	233.1
<b>Earnings per share</b>						
Earnings per share (DKK)	2.09	1.58	5.35	2.27	135.8%	3.65
Diluted earnings per share (DKK)	2.08	1.57	5.34	2.27	135.3%	3.65
<b>Employees</b>						
Average number of full-time employees	2,345.5	1,865.8	2,234.5	1,819.9	22.8%	1,859.7

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*Financial highlights and key figures (continued)*

DKK million	Q3 2019	Q3 2018	YTD 2019	YTD 2018	% change YTD	Total 2018
<b>Financial ratios</b>						
Gross profit margin	43.2%	42.4%	39.9%	39.9%	0.0pp	39.8%
EBITA margin	27.6%	27.8%	24.3%	23.1%	1.2pp	23.4%
Adjusted EBITA margin	27.7%	27.8%	24.5%	25.4%	-0.9pp	25.0%
Operating profit margin	23.2%	21.9%	20.0%	17.4%	2.6pp	17.7%
Effective tax rate	23.4%	N/A	22.2%	31.2%	-9.1pp	29.1%
Return on equity	5.6%	5.1%	14.3%	7.3%	7.0pp	10.5%
Solvency ratio	52.3%	49.0%	52.3%	49.0%	3.2pp	51.8%
<b>Financial metrics</b>						
Revenue growth	20.8%	45.3%	18.1%	55.2%	-37.2pp	45.0%
Operating profit margin	23.2%	21.9%	20.0%	17.4%	2.6pp	17.7%
Return on invested capital (ROIC)	3.6%	3.0%	9.3%	4.3%	5.0pp	6.6%
Cash conversion rate	103.1%	49.0%	98.9%	78.1%	20.9pp	60.3%
Cash conversion rate (tax normalised)	73.0%	30.9%	93.0%	71.5%	21.5pp	85.9%

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*Performance overview – Q3*

DKK million	Q3 2019 (reported)	Q3 2019 (constant)*	Q3 2018	% change (reported)	Netcompany Netherlands non-organic impact	% change (constant)
Revenue	592.1	594.3	490.3	20.8%	2.8pp	21.2%
Cost of services	-336.4	-337.8	-282.3	19.2%	3.7pp	19.7%
<b>Gross profit</b>	<b>255.7</b>	<b>256.5</b>	<b>208.1</b>	<b>22.9%</b>	<b>1.6pp</b>	<b>23.3%</b>
<i>Gross profit margin</i>	<i>43.2%</i>	<i>43.2%</i>	<i>42.4%</i>	<i>0.7pp</i>	<i>-0.4pp</i>	<i>0.7pp</i>
Sales and marketing costs	-2.6	-2.6	-2.4	8.7%	0.8pp	8.9%
Administrative costs	-88.9	-89.0	-69.3	28.3%	8.2pp	28.4%
<b>Adjusted EBITA</b>	<b>164.1</b>	<b>164.9</b>	<b>136.4</b>	<b>20.4%</b>	<b>-1.7pp</b>	<b>20.9%</b>
<i>Adjusted EBITA margin</i>	<i>27.7%</i>	<i>27.7%</i>	<i>27.8%</i>	<i>-0.1pp</i>	<i>-1.1pp</i>	<i>-0.1pp</i>
Special items	-0.6	-0.6	0.0	1213.6%	48.1pp	1213.6%
<b>EBITA</b>	<b>163.5</b>	<b>164.2</b>	<b>136.3</b>	<b>20.0%</b>	<b>-1.7pp</b>	<b>20.5%</b>
<i>EBITA margin</i>	<i>27.6%</i>	<i>27.6%</i>	<i>27.8%</i>	<i>-0.2pp</i>	<i>-1.1pp</i>	<i>-0.2pp</i>
Amortisation	-26.0	-26.0	-28.8	-10.0%	3.3pp	-10.0%
<b>Operating profit (EBIT)</b>	<b>137.5</b>	<b>138.3</b>	<b>107.5</b>	<b>28.0%</b>	<b>-3.0pp</b>	<b>28.7%</b>
<i>Operating profit margin</i>	<i>23.2%</i>	<i>23.3%</i>	<i>21.9%</i>	<i>1.3pp</i>	<i>-1.1pp</i>	<i>1.3pp</i>
Net financials	-3.7	-3.7	-8.4	-55.9%	2.6pp	-55.9%
<b>Profit / loss before tax</b>	<b>133.8</b>	<b>134.5</b>	<b>99.0</b>	<b>35.1%</b>	<b>-3.5pp</b>	<b>35.9%</b>
Tax	-31.3	-31.4	-20.8	50.9%	-7.2pp	51.2%
<i>Effective tax rate</i>	<i>23.4%</i>	<i>23.3%</i>	<i>21.0%</i>	<i>2.4pp</i>	<i>-0.5pp</i>	<i>2.4pp</i>
<b>Net profit / loss</b>	<b>102.5</b>	<b>103.1</b>	<b>78.3</b>	<b>31.0%</b>	<b>-2.5pp</b>	<b>31.8%</b>

\*Constant currencies measured using average exchange rates for Q3 2018

Reported revenue increased by 20.8% (constant 21.2%) to DKK 592.1m in Q3 2019 of which 18% was organic revenue growth. The Danish operation grew by 19.4%, while UK and Norway grew by 13.7% (constant 16.7%) and 13.1% (constant 14.9%), respectively. Non-organic revenue relating to the acquisition of Netcompany Netherlands on 13 May 2019, increased revenue by 2.8 percentage points in Q3 2019.

Despite reported revenue growth of 20.8% revenue growth was below our expectations for Q3 2019 as organic revenue growth was lower than expected. This was driven by a lower utilisation in Denmark and Norway and a lower usage of independent contractors in the UK. The lower utilisation in Denmark was a result of delays in starting new projects in the public segment, following the general election in the spring, combined with more hours spend on business development, which reduced utilisation – and revenue growth for Q3 2019 by around 5% compared to Q3 2018. In Norway, the lower growth was a result of a large number of graduates starting at the same time which impacted our ability to realise full utilisation. In UK, we continued to reduce the level of independent contractors, which naturally impacted top line growth

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*Performance overview (continued)*

negatively. On the other hand, margins were improved significantly and the margin in the UK for Q3 2019 was improved by close to 10 percentage points.

Despite a lower utilisation in both Denmark and Norway leading to around 5% lower revenue growth than expected, gross margins increased by 0.8 percentage point compared to Q3 2018. The main reason for the increase, despite a lower utilisation, was partly due to DKK 10m from the contingency reserve which was released during Q3 2019. At the end of Q3 2019, four out of a total of seven major implementation projects have successfully been implemented and thus the underlying risk in the project portfolio has decreased. The release of the DKK 10m from the contingency reserve improved gross margin in Denmark in Q3 by around 1.3 percentage points. However, the main reason for the impact on margins is a better quality in the delivery of projects throughout the Group, including Denmark compared to the same period in 2018.

Sales and marketing costs increased by 8.7% (constant 8.9%) to DKK 2.6m. The increase in sales and marketing costs was primarily driven by the timing of marketing events.

Administrative costs increased to DKK 88.9m, which was an increase of 28.3% (constant 28.4%). Adjusted for the non-organic impact from Netcompany Netherlands the growth was 20.1% or DKK 13.9m. This development was primarily driven by an increase in office space in both Copenhagen and London as well as moving into a new office in Ho Chi Minh, which combined added an additional DKK 3.0m in rent (depreciation of right to use assets) compared to the same period last year. In addition, the move to a new office location in Aalborg, in Denmark resulted in a “one-off” refurbishment cost of DKK 1.4m. Further the costs for RSU’s now also includes the part of the 2019 which increased salaries by another DKK 1m, mainly related to Executive Management. Other changes in the organisational structure in the Group meant that more costs relating to senior partners spending time on business development were allocated to administration costs, impacting administration with an additional DKK 2.5m compared to the same period last year. In addition to this, FTEs in the period grew by 21.2%, which meant that more consultants in absolute numbers spent time on certification and other training as well as increasing general infrastructure costs.

Adjusted EBITA increased by 20.4% (constant 20.9%) to DKK 164.1m. This led to an adjusted EBITA margin of 27.7% of which the non-organic impact from the acquisition of Netcompany Netherlands accounted for negative 1.1 percentage points. Adjusted EBITA margin, when adjusted for the non-organic impact, increased by 1 percentage point to 28.7%, driven by the increase in gross profit margin in the same period. If utilisation had been at normal levels in Denmark and Norway in Q3, adjusted EBITA margin would have been more than 3 percentage points higher than reported.

Special items in Q3 2019 amounted to DKK 0.6m and related to the acquisition of Netcompany Netherlands. There were no special items in Q3 2018.

EBITA increased by 20.0% (constant 20.5%) to DKK 163.5m. This led to an EBITA margin of 27.6%, of which the non-organic impact from Netcompany Netherlands accounted for negative 1.1 percentage points. Corrected for this, the EBITA margin was 0.9 percentage point higher compared to the same period last year.

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*Performance overview (continued)*

Amortisation of intangible assets recognised upon business combinations in the past, decreased by 10% (constant 10%) to DKK 26m. The decrease in amortisation was driven by some of the intangible assets in relation to the FSN Capital acquiring Netcompany on 1 February 2016 now fully being amortised.

Operating profit (EBIT) increased by 28.0% (constant 28.7%) to DKK 137.5m. This led to an operating profit margin of 23.2% compared to 21.9% in Q3 2018.

Net financial costs decreased by 55.9% (constant 55.9%) to DKK 3.7m. The decrease was driven by a positive development in the Danish krone against the British pound, which as a result decreased borrowings taken in British pounds by DKK 3.7m.

The net result increased by 31% (constant 31.8%) to DKK 102.5m of which the non-organic impact from Netcompany Netherlands accounted for negative 2.5 percentage points.

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*Performance overview – nine months*

DKK million	YTD 2019 (reported)	YTD 2019 (constant)*	YTD 2018	% change (reported)	Netcompany Netherlands non-organic impact	% change (constant)	Total 2018
Revenue	1,782.9	1,783.7	1,509.9	18.1%	1.4pp	18.1%	2,053.2
Cost of services	-1,070.9	-1,070.8	-907.2	18.0%	1.8pp	18.0%	-1,236.7
<b>Gross profit</b>	<b>712.0</b>	<b>712.9</b>	<b>602.7</b>	<b>18.1%</b>	<b>0.8pp</b>	<b>18.3%</b>	<b>816.5</b>
<i>Gross profit margin</i>	<i>39.9%</i>	<i>40.0%</i>	<i>39.9%</i>	<i>0.0pp</i>	<i>-0.2pp</i>	<i>0.1pp</i>	<i>39.8%</i>
Sales and marketing costs	-8.7	-8.7	-9.4	-7.8%	2.1pp	-7.7%	-11.9
Administrative costs	-265.9	-265.7	-209.9	26.7%	3.8pp	26.6%	-290.4
<b>Adjusted EBITA</b>	<b>437.5</b>	<b>438.5</b>	<b>383.4</b>	<b>14.1%</b>	<b>-0.9pp</b>	<b>14.4%</b>	<b>514.2</b>
<i>Adjusted EBITA margin</i>	<i>24.5%</i>	<i>24.6%</i>	<i>25.4%</i>	<i>-0.9pp</i>	<i>-0.5pp</i>	<i>-0.8pp</i>	<i>25.0%</i>
Special items	-4.4	-4.4	-34.4	-87.3%	0.1pp	-87.3%	-34.5
<b>EBITA</b>	<b>433.1</b>	<b>434.2</b>	<b>349.1</b>	<b>24.1%</b>	<b>-1.0pp</b>	<b>24.4%</b>	<b>479.7</b>
<i>EBITA margin</i>	<i>24.3%</i>	<i>24.3%</i>	<i>23.1%</i>	<i>1.2pp</i>	<i>-0.5pp</i>	<i>1.2pp</i>	<i>23.4%</i>
Amortisation	-76.2	-76.2	-86.5	-11.9%	1.1pp	-11.9%	-115.4
<b>Operating profit (EBIT)</b>	<b>356.9</b>	<b>358.0</b>	<b>262.5</b>	<b>35.9%</b>	<b>-1.7pp</b>	<b>36.3%</b>	<b>364.3</b>
<i>Operating profit margin</i>	<i>20.0%</i>	<i>20.1%</i>	<i>17.4%</i>	<i>2.6pp</i>	<i>-0.5pp</i>	<i>2.7pp</i>	<i>17.7%</i>
Net financials	-19.1	-19.1	-98.5	-80.6%	0.4pp	-80.6%	-108.7
<b>Profit / loss before tax</b>	<b>337.8</b>	<b>338.9</b>	<b>164.0</b>	<b>105.9%</b>	<b>-2.9pp</b>	<b>106.6%</b>	<b>255.7</b>
Tax	-74.9	-75.0	-51.2	46.2%	-4.1pp	46.4%	-74.5
<i>Effective tax rate</i>	<i>22.2%</i>	<i>22.1%</i>	<i>31.2%</i>	<i>-9.1pp</i>	<i>-0.3pp</i>	<i>-9.1pp</i>	<i>29.1%</i>
<b>Net profit / loss</b>	<b>262.9</b>	<b>263.8</b>	<b>112.8</b>	<b>133.0%</b>	<b>-2.3pp</b>	<b>133.9%</b>	<b>181.2</b>

Revenue increased by 18.1% (constant 18.1%) to 1,782.9m of which the non-organic from the acquisition of Netcompany Netherlands accounted for 1.4 percentage points. Comparing revenue growth in 9M 2019 to the same period in 2018 constitutes a high comparison base where organic revenue grew by more than 29%. The high comparison base, in combination with the lower utilisation realised in the past three months in both Denmark and Norway, as well as the conscious decision to sacrifice top line growth in the UK operation for better margins by terminating the use of independent contractors where possible, all resulted in growth rates that were lower than last year.

Adjusted EBITA margin decreased by 0.9 percentage point (constant 0.8 percentage point) from 25.4% to 24.5% of which the acquisition of Netcompany Netherlands accounted for negative 0.5 percentage point. Overall adjusted EBITA margin was negatively impacted by the lower utilisation in Denmark and Norway in Q3 which impacted adjusted EBITA margin for the 9M 2019 negatively by around 1.25 percentage points.

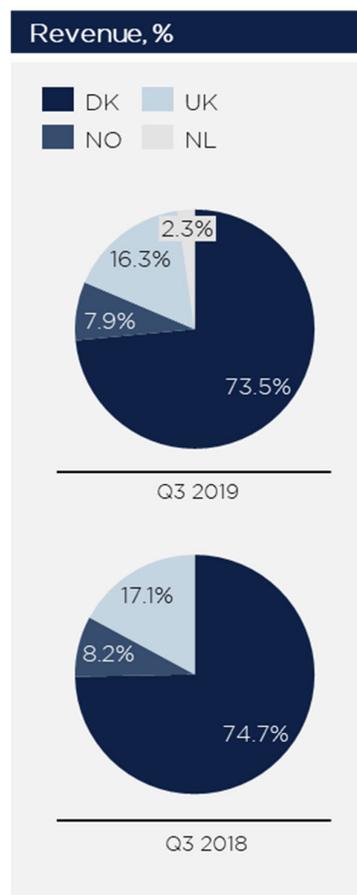
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*Business Segments - Q3*

Segment information related to operating entities:

DKK million Constant (2018 rate)	Q3 2019				
	Group	Denmark	Norway	United Kingdom	Netherlands
Revenue from external customers	594.3	437.0	46.8	96.6	14.0
<b>Gross profit</b>	<b>256.5</b>	<b>213.2</b>	<b>14.0</b>	<b>25.8</b>	<b>3.4</b>
<i>Gross profit margin</i>	<i>43.2%</i>	<i>48.8%</i>	<i>29.9%</i>	<i>26.7%</i>	<i>24.6%</i>
Local admin costs	-82.6	-61.2	-6.6	-9.4	-5.4
<b>Adjusted EBITA before allocated cost from HQ</b>	<b>173.9</b>	<b>152.0</b>	<b>7.4</b>	<b>16.4</b>	<b>-2.0</b>
<i>Adjusted EBITA margin before allocated cost from HQ</i>	<i>29.3%</i>	<i>34.8%</i>	<i>15.9%</i>	<i>17.0%</i>	<i>-14.0%</i>
Allocated costs from HQ	-9.0	-6.2	-0.6	-1.9	-0.3
Special Items, allocated	-0.6	-0.4	-0.1	-0.1	0.0
<b>EBITA</b>	<b>164.2</b>	<b>145.4</b>	<b>6.8</b>	<b>14.4</b>	<b>-2.3</b>

DKK million Reported	Q3 2018				
	Group	Denmark	Norway	United Kingdom	Netherlands
Revenue from external customers	490.3	366.0	40.1	84.1	0.0
<b>Gross profit</b>	<b>208.1</b>	<b>180.8</b>	<b>14.8</b>	<b>12.6</b>	<b>0.0</b>
<i>Gross profit margin</i>	<i>42.4%</i>	<i>49.4%</i>	<i>36.8%</i>	<i>14.9%</i>	<i>N/A</i>
Local admin costs	-63.1	-49.4	-7.2	-6.5	0.0
<b>Adjusted EBITA before allocated cost from HQ</b>	<b>145.0</b>	<b>131.3</b>	<b>7.5</b>	<b>6.1</b>	<b>0.0</b>
<i>Adjusted EBITA margin before allocated cost from HQ</i>	<i>29.6%</i>	<i>35.9%</i>	<i>18.8%</i>	<i>7.2%</i>	<i>N/A</i>
Allocated costs from HQ	-8.6	-5.9	-0.7	-2.0	0.0
Special Items, allocated	0.0	0.0	0.0	0.0	0.0
<b>EBITA</b>	<b>136.3</b>	<b>125.4</b>	<b>6.9</b>	<b>4.1</b>	<b>0.0</b>



Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

*Business Segments (continued)*

Revenue in constant currencies increased by 21.2% to DKK 594.3m in Q3 2019, driven by a revenue growth of 19.4% in the Danish business operation, while the UK and Norwegian business operation grew by 14.8% and 16.6%, respectively.

Revenue growth in Denmark was negatively impacted by lower utilisation among others driven by the delay of the start of one specific project in the public segment and a high amount of tender writing. In addition, more projects have been staffed later than anticipated particular in the public segment in Denmark. At the same time Netcompany continued to hire according to a plan to reach 20%+ revenue growth in 2019 in Denmark and hence the utilisation has been lower than normally in the Danish business unit. The ongoing recruitment is important to ensure that Netcompany is ready to staff projects when they are being initiated.

The lower utilisation in Norway was driven by a lower than targeted conversion rate of the pipeline in connection combined with the high intake of new hires during the summer.

In UK, development in revenue growth was a direct result of the conscious decision to exchange top line growth for better margins by terminating the use of independent contractors where possible. The reduction in usage of independent contractors followed Netcompany's ambition to increase the percentage of permanent employees over independent contractors in the UK and it also positions Netcompany in a strong position for the anticipated introduction of new legislation in the UK regarding how independent contractors are personally tax liable (IR 35). It is the expectation that this new piece of legislation will reduce the level of independent contractors in the UK in general.

Gross profit in constant currencies increased by 23.3% to DKK 256.5m in Q3 2019, which led to a gross profit margin of 43.2% compared to 42.4% in the same period last year. The increase in margin was driven by the UK operation, which managed to increase its gross profit margin by 11.8 percentage points as a result of the reduction of independent contractors working on UK projects, but also driven by more outcome-based projects in the portfolio with better project economics. In addition, the release of DKK 10m from the contingency reserve following the successful delivery of four significant projects during 2019 in Denmark improved gross margin by 1 percentage point for the group. The acquisition of Netcompany Netherlands impacted gross margin negatively by 0.4 percentage point.

Adjusted EBITA before allocated costs from HQ increased by 20.0% to DKK 173.9m in Q3 2019, which led to a margin of 29.3% compared to 29.6% in Q2 2018. The decrease in margin was fully attributable to the inclusion of the Dutch business operation. Comparing adjusted EBITA margin "like for like" would lead to a Q3 2019 margin of 30.3% which is 0.7 percentage point higher than Q3 2018. The reason for the relative low margin in the Dutch operation was an accelerated integration process and hence additional costs associated hereto, which is expected to result in significant improved margins from 2020 in that particular business unit.

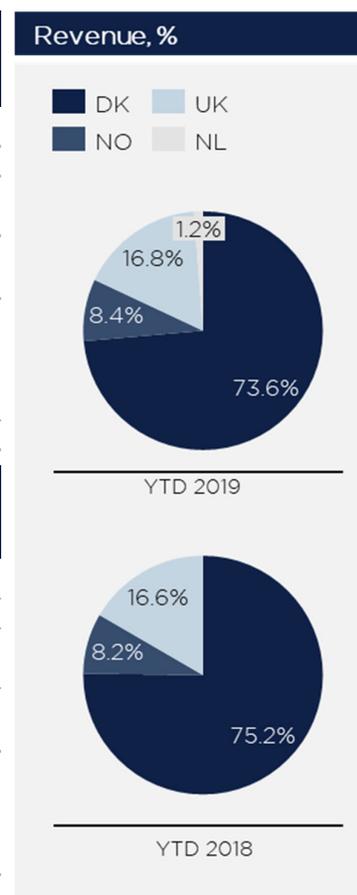
Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

*Business Segments - nine months*

Segment information related to operating entities:

DKK million Constant (2018 rate)	YTD 2019				
	Group	Denmark	Norway	United Kingdom	Netherlands
Revenue from external customers	1,783.7	1,313.5	149.9	299.3	21.1
<b>Gross profit</b>	<b>712.9</b>	<b>588.0</b>	<b>52.4</b>	<b>67.9</b>	<b>4.7</b>
<i>Gross profit margin</i>	<i>40.0%</i>	<i>44.8%</i>	<i>35.0%</i>	<i>22.7%</i>	<i>22.3%</i>
Local admin costs	-246.1	-187.5	-22.9	-27.9	-7.8
<b>Adjusted EBITA before allocated cost from HQ</b>	<b>466.9</b>	<b>400.5</b>	<b>29.5</b>	<b>39.9</b>	<b>-3.0</b>
<i>Adjusted EBITA margin before allocated cost from HQ</i>	<i>26.2%</i>	<i>30.5%</i>	<i>19.7%</i>	<i>13.3%</i>	<i>-14.4%</i>
Allocated costs from HQ	-28.3	-19.8	-2.1	-6.1	-0.3
Special Items, allocated	-4.4	-3.1	-0.3	-0.9	0.0
<b>EBITA</b>	<b>434.2</b>	<b>377.6</b>	<b>27.1</b>	<b>32.9</b>	<b>-3.4</b>

DKK million Reported	YTD 2018				
	Group	Denmark	Norway	United Kingdom	Netherlands
Revenue from external customers	1,509.9	1,135.8	123.9	250.2	0.0
<b>Gross profit</b>	<b>602.7</b>	<b>514.0</b>	<b>44.2</b>	<b>44.5</b>	<b>0.0</b>
<i>Gross profit margin</i>	<i>39.9%</i>	<i>45.3%</i>	<i>35.7%</i>	<i>17.8%</i>	<i>N/A</i>
Local admin costs	-199.9	-160.9	-18.8	-20.2	0.0
<b>Adjusted EBITA before allocated cost from HQ</b>	<b>402.8</b>	<b>353.1</b>	<b>25.4</b>	<b>24.3</b>	<b>0.0</b>
<i>Adjusted EBITA margin before allocated cost from HQ</i>	<i>26.7%</i>	<i>31.1%</i>	<i>20.5%</i>	<i>9.7%</i>	<i>N/A</i>
Allocated costs from HQ	-19.4	-13.7	-1.5	-4.2	0.0
Special Items, allocated	-34.4	-24.5	-2.6	-7.3	0.0
<b>EBITA</b>	<b>349.1</b>	<b>314.9</b>	<b>21.4</b>	<b>12.8</b>	<b>0.0</b>



Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

**netcompany**

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

*Business Segments (continued)*

Revenue in constant currencies increased by 18.1% to DKK 1,783.7m in 9M 2019, of which 1.4 percentage points was non-organic revenue growth relating to Netcompany Netherlands. When looking at organic revenue growth it is important to note that 9M 2018 constituted a significantly higher comparison base where organic revenue grew by more than 29% following a strong Q1 and Q2 in 2018. The tough comparable in combination with the lower utilisation realised in the past three months in both Denmark and Norway, as well as the conscious decision to sacrifice top line growth in the UK operation for better margins, all resulted in lower growth rates for 9M 2019.

Gross profit in constant currencies increased by 18.3% to DKK 712.9m in 9M 2019, which led to a gross profit margin of 40.0% compared to 39.9% in 9M 2018. The release of contingency provision from the reserve impacted gross margins in 2019 positively by 0.3 percentage point compared to 9M in 2018. Further the margin was positively impacted by the margin pick up in UK, whereas the lower level of utilisation in Denmark and Norway in Q3 eliminated those improvements leading to an unchanged gross margin. Finally, the acquisition of Netcompany Netherlands impacted gross margin negatively by 0.2 percentage point.

Adjusted EBITA before allocated costs from HQ increased by 15.9% to DKK 466.9m in 9M 2019, which led to a margin of 26.2% compared to 26.7% in 9M 2018. The decrease in margin was fully attributable to the inclusion of the recent acquisition of the business in the Netherlands.

Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

Public – Q3

DKK million	Group			Denmark		Norway		United Kingdom		Netherlands	
	Q3 2019	Q3 2018	% chg	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018
Revenue	356.4	277.5	28.4%	274.3	223.8	21.5	23.6	48.0	30.2	12.7	0.0
Cost of service	-211.0	-159.3	32.4%	-151.7	-121.2	-16.1	-15.3	-33.2	-22.7	-10.0	0.0
<b>Gross profit</b>	<b>145.4</b>	<b>118.2</b>	<b>23.0%</b>	<b>122.5</b>	<b>102.5</b>	<b>5.4</b>	<b>8.3</b>	<b>14.8</b>	<b>7.4</b>	<b>2.7</b>	<b>0.0</b>
<i>Gross profit margin</i>	<i>40.8%</i>	<i>42.6%</i>	<i>-1.8pp</i>	<i>44.7%</i>	<i>45.8%</i>	<i>25.1%</i>	<i>35.0%</i>	<i>30.9%</i>	<i>24.6%</i>	<i>21.1%</i>	<i>N/A</i>
Allocated costs	-54.4	-39.0	39.5%	-42.2	-33.2	-3.1	-4.3	-4.1	-1.6	-5.1	0.0
<b>Adjusted EBITA before allocated cost from HQ</b>	<b>91.0</b>	<b>79.2</b>	<b>14.9%</b>	<b>80.3</b>	<b>69.3</b>	<b>2.3</b>	<b>4.0</b>	<b>10.7</b>	<b>5.9</b>	<b>-2.4</b>	<b>0.0</b>
<i>Adjusted EBITA margin be-fore allocated cost from HQ</i>	<i>25.5%</i>	<i>28.5%</i>	<i>-3.0pp</i>	<i>29.3%</i>	<i>31.0%</i>	<i>10.7%</i>	<i>17.0%</i>	<i>22.4%</i>	<i>19.5%</i>	<i>-18.9%</i>	<i>N/A</i>
Allocated costs from HQ	-5.7	-4.9	17.1%	-4.2	-4.0	-0.3	-0.4	-0.8	-0.5	-0.3	0.0
Special items	-0.4	0.0	1886.7%	-0.3	0.0	0.0	0.0	-0.1	0.0	0.0	0.0
<b>EBITA</b>	<b>84.8</b>	<b>74.3</b>	<b>14.2%</b>	<b>75.8</b>	<b>65.3</b>	<b>2.0</b>	<b>3.6</b>	<b>9.8</b>	<b>5.4</b>	<b>-2.7</b>	<b>0.0</b>
<i>EBITA margin</i>	<i>23.8%</i>	<i>26.8%</i>	<i>-3.0pp</i>	<i>27.6%</i>	<i>29.2%</i>	<i>9.2%</i>	<i>15.3%</i>	<i>20.4%</i>	<i>17.9%</i>	<i>-21.6%</i>	<i>N/A</i>
Amortisation	-16.4	-16.3	0.3%	-12.2	-13.4	-0.9	-1.3	-2.3	-1.6	-0.9	0.0
<b>Operating profit</b>	<b>68.5</b>	<b>58.0</b>	<b>18.1%</b>	<b>63.6</b>	<b>51.9</b>	<b>1.1</b>	<b>2.3</b>	<b>7.5</b>	<b>3.8</b>	<b>-3.6</b>	<b>0.0</b>
<i>Operating profit margin</i>	<i>19.2%</i>	<i>20.9%</i>	<i>-1.7pp</i>	<i>23.2%</i>	<i>23.2%</i>	<i>4.9%</i>	<i>9.8%</i>	<i>15.6%</i>	<i>12.5%</i>	<i>-28.6%</i>	<i>N/A</i>

Public segment revenue increased by 28.4% to DKK 356.4m in Q3 2019, of which non-organic revenue growth relating to the acquisition of Netcompany Netherlands accounted for 4.6 percentage points. The organic revenue growth was primarily driven by the UK and Danish business operations, which grew by 59.1% and 22.6%, respectively. Both in Denmark and UK, growth was driven by existing customers prolonging their framework agreements. A change in classification of two customers in the UK portfolio, which were previously classified as private, had a positive effect in Q3 2019 of DKK 12.8m, when compared to Q3 2018.

Cost of services increased by 32.4% to DKK 211.0m. This led to a gross profit margin decrease of 1.8 percentage points, of which the margin impact from the acquisition of Netcompany Netherlands accounted for negative 0.7 percentage point. Besides the negative impact from Netcompany Netherlands, the decrease in margin was primarily driven by Denmark and Norway, where a lower utilisation in the period and a lower level of “one-offs” in the period, resulted in a decrease in margins. This development was somewhat offset by the increase in gross profit margin in UK, driven by the termination of independent contractors.

Allocated costs increased by 39.5% in Q3 2019 to DKK 54.4m. This development was primarily driven by the general increase in administration costs, as well as the split between hours spend on public and private customers in Q3 2019 compared to the same period last year.

Adjusted EBITA before allocated costs from HQ increased by 14.9% to DKK 91.0m, which led to a margin of 25.5% compared to 28.5% in Q3 2018.

Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

Private - Q3

DKK million	Group			Denmark		Norway		United Kingdom		Netherlands	
	Q3 2019	Q3 2018	% chg	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018
Revenue	235.7	212.8	10.8%	162.7	142.3	23.9	16.5	47.7	54.0	1.3	0.0
Cost of service	-125.4	-122.9	2.0%	-72.0	-64.0	-15.7	-10.0	-37.1	-48.9	-0.5	0.0
<b>Gross profit</b>	<b>110.3</b>	<b>89.8</b>	<b>22.7%</b>	<b>90.7</b>	<b>78.3</b>	<b>8.2</b>	<b>6.5</b>	<b>10.6</b>	<b>5.1</b>	<b>0.8</b>	<b>0.0</b>
<i>Gross profit margin</i>	<i>46.8%</i>	<i>42.2%</i>	<i>4.6pp</i>	<i>55.7%</i>	<i>55.0%</i>	<i>34.2%</i>	<i>39.2%</i>	<i>22.2%</i>	<i>9.5%</i>	<i>58.3%</i>	<i>N/A</i>
Allocated costs	-28.1	-24.1	16.5%	-19.0	-16.2	-3.3	-3.0	-5.4	-4.9	-0.3	0.0
<b>Adjusted EBITA before allocated cost from HQ</b>	<b>82.2</b>	<b>65.8</b>	<b>25.0%</b>	<b>71.7</b>	<b>62.0</b>	<b>4.9</b>	<b>3.5</b>	<b>5.2</b>	<b>0.2</b>	<b>0.4</b>	<b>0.0</b>
<i>Adjusted EBITA margin be-fore allocated cost from HQ</i>	<i>34.9%</i>	<i>30.9%</i>	<i>4.0pp</i>	<i>44.0%</i>	<i>43.6%</i>	<i>20.4%</i>	<i>21.3%</i>	<i>10.9%</i>	<i>0.4%</i>	<i>33.4%</i>	<i>N/A</i>
Allocated costs from HQ	-3.3	-3.7	-10.8%	-1.9	-1.9	-0.3	-0.3	-1.1	-1.5	0.0	0.0
Special items	-0.2	0.0	670.1%	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITA</b>	<b>78.7</b>	<b>62.0</b>	<b>26.9%</b>	<b>69.6</b>	<b>60.1</b>	<b>4.5</b>	<b>3.2</b>	<b>4.1</b>	<b>-1.3</b>	<b>0.4</b>	<b>0.0</b>
<i>EBITA margin</i>	<i>33.4%</i>	<i>29.1%</i>	<i>4.2pp</i>	<i>42.8%</i>	<i>42.2%</i>	<i>18.9%</i>	<i>19.7%</i>	<i>8.6%</i>	<i>-2.5%</i>	<i>31.7%</i>	<i>N/A</i>
Amortisation	-9.6	-12.5	-23.3%	-5.5	-6.5	-1.0	-0.9	-3.1	-5.1	-0.1	0.0
<b>Operating profit</b>	<b>69.0</b>	<b>49.5</b>	<b>39.6%</b>	<b>64.1</b>	<b>53.5</b>	<b>3.6</b>	<b>2.3</b>	<b>1.1</b>	<b>-6.4</b>	<b>0.4</b>	<b>0.0</b>
<i>Operating profit margin</i>	<i>29.3%</i>	<i>23.2%</i>	<i>6.1pp</i>	<i>39.4%</i>	<i>37.6%</i>	<i>14.9%</i>	<i>14.2%</i>	<i>2.2%</i>	<i>-11.9%</i>	<i>27.4%</i>	<i>N/A</i>

Revenue increased by 10.8% to DKK 235.7m in Q3 2019, of which non-organic revenue growth from the acquisition of Netcompany Netherlands accounted for 0.6 percentage point. Organic revenue growth was primarily driven by the Norwegian and Danish business operation, which grew by 44.7% and 14.3%, respectively, while the UK operation decreased by 11.6% due to more hours spend in the public sector and a reclassification of two customers from private to public segment. Revenue growth in both the Norwegian and Danish business operation followed the same tendencies as in Q2 2019, with the Norwegian revenue growth coming from existing customers prolonging their framework agreements and expansion of previously contracted framework agreements, while revenue growth in the Danish private segment was driven by one large multiyear contract in the insurance industry.

Cost of services increased by 2.0% to DKK 125.4m. This led to a gross profit margin of 46.8%, which was an increase of 4.6 percentage points compared to the same period last year, largely attributable to the change in the geographical split as a higher percentage of revenue growth came from Denmark and Norway. In addition, the margin pick up in the UK operation also added to the positive development in gross profit margin and accounted for around 2 percentage points of the increase.

Allocated costs increased by 16.5% in Q3 2019 to DKK 28.1m. This development was primarily driven by the general increase in administration costs, as well as the split between hours spend on public and private customers in Q3 2019 compared to the same period last year.

Adjusted EBITA before allocated costs from HQ increased by 25% to DKK 82.2m, which led to a margin of 34.9% compared to 30.9% in Q3 2018. The increase in margin, was driven by the increase in gross profit margin.

Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

Public – nine months

DKK million	Group			Denmark		Norway		United Kingdom		Netherlands	
	YTD 2019	YTD 2018	% chg	YTD 2019	YTD 2018	YTD 2019	YTD 2018	YTD 2019	YTD 2018	YTD 2019	YTD 2018
Revenue	1,048.7	831.1	26.2%	826.2	697.7	72.8	72.2	130.5	61.1	19.2	0.0
Cost of service	-657.3	-500.2	31.4%	-489.6	-404.6	-51.0	-48.7	-101.3	-46.9	-15.4	0.0
<b>Gross profit</b>	<b>391.4</b>	<b>330.9</b>	<b>18.3%</b>	<b>336.6</b>	<b>293.1</b>	<b>21.9</b>	<b>23.5</b>	<b>29.2</b>	<b>14.3</b>	<b>3.8</b>	<b>0.0</b>
<i>Gross profit margin</i>	<i>37.3%</i>	<i>39.8%</i>	<i>-2.5pp</i>	<i>40.7%</i>	<i>42.0%</i>	<i>30.0%</i>	<i>32.5%</i>	<i>22.4%</i>	<i>23.3%</i>	<i>19.8%</i>	<i>N/A</i>
Allocated costs	-158.4	-122.0	29.9%	-129.1	-107.1	-11.6	-11.2	-10.5	-3.7	-7.2	0.0
<b>Adjusted EBITA before allocated cost from HQ</b>	<b>233.0</b>	<b>208.9</b>	<b>11.5%</b>	<b>207.5</b>	<b>186.1</b>	<b>10.2</b>	<b>12.3</b>	<b>18.7</b>	<b>10.5</b>	<b>-3.4</b>	<b>0.0</b>
<i>Adjusted EBITA margin be-fore allocated cost from HQ</i>	<i>22.2%</i>	<i>25.1%</i>	<i>-2.9pp</i>	<i>25.1%</i>	<i>26.7%</i>	<i>14.1%</i>	<i>17.1%</i>	<i>14.3%</i>	<i>17.2%</i>	<i>-17.9%</i>	<i>N/A</i>
Allocated costs from HQ	-17.3	-10.8	59.4%	-13.6	-9.1	-1.1	-0.9	-2.3	-0.8	-0.3	0.0
Special items	-2.7	-19.1	-86.0%	-2.1	-16.3	-0.2	-1.5	-0.3	-1.3	0.0	0.0
<b>EBITA</b>	<b>213.1</b>	<b>179.0</b>	<b>19.0%</b>	<b>191.8</b>	<b>160.6</b>	<b>9.0</b>	<b>10.0</b>	<b>16.1</b>	<b>8.4</b>	<b>-3.8</b>	<b>0.0</b>
<i>EBITA margin</i>	<i>20.3%</i>	<i>21.5%</i>	<i>-1.2pp</i>	<i>23.2%</i>	<i>23.0%</i>	<i>12.3%</i>	<i>13.8%</i>	<i>12.3%</i>	<i>13.7%</i>	<i>-19.7%</i>	<i>N/A</i>
Amortisation	-46.5	-48.3	-3.7%	-36.5	-41.0	-3.0	-3.9	-6.1	-3.5	-0.9	0.0
<b>Operating profit</b>	<b>166.6</b>	<b>130.7</b>	<b>27.5%</b>	<b>155.3</b>	<b>119.7</b>	<b>6.0</b>	<b>6.1</b>	<b>10.0</b>	<b>4.9</b>	<b>-4.7</b>	<b>0.0</b>
<i>Operating profit margin</i>	<i>15.9%</i>	<i>15.7%</i>	<i>0.2pp</i>	<i>18.8%</i>	<i>17.2%</i>	<i>8.2%</i>	<i>8.4%</i>	<i>7.7%</i>	<i>8.1%</i>	<i>-24.3%</i>	<i>N/A</i>

Revenue increased by 26.2% to DKK 1,048.7m in 9M 2019, of which non-organic revenue growth relating to the acquisition of Netcompany Netherlands accounted for 2.3 percentage points. Organic revenue growth followed the same tendency as in Q2 2019, primarily driven by significant growth in the UK business operation, which grew by 113.4%, while the Danish and Norwegian business operations grew by 18.4% and 0.8%, respectively.

In 9M 2019, gross profit margin decreased by 2.5 percentage points to 37.3%, driven by the change in the geographical revenue split, as a higher percent of revenue growth in the public sector came from the UK operation, and the lower utilisation in Denmark and Norway in Q3.

Allocated costs increased by 29.9% in 9M 2019 to DKK 158.4m. This development was primarily driven by the general increase in administration costs, as well as the split between hours spend on public and private customers in 9M 2019 compared to the same period last year.

Adjusted EBITA before allocated costs from HQ increased by 11.5% to DKK 233m, which led to a margin of 22.2% compared to 25.1% in 9M 2019. The decrease in margin was driven by the decrease in gross profit margin, as well as the increase in allocated costs.

Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

*Private - nine months*

DKK million	Group			Denmark		Norway		United Kingdom		Netherlands	
	YTD 2019	YTD 2018	% chg	YTD 2019	YTD 2018	YTD 2019	YTD 2018	YTD 2019	YTD 2018	YTD 2019	YTD 2018
Revenue	734.2	678.8	8.2%	487.3	438.1	74.6	51.7	170.3	189.1	1.9	0.0
Cost of service	-413.6	-407.0	1.6%	-235.9	-217.2	-45.0	-30.9	-131.7	-158.9	-1.0	0.0
<b>Gross profit</b>	<b>320.6</b>	<b>271.8</b>	<b>17.9%</b>	<b>251.4</b>	<b>220.9</b>	<b>29.7</b>	<b>20.7</b>	<b>38.6</b>	<b>30.2</b>	<b>0.9</b>	<b>0.0</b>
<i>Gross profit margin</i>	<i>43.7%</i>	<i>40.0%</i>	<i>3.6pp</i>	<i>51.6%</i>	<i>50.4%</i>	<i>39.7%</i>	<i>40.1%</i>	<i>22.7%</i>	<i>16.0%</i>	<i>47.8%</i>	<i>N/A</i>
Allocated costs	-87.8	-77.9	12.7%	-58.4	-53.9	-10.9	-7.6	-17.9	-16.4	-0.5	0.0
<b>Adjusted EBITA before allocated cost from HQ</b>	<b>232.8</b>	<b>193.9</b>	<b>20.1%</b>	<b>193.0</b>	<b>167.0</b>	<b>18.7</b>	<b>13.1</b>	<b>20.7</b>	<b>13.8</b>	<b>0.4</b>	<b>0.0</b>
<i>Adjusted EBITA margin be-fore allocated cost from HQ</i>	<i>31.7%</i>	<i>28.6%</i>	<i>3.1pp</i>	<i>39.6%</i>	<i>38.1%</i>	<i>25.1%</i>	<i>25.3%</i>	<i>12.2%</i>	<i>7.3%</i>	<i>20.1%</i>	<i>N/A</i>
Allocated costs from HQ	-11.1	-8.5	29.5%	-6.2	-4.6	-1.0	-0.6	-3.8	-3.4	0.0	0.0
Special items	-1.7	-15.3	-88.8%	-1.0	-8.2	-0.2	-1.1	-0.6	-6.0	0.0	0.0
<b>EBITA</b>	<b>220.0</b>	<b>170.1</b>	<b>29.4%</b>	<b>185.8</b>	<b>154.3</b>	<b>17.5</b>	<b>11.4</b>	<b>16.3</b>	<b>4.4</b>	<b>0.4</b>	<b>0.0</b>
<i>EBITA margin</i>	<i>30.0%</i>	<i>25.1%</i>	<i>4.9pp</i>	<i>38.1%</i>	<i>35.2%</i>	<i>23.5%</i>	<i>22.1%</i>	<i>9.6%</i>	<i>2.3%</i>	<i>19.0%</i>	<i>N/A</i>
Amortisation	-29.7	-38.2	-22.3%	-16.6	-20.6	-2.8	-2.6	-10.3	-15.0	-0.1	0.0
<b>Operating profit</b>	<b>190.3</b>	<b>131.8</b>	<b>44.3%</b>	<b>169.2</b>	<b>133.7</b>	<b>14.7</b>	<b>8.8</b>	<b>6.1</b>	<b>-10.6</b>	<b>0.3</b>	<b>0.0</b>
<i>Operating profit margin</i>	<i>25.9%</i>	<i>19.4%</i>	<i>6.5pp</i>	<i>34.7%</i>	<i>30.5%</i>	<i>19.7%</i>	<i>17.0%</i>	<i>3.6%</i>	<i>-5.6%</i>	<i>16.1%</i>	<i>N/A</i>

Revenue increased by 8.2% to DKK 734.2m in 9M 2019, of which non-organic revenue from Netcompany Netherlands accounted for 0.3 percentage point. Organic revenue growth was primarily driven by revenue growth in the Norwegian and Danish business operations, which grew by 44.4% and 11.2%, respectively.

In 9M 2019, gross profit margin increased by 3.6 percentage points to 43.7%. This development followed the same tendency as in Q3 2019 and was largely attributable to the improvement in the UK margin and the DK margin, as well as the high margin in the Dutch private sector driven by high hourly rates.

Allocated costs increased by 12.7% in 9M 2019 to DKK 87.8m, driven by the general increase in administration costs, as well as the split between hours spend on public and private customers in 9M 2019 compared to the same period last year.

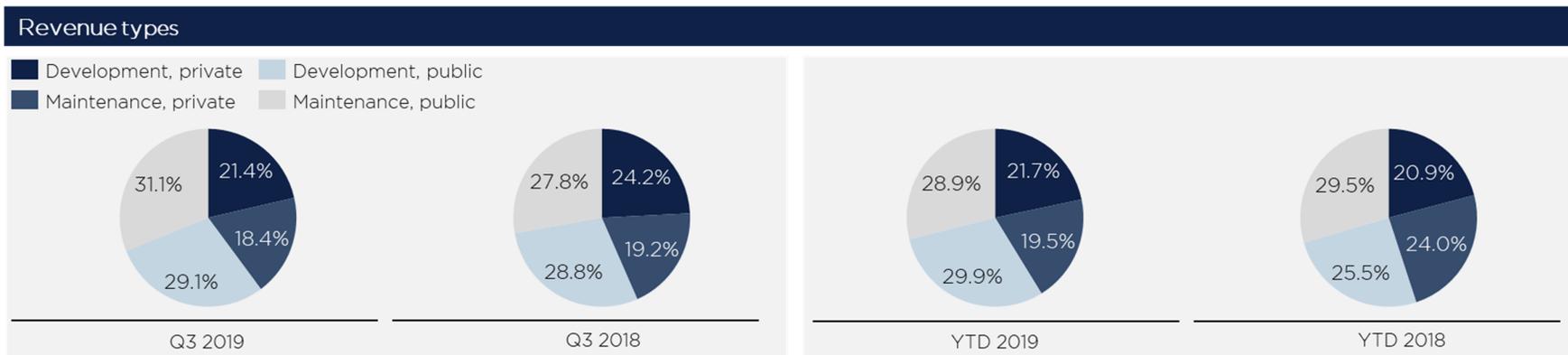
Adjusted EBITA before allocated costs from HQ increased by 20.1% to DKK 232.8m, which led to a margin of 31.7% compared to 28.6% in 9M 2018. The increase in margin was driven by increase in gross profit margin, which was somewhat offset by the increase in allocated costs.

Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

### Revenue types

In Q3 2019, maintenance amounted to 49.5% of the total revenue and while the relative share of maintenance increased 2.6 percentage points compared to Q3 2018, the nominal amount of maintenance revenue increased by DKK 62.9m. This was mainly driven by the public sector in the Danish and UK business operations. In the Danish operation several large public projects were set in production towards the back-end of 2018, while one large public project in the UK operation was set in production in the beginning of Q3 2019. This development was somewhat offset by a higher relative amount of revenue coming from development projects in the Danish private sector.

In 9M 2019, 48.4% of the revenue came from maintenance, while the nominal amount of maintenance revenue compared to the same period last year increased by 6.8 percentage points driven by the public sectors in the Danish and the UK operation.



Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

*Currency exposures*

Local currency million	Q3 2019					
	DKK	NOK	GBP	EUR	VND	PLN
Revenue	437.0	60.1	11.6	1.9	0.0	0.0
EBIT	121.2	7.2	1.1	-0.4	2,258.3	0.9
Net result	90.3	5.5	0.8	-0.2	1,203.6	0.6

Local currency million	Q3 2018					
	DKK	NOK	GBP	EUR	VND	PLN
Revenue	366.0	51.6	10.1	0.0	0.0	0.0
EBIT	128.5	6.8	-0.1	0.0	1,607.9	-14.9
Net result	95.4	5.3	-0.1	0.0	1,370.2	-12.1

Local currency million	YTD 2019					
	DKK	NOK	GBP	EUR	VND	PLN
Revenue	1,313.5	193.1	35.6	2.8	0.0	0.0
EBIT	311.3	30.2	2.0	-0.6	6,513.5	2.1
Net result	228.0	23.5	1.6	-0.3	4,537.9	1.3

Local currency million	YTD 2018					
	DKK	NOK	GBP	EUR	VND	PLN
Revenue	1,135.8	159.8	29.7	0.0	0.0	0.0
EBIT	226.4	25.0	1.2	0.0	5,501.7	2.7
Net result	83.4	19.2	1.1	0.0	4,576.9	1.8

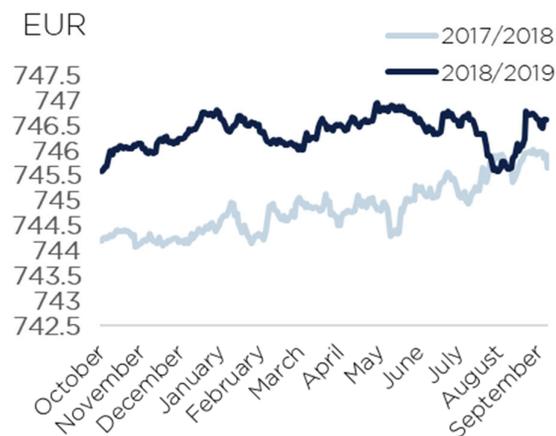
Netcompany is exposed to exchange rate risk in the countries where Netcompany has its sales activities outside Denmark, which means Norway, UK and the Netherlands and to a lesser extent, exchange rate risk in Poland and Vietnam, which is used as sourcing centres and therefore do not have an exchange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

Netcompany's policy is to hedge any exchange risk net exposure, that would yield a +2/-2 percentage points EBIT margin impact from a 10%/-10% change in that given currency. The graphs below show the currency exchange rates used for Netcompany's main currencies.

Currently Netcompany has not hedged any of its currency exposures.

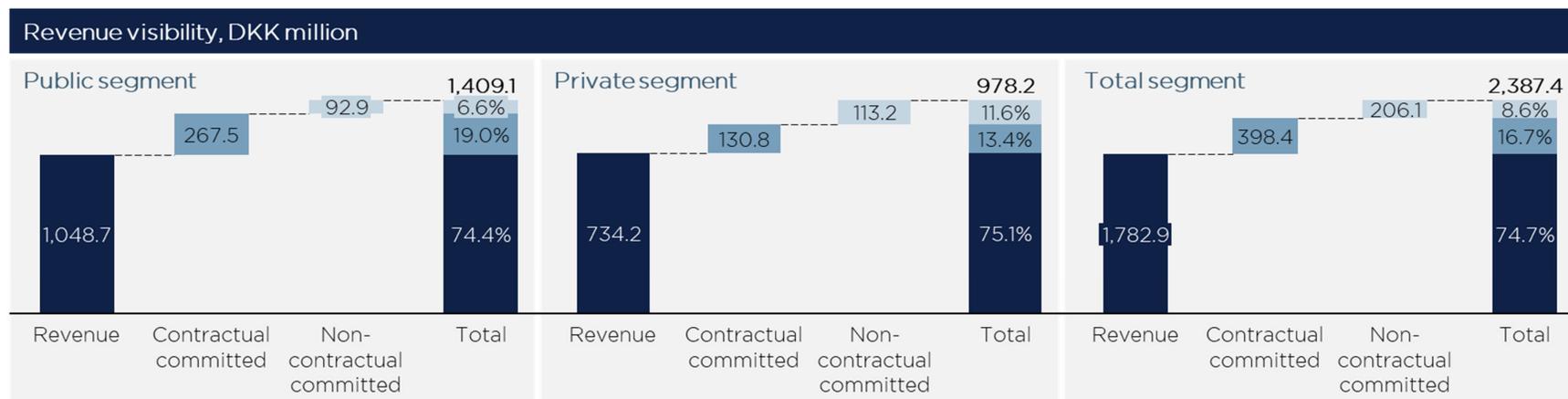
Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

Currency exposures (continued)



Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

*Revenue visibility*



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

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

By the beginning of October 2019, revenue visibility for 2019 amounted to DKK 2,387.4m. Of this, contractual committed revenue amounted to DKK 398.4m and non-contractual committed engagements amounted to DKK 206.1m, while realised revenue in 9M 2019 amounted to DKK 1,782.9m. Revenue visibility in the public segment amounted to DKK 1,409.1m, of which contractual committed revenue amounted to DKK 267.5m and non-contractual committed engagements amounted to DKK 92.9m, while realised revenue in 9M 2019 amounted to DKK 1,048.7m. Revenue visibility in the private segment amounted to DKK 978.2m of which, contractual committed revenue amounted to DKK 130.8m and non-contractual committed engagements amounted to DKK 113.2m, while realised revenue in 9M 2019 amounted to 734.2m.

Compared to 9M 2018 revenue visibility improved 17.9% from DKK 2,025.3m to DKK 2,387.4m for 2019.

Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

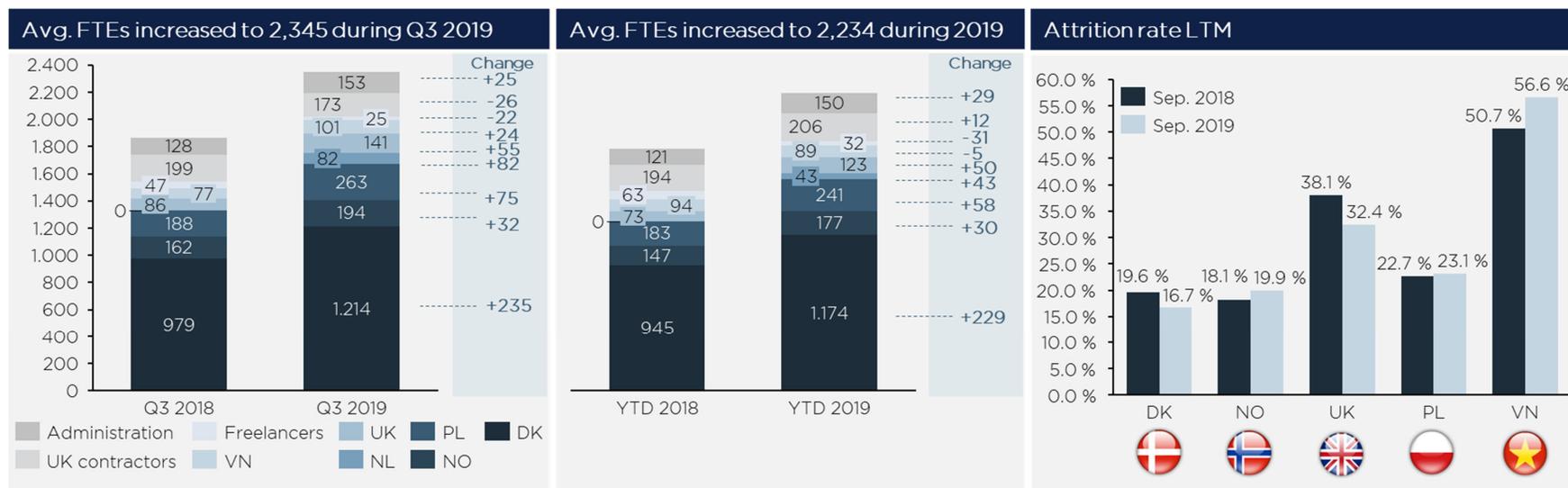
### Employees

Netcompany employed an average of 2,345.5 FTEs in Q3 2019, which was an increase of 479.7 FTEs compared to Q3 2018 (1,865.8 FTEs). The increase in FTEs was driven by the intake of new employees in all countries supporting the continued increase in underlying business activities in both Denmark, Norway and UK. The increase was also driven by the purchase of Netcompany Netherlands in May 2019. The FTEs in Netcompany Netherlands affected the average FTEs in Q3 2019 by 82. The growth in FTE's was somewhat offset of the reduction in the amount of freelancers which has been reduced by 22 from a level of 47 at the end of Q3 2018 to 25 at the end of Q3 2019. Also, the level of independent contractors in the UK was reduced by 26 compared to Q3 2018.

During Q3, the amount of client facing employees for the organic part of the Group increased by 48 from 2.062 in Q2 2019 to 2.110 in Q3 2019, negatively impacted by the reduction of independent contractors in the UK by 37 during Q3 2019.

The level of non-client facing employees was 6.5% in Q3 2019 compared to 6.9% in Q3 2018.

The attrition rate for the last twelve months was 20.5%, which was a slight decrease of 0.8 percentage point compared to the same period last year. Attrition rate in Denmark has been reduced by close to 3 percentage points as result of increased focus on onboarding activities. The attrition rate in Norway was higher than in Q3 2018, however sequentially from Q2 2019 attrition rate in Norway was reduced from 20.8% to 19.9%. The high attrition rate in Vietnam was impacted from the close down of the Hanoi office in the end of 2018.



Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

**netcompany**

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

### *Cash flow and other significant balance sheet items*

#### *Free cash flow and cash conversion rate<sup>1</sup>*

The Group generated a free cash flow of DKK 126.5m in Q3 2019, which was an increase of 155.6% compared to DKK 49.3m in Q3 2018. Adjusted for taxes paid on account, the Group generated a free cash flow of DKK 89.6m in Q3 2019 compared to DKK 31.1m in Q3 2018, corresponding to an increase in free cash flow of 188.1%. The increase was a combination of improved operating results and improvement in working capital, which improved from negative DKK 80.2m in Q3 2018 to negative DKK 46.1m in Q3 2019. The change in working capital was primarily driven by a decrease in contract work in progress during Q3 2019 compared to an increase during Q3 2018. Further the free cash flow was positively impacted by a relative lower increase in trade receivables compared to the increase in revenue. This development led to a cash conversion rate of 103.1%, which was an increase from 49.0% in Q3 2018. Adjusted for the taxes paid on account, cash conversion rate increased from 30.9% in Q3 2018 to 73.0% in Q3 2019.

In 9M 2019, the Group generated a free cash flow of DKK 318.9m, which was an increase of 126.5% compared to DKK 140.8m in 9M 2018. The increase was a combination of improved operating results and improvement in working capital.

Cash conversion rate increased from 78.1% in 9M 2018 to 98.9% in 9M 2019. Adjusted for the taxes paid on account, cash conversion rate increased from 71.5% in 9M 2018 to 93.0% in 9M 2019.

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<sup>1</sup> Taxes paid within the Group are, due to local tax regulations, paid on account in Q1 and in Q4. To adjust for this timing mismatch between expensed and paid corporate income taxes the free cash flow should be viewed in a tax normalised manner to better reflect the underlying development in free cash flow based on operations rather than impact from local tax legislation in Denmark.

Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

### Trade receivables

At 30 September 2019, trade receivables amounted to DKK 459.2m, which was an increase of 19.3% compared to the same period last year. Days sales outstanding decreased from 72 days in Q3 2018 to 70 days in Q3 2019. The overdue part of trade receivables was reduced from 35.3% by the end of Q3 2018 to 33.7% by the end of Q3 2019. Trade receivables paid in the following month amounted to DKK 256.5m, of which DKK 124.8m was overdue as of 30 September 2019.

DKK million	Not overdue	0-30 days	30-60 days	60- 90 days	>90 days	Total
Trade receivables, 30 September 2019	304.2	121.3	14.9	14.4	4.3	459.2
<i>Paid in the following month</i>	<i>131.7</i>	<i>110.0</i>	<i>7.6</i>	<i>6.8</i>	<i>0.4</i>	<i>256.5</i>
<i>% paid subsequently</i>	<i>43.3%</i>	<i>90.7%</i>	<i>51.1%</i>	<i>47.4%</i>	<i>9.3%</i>	<i>55.9%</i>
Trade receivables, 30 September 2018	248.9	103.8	19.5	4.0	8.6	384.9
<i>Paid in the following month</i>	<i>119.9</i>	<i>81.8</i>	<i>12.7</i>	<i>3.1</i>	<i>1.2</i>	<i>218.7</i>
<i>% paid subsequently</i>	<i>48.2%</i>	<i>78.8%</i>	<i>65.0%</i>	<i>76.3%</i>	<i>13.5%</i>	<i>56.8%</i>

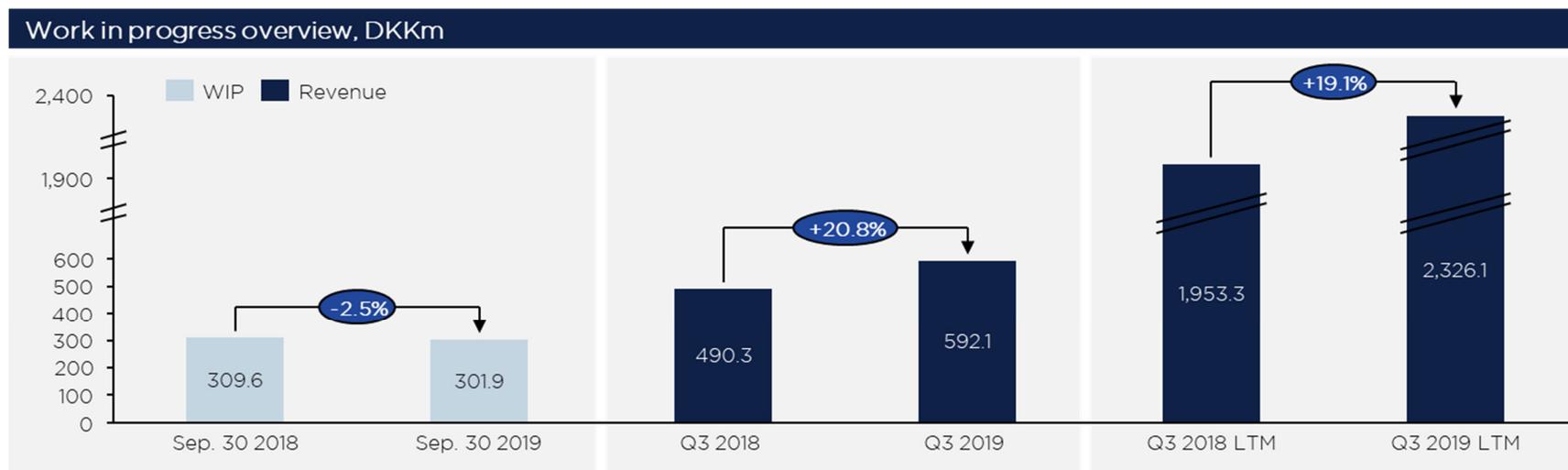
### Work in progress

At 30 September 2019, Netcompany's work in progress amounted to DKK 301.9m, represented by contract work in progress of DKK 330.1m and prepayments received from customers of DKK 28.3m.

Work in progress decreased by 2.5% from DKK 309.6m in Q3 2018 to DKK 301.9m in Q3 2019. In the same period revenue increased by 20.8% from DKK 490.3m in Q3 2018 to DKK 592.1m in Q3 2019. As work in progress consists of multi-year projects with back-end loaded payment milestones, it will give a more representative view of the development in the WIP balances, when comparing with the revenue over the last twelve months. Revenue for the last twelve months increased by 19.1% whereas work in progress decreased by 2.5% reflecting the ongoing delivery of project work from the WIP balances to end customers as a number of large public projects have reached defined payment milestones.

Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

*Work in progress (continued)*



### *Funding and liquidity*

Netcompany's bank agreement consists of committed facilities constituting a total amount of DKK 1,500m and an additional facility of DKK 400m, available only for new acquisitions. In September 2019, Netcompany made a voluntary repayment of DKK 75m, corresponding to the borrowings made in connection with the acquisition of Netcompany Netherlands. The total amount utilised at 30 September 2019 was DKK 1,115m.

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

As of 6 November 2019, Netcompany has entered into a "market maker" arrangement with Danske Bank whereby Danske Bank will act as market maker in Netcompany with reference to the NASDAQ market framework.

### *Risk management*

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

### *Events after the balance sheet date*

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

Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

### Outlook for 2019

In the half year report, Netcompany reported that the timing of the Danish general election in the early summer had delayed a number of late stage tenders and projects. It was anticipated that decisions to initiate new projects and staff them accordingly would be in a normalised setting sometime during August. However, it has turned out that this normalisation has not been seen until the beginning of October which has led to a lower utilisation in Q3 2019. In addition, the staffing of new graduates in Norway has turned out to be as challenging in Q3 2019 as in 2018 and hence the Norwegian revenue growth in Q3 was lower than expected too. Finally, the reduction of usage of independent contractors in the UK have also had a negative impact on revenue growth. Offsetting some of this is higher than expected growth in the Netherlands.

On balance Netcompany thus reduces expectation for full year revenue growth targets for organic revenue growth from 20-22% to now around 18.25% and the expectation for revenue growth targets for non-organic revenue growth from 0.75%- 1.5% to now around 1.75%. Adjusted EBITA margin in constant currencies for full year for the organic based business is still expected to be around 26% and the impact from the acquired business in the Netherlands is expected to be negative of around 0.6 percentage point compared to previously 0.3 percentage point. Consequently, reported adjusted EBITA margin in constant currencies is expected to be around 25.4%.

	Updated targets Q3 2019	Targets Q2 2019	Original targets Q1 2019	Actual performance 2018
Organic revenue growth in constant currencies	~18.25%	20-22%	20-25%	25.8%
Adjusted EBITA margin in constant currencies – organic businesses	~26%	~26%	~26%	25.0%
Reported revenue growth	~20%	20.75-23.25%	N/A	45.0%
Adjusted EBITA margin in constant currencies	~25.4%	~25.7%	N/A	25.0%

### Expectations for 2020

For 2020 Netcompany expects organic revenue growth of around 20% in constant currencies and an adjusted EBITA margin from the organic business in constant currencies of around 26%.

A number of significant assumptions are a prerequisite for the Group’s expectations for 2020 of which the most important ones are:

- No negative impact from macro-economic events
- Ongoing public tenders to be executed according to current outlined plans
- Continued investment into projects to expand level of digitisation.
- Successful transformation of the majority of the current independent contractors on the books in the UK to permanent employment roles following the adaptation of new legislation (IR 35)

Formal guidance, including non-organic impact on revenue growth and margins for 2020 will be disclosed in the annual report for 2019 in February 2020.

Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

**netcompany**

Netcompany Group A/S  
Grønningen 17, 1270 Copenhagen  
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## *Shareholder information*

### *Capital*

Netcompany's share capital is DKK 50.0m divided into 50m shares. Netcompany holds 899,813 treasury shares equivalent to 1.8% of the share capital. The shares will be used to honour the Group's commitments under its RSU and LTIP programs.

### *Share-based incentive schemes/restricted stock units*

In total, 244,311 RSUs were issued at 30 September 2019, of which 78,242 were granted to Executive Management and 166,069 were granted to other Key Management Personnel and other employees. The fair value of the RSUs at grant was DKK 43.5m. The cost related hereto is expensed over the vesting period. A total amount of DKK 3.8m was recognised as personnel costs in the income statement in Q3 2019 and DKK 10.5m in 9M 2019.

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

Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

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

Today, the Board of Directors and Executive Management considered and approved the interim consolidated financial statements for Netcompany Group A/S (“Netcompany” or “the company” and together with all its subsidiaries “the Group”) for the period 1 January 2019 to 30 September 2019. The Q3 2019 report has not been audited or reviewed by the company’s independent auditors.

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

In our opinion, the accounting policies used are appropriate, and the overall presentation of the interim consolidated financial statements gives a true and fair view of the Group’s assets, liabilities and financial position as at 30 September 2019 and of the results of the Group’s operations and cash flows for the period 1 January 2019 to 30 September 2019.

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

Copenhagen, 6 November 2019

#### *Executive Management:*

André Rogaczewski  
*CEO*

Claus Jørgensen  
*COO*

Thomas Johansen  
*CFO*

#### *Board of Directors:*

Bo Rygaard  
*Chairman of the Board*

Pernille Fabricius  
*Vice Chairman of the Board*

Juha Christensen

Robbert Kuppens

Scanes Bentley

Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

*Consolidated interim financial statements and notes*

*Income statement and Statement of comprehensive income*

DKK thousands	Note	Q3 2019	Q3 2018	YTD 2019	YTD 2018	Total 2018
<b>Income statement</b>						
Revenue	1	592,076	490,315	1,782,860	1,509,940	2,053,216
Cost of services	2	-336,422	-282,251	-1,070,864	-907,235	-1,236,699
<b>Gross profit</b>		<b>255,654</b>	<b>208,064</b>	<b>711,996</b>	<b>602,705</b>	<b>816,516</b>
Sales and marketing costs		-2,594	-2,387	-8,654	-9,389	-11,871
Administrative costs	3	-88,917	-69,321	-265,856	-209,872	-290,428
Special items	4	-639	-49	-4,373	-34,362	-34,488
<b>EBITA</b>		<b>163,503</b>	<b>136,307</b>	<b>433,113</b>	<b>349,082</b>	<b>479,729</b>
Amortisation		-25,973	-28,847	-76,210	-86,542	-115,389
<b>Operating profit (EBIT)</b>		<b>137,531</b>	<b>107,460</b>	<b>356,902</b>	<b>262,540</b>	<b>364,340</b>
Financial income	5	10,977	1,982	26,782	21,464	22,245
Financial expenses	5	-14,703	-10,423	-45,889	-119,969	-130,903
<b>Profit / loss before tax</b>		<b>133,805</b>	<b>99,019</b>	<b>337,795</b>	<b>164,035</b>	<b>255,682</b>
Tax on the profit for the period		-31,332	-20,768	-74,915	-51,231	-74,465
<b>Net profit / loss for the period</b>		<b>102,473</b>	<b>78,251</b>	<b>262,880</b>	<b>112,804</b>	<b>181,217</b>
<b>Earnings per share</b>						
Earnings per share (DKK)	6	2.09	1.58	5.35	2.27	3.65
Diluted Earnings per share (DKK)	6	2.08	1.57	5.34	2.27	3.65
<b>Statement of comprehensive income</b>						
<b>Net profit / loss for the period</b>		<b>102,473</b>	<b>78,251</b>	<b>262,880</b>	<b>112,804</b>	<b>181,217</b>
<b>Other comprehensive income:</b>						
Cash flow hedging, net fair value gain / (loss)		0	0	0	38,475	38,475
Foreign currency translation subsidiaries		-3,347	1,861	-3,935	-646	817
Change in deferred cost of hedging		0	0	0	-13,348	-13,348
Tax of other comprehensive income		0	0	0	-5,528	-5,528
<b>Other comprehensive income, net of tax</b>		<b>-3,347</b>	<b>1,861</b>	<b>-3,935</b>	<b>18,953</b>	<b>20,415</b>
<b>Total comprehensive income / loss</b>		<b>99,126</b>	<b>80,112</b>	<b>258,945</b>	<b>131,757</b>	<b>201,632</b>

Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

**netcompany**

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

*Balance Sheet*

DKK thousands	Note	Sep. 30 2019	Sep. 30 2018	Dec. 31 2018
<b>Assets</b>				
Intangible assets		2,576,024	2,513,715	2,484,441
Tangible assets		147,419	61,969	117,284
Deferred tax assets		2,850	759	1,162
Other receivables		15,373	12,899	13,053
<b>Total non-current assets</b>		<b>2,741,666</b>	<b>2,589,342</b>	<b>2,615,940</b>
Trade receivables	7	459,165	384,878	457,518
Contract work in progress	8	330,142	336,150	284,717
Other receivables		23,945	11,126	19,512
Cash		176,630	215,898	107,666
<b>Total current assets</b>		<b>989,881</b>	<b>948,053</b>	<b>869,412</b>
<b>Total assets</b>		<b>3,731,548</b>	<b>3,537,395</b>	<b>3,485,352</b>

Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

*Balance Sheet (continued)*

DKK thousands	Note	Sep. 30 2019	Sep. 30 2018	Dec. 31 2018
<b>Equity and liabilities</b>				
Share capital		50,000	50,000	50,000
Exchange differences on translating foreign subsidiaries		-6,051	-3,578	-2,116
Treasury shares		-175,000	0	-50,000
Share-based remuneration		14,365	1,776	3,818
Retained earnings		2,067,428	1,686,632	1,804,548
<b>Total equity</b>		<b>1,950,743</b>	<b>1,734,830</b>	<b>1,806,250</b>
Borrowings	9	1,108,163	1,230,248	1,105,780
Leasing		69,596	20,768	54,149
Deferred tax liability		77,670	106,223	89,387
<b>Total non-current liabilities</b>		<b>1,255,429</b>	<b>1,357,239</b>	<b>1,249,316</b>
Leasing		38,262	13,845	29,325
Prepayments received from customers	8	28,290	26,571	29,610
Trade payables		40,448	30,697	54,185
Other payables	10	368,797	250,752	266,089
Provisions	11	16,395	26,277	36,087
Income tax payable		33,184	97,183	14,490
<b>Total current liabilities</b>		<b>525,376</b>	<b>445,326</b>	<b>429,785</b>
<b>Total liabilities</b>		<b>1,780,805</b>	<b>1,802,564</b>	<b>1,679,101</b>
<b>Total equity and liabilities</b>		<b>3,731,548</b>	<b>3,537,395</b>	<b>3,485,352</b>

*Income Statement classified by function*  
*Collateral provided and contingent liabilities*  
*Related party transactions*  
*Financial figures and highlights*  
*Accounting policies*

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Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

*Cash Flow statement*

DKK thousands	Note	Q3 2019	Q3 2018	YTD 2019	YTD 2018	Total 2018
Operating profit (EBIT)		137,531	107,460	356,902	262,540	364,340
Depreciation and amortisation		40,884	40,099	116,513	117,588	155,737
Non-cash items		3,805	1,776	10,547	2,273	3,818
Working capital changes		-46,093	-80,178	-60,100	-154,679	-132,597
<b>Total</b>		<b>136,127</b>	<b>69,157</b>	<b>423,863</b>	<b>227,723</b>	<b>391,298</b>
Income taxes paid		-281	-6,217	-70,676	-46,421	-166,935
Financial income received		10,977	8,340	26,783	22,006	21,036
Financial expenses paid		-15,994	-14,386	-45,608	-48,491	-58,960
<b>Cash flow from operating activities</b>		<b>130,830</b>	<b>56,895</b>	<b>334,362</b>	<b>154,817</b>	<b>186,439</b>
Net cash outflow on acquisition of subsidiaries		0	0	-37,325	0	0
Acquisition of property, plant and equipment		-4,338	-7,576	-15,449	-14,027	-22,866
Other receivables (deposits)		-751	-886	-2,275	-4,126	-4,336
<b>Cash flow from investment activities</b>		<b>-5,090</b>	<b>-8,462</b>	<b>-55,049</b>	<b>-18,153</b>	<b>-27,202</b>
Proceeds from issue of share capital		0	0	0	6,949	6,949
Payment of treasury shares		0	0	-175,000	0	0
Proceeds from borrowings		0	0	75,000	1,229,539	1,229,539
Repayment of borrowings		-75,000	0	-75,000	-1,335,502	-1,456,608
Repayment of right of use assets		-9,935	-5,507	-27,453	-17,337	-24,432
<b>Cash flow from financing activities</b>		<b>-84,935</b>	<b>-5,507</b>	<b>-202,453</b>	<b>-116,351</b>	<b>-244,551</b>
<b>Net increase in cash and cash equivalents</b>		<b>40,805</b>	<b>42,925</b>	<b>76,859</b>	<b>20,314</b>	<b>-85,314</b>
Cash and cash equivalents at the beginning		136,406	172,448	107,666	194,480	194,480
Cash and cash equivalents balances acquired		0	0	-8,519	0	0
Effect of exchange rate changes on the balance cash held in foreign currencies		-580	525	624	1,104	-1,501
<b>Cash and cash equivalents at the end</b>		<b>176,630</b>	<b>215,898</b>	<b>176,630</b>	<b>215,898</b>	<b>107,666</b>

Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

**netcompany**

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

*Statement of changes in Equity*

DKK thousands	Share capital	Treasury shares	Share-based remuneration	Fair value adjustment of interest rate swap	Foreign currency translation subsidiaries	Deferred cost of hedging reserve	Retained earnings	Total
<b>Equity at 1 July 2019</b>	50,000	-175,000	10,560	0	-2,704	0	1,964,956	1,847,811
Profit for the period	0	0	0	0	0	0	102,473	102,473
Other comprehensive income	0	0	0	0	-3,347	0	0	-3,347
Share-based remuneration	0	0	3,805	0	0	0	0	3,805
<b>Equity at 30 September 2019</b>	50,000	-175,000	14,365	0	-6,051	0	2,067,428	1,950,743
<b>Equity at 1 January 2019</b>	50,000	-50,000	3,818	0	-2,116	0	1,804,548	1,806,250
Profit for the period	0	0	0	0	0	0	262,880	262,880
Other comprehensive income	0	0	0	0	-3,935	0	0	-3,935
Share-based remuneration	0	0	10,547	0	0	0	0	10,547
Treasury Shares	0	-125,000	0	0	0	0	0	-125,000
<b>Equity at 30 September 2019</b>	50,000	-175,000	14,365	0	-6,051	0	2,067,428	1,950,743
<b>Equity at 1 July 2018</b>	50,000	0	0	0	-5,439	0	1,608,382	1,652,943
Share-based remuneration	0	0	0	0	0	0	1,776	1,776
Profit for the period	0	0	0	0	0	0	78,251	78,251
Other comprehensive income	0	0	0	0	1,861	0	0	1,861
<b>Equity at 30 September 2018</b>	50,000	0	0	0	-3,578	0	1,688,409	1,734,830
<b>Equity at 1 January 2018</b>	49,637	0	0	-30,011	-2,932	10,412	1,616,746	1,643,851
Capital increase	363	0	0	0	0	0	6,585	6,949
Obligation to purchase treasury share	0	0	0	0	0	0	-50,000	-50,000
Share-based remuneration	0	0	0	0	0	0	2,273	2,273
Profit for the period	0	0	0	0	0	0	112,804	112,804
Other comprehensive income	0	0	0	30,011	-646	-10,412	0	18,953
<b>Equity at 30 September 2018</b>	50,000	0	0	0	-3,578	0	1,688,409	1,734,830
<b>Equity at 1 January 2018</b>	49,637	0	0	-30,011	-2,932	10,412	1,616,746	1,643,851
Capital increase	363	0	0	0	0	0	6,585	6,949
Obligation to purchase treasury share	0	0	0	0	0	0	-50,000	-50,000
Share-based remuneration	0	0	0	0	0	0	3,818	3,818
Profit for the period	0	0	0	0	0	0	181,217	181,217
Other comprehensive income	0	0	0	30,011	817	-10,412	0	20,416
<b>Equity at 31 December 2018</b>	50,000	0	0	0	-2,116	0	1,758,366	1,806,250

Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

Notes

Note 1 - Segment information

Segment information related to geographical areas:

DKK thousands	Q3 2019					Total
	Denmark	Norway	United Kingdom	Netherlands	Other	
Revenue from external customers	437,004	45,385	95,726	13,960	0	592,076
<b>EBITA, operating entities</b>	<b>145,408</b>	<b>6,483</b>	<b>13,928</b>	<b>-2,315</b>	<b>0</b>	<b>163,503</b>
Allocated cost	8,462	-1,093	-5,212	-759	-1,398	0
<b>EBITA, reported in legal entities</b>	<b>153,870</b>	<b>5,391</b>	<b>8,715</b>	<b>-3,075</b>	<b>-1,398</b>	<b>163,503</b>

DKK thousands	Q3 2018					Total
	Denmark	Norway	United Kingdom	Netherlands	Other	
Revenue from external customers	366,048	40,122	84,145	N/A	0	490,315
<b>EBITA, operating entities</b>	<b>125,374</b>	<b>6,866</b>	<b>4,067</b>	<b>N/A</b>	<b>0</b>	<b>136,307</b>
Allocated cost	34,585	-1,582	-5,152	N/A	-27,851	0
<b>EBITA, reported in legal entities</b>	<b>159,959</b>	<b>5,284</b>	<b>-1,085</b>	<b>N/A</b>	<b>-27,851</b>	<b>136,307</b>

DKK thousands	YTD 2019					Total
	Denmark	Norway	United Kingdom	Netherlands	Other	
Revenue from external customers	1,313,478	147,464	300,815	21,103	0	1,782,860
<b>EBITA, operating entities</b>	<b>377,601</b>	<b>26,510</b>	<b>32,404</b>	<b>-3,402</b>	<b>0</b>	<b>433,113</b>
Allocated cost	28,621	-3,449	-15,250	-759	-9,164	0
<b>EBITA, reported in legal entities</b>	<b>406,222</b>	<b>23,062</b>	<b>17,154</b>	<b>-4,161</b>	<b>-9,164</b>	<b>433,113</b>

DKK thousands	YTD 2018					Total
	Denmark	Norway	United Kingdom	Netherlands	Other	
Revenue from external customers	1,135,798	123,908	250,235	N/A	0	1,509,940
<b>EBITA, operating entities</b>	<b>314,908</b>	<b>21,398</b>	<b>12,776</b>	<b>N/A</b>	<b>0</b>	<b>349,082</b>
Allocated cost	44,657	-2,047	-2,811	N/A	-39,799	0
<b>EBITA, reported in legal entities</b>	<b>359,565</b>	<b>19,352</b>	<b>9,964</b>	<b>N/A</b>	<b>-39,799</b>	<b>349,082</b>

Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

*Note 1 - Segment information (continued)*

DKK thousands	Total 2018					Total
	Denmark	Norway	United Kingdom	Netherlands	Other	
Revenue from external customers	1,543,764	171,312	338,139	N/A	0	2,053,216
<b>EBITA, operating entities</b>	<b>435,959</b>	<b>28,094</b>	<b>15,676</b>	<b>N/A</b>	<b>0</b>	<b>479,729</b>
Allocated cost	50,350	-4,177	-5,655	N/A	-40,517	0
<b>EBITA, reported in legal entities</b>	<b>486,308</b>	<b>23,917</b>	<b>10,020</b>	<b>N/A</b>	<b>-40,517</b>	<b>479,729</b>

*Note 2 - Cost of services*

DKK thousands	Q3 2019	Q3 2018	YTD 2019	YTD 2018	Total 2018
Cost of services	-72,114	-83,113	-258,856	-274,944	-371,496
Salaries	-260,870	-195,976	-802,560	-623,347	-853,669
Depreciation	-3,438	-3,161	-9,449	-8,945	-11,534
<b>Cost of services total</b>	<b>-336,422</b>	<b>-282,251</b>	<b>-1,070,864</b>	<b>-907,235</b>	<b>-1,236,699</b>

*Note 3 - Administrative costs*

DKK thousands	Q3 2019	Q3 2018	YTD 2019	YTD 2018	Total 2018
Administrative costs	-45,713	-38,398	-132,571	-113,829	-155,763
Salaries	-31,732	-22,833	-102,431	-73,941	-105,851
Depreciation	-11,473	-8,090	-30,854	-22,102	-28,815
<b>Administrative costs total</b>	<b>-88,917</b>	<b>-69,321</b>	<b>-265,856</b>	<b>-209,872</b>	<b>-290,428</b>

*Note 4 - Special items*

DKK thousands	Q3 2019	Q3 2018	YTD 2019	YTD 2018	Total 2018
Costs related to IPO	0	0	0	-33,002	-33,002
Costs related to M&A	-639	-48	-4,373	-1,360	-1,486
<b>Costs related to IPO and M&amp;A total</b>	<b>-639</b>	<b>-49</b>	<b>-4,373</b>	<b>-34,362</b>	<b>-34,488</b>

Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

Note 5 - Financial income and expenses

DKK thousands	Q3 2019	Q3 2018	YTD 2019	YTD 2018	Total 2018
<b>Financial Income</b>					
Interest on corporate income tax	0	142	0	394	3
Exchange rate adjustments	10,965	0	26,752	8,430	8,329
Other financial income	12	1,840	30	12,639	13,912
<b>Financial income total</b>	<b>10,977</b>	<b>1,982</b>	<b>26,782</b>	<b>21,464</b>	<b>22,245</b>
<b>Financial expenses</b>					
Income tax surcharge	0	1,123	0	2,411	0
Interest expense, bank loan	4,904	8,769	14,418	31,574	38,881
Interest expense, leasing	880	0	2,281	569	1,244
Exchange rate adjustments	7,778	532	22,626	9,611	14,446
Other financial expenses	1,141	0	6,565	75,803	76,332
<b>Financial expenses total</b>	<b>14,703</b>	<b>10,423</b>	<b>45,889</b>	<b>119,969</b>	<b>130,903</b>

Note 6 - Earnings per share

DKK thousands	Q3 2019	Q3 2018	YTD 2019	YTD 2018	Total 2018
Earnings per share - EPS (DKK)	2.09	1.58	5.35	2.27	3.65
Diluted earnings per share - EPS-D (DKK)	2.08	1.57	5.34	2.27	3.65
Profit	102,473	78,251	262,880	112,804	181,217
Average number of shares	50,000	50,000	50,000	49,825	49,869
Average number of treasury shares	900	323	900	135	182
Average number of shares in circulation	49,100	49,677	49,100	49,691	49,687
Average number of diluted impact of outstanding restricted stock units	125	52	125	21	29
Average number of diluted shares in circulation	49,225	49,729	49,225	49,711	49,716

Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

*Note 7 – Trade receivables*

DKK thousands	Sep. 30 2019	Sep. 30 2018	Dec. 31 2018
Not overdue	304,187	248,906	274,666
0-30 days overdue	121,296	103,771	170,024
31-60 days overdue	14,929	19,529	11,796
61-90 days overdue	14,434	4,039	273
Over 90 days overdue	4,318	8,633	759
<b>Total</b>	<b>459,165</b>	<b>384,878</b>	<b>457,518</b>

The Group is continuously conducting individual assessments of bad debt. If this leads to an assessment that the Group will not be able to collect the amount accounted for, an allowance for bad debt is made. At 30 September 2019, the Group recognised bad debt provision of DKK 0.0m (30 September 2018: DKK 0.0m), and no bad debt losses have incurred during Q3 2019.

The credit quality of trade receivables at 30 September 2019, is considered satisfactory.

*Note 8 – Contract work in progress*

DKK thousands	Sep. 30 2019	Sep. 30 2018	Dec. 31 2018
Selling price of work performed	810,505	736,207	763,299
Prepayments received	-508,653	-426,628	-508,192
<b>Total contract work in progress</b>	<b>301,852</b>	<b>309,579</b>	<b>255,107</b>
<i>Net value – stated on a contract-per-contract basis – is presented in the balance sheet as follows:</i>			
Contract work in progress	330,142	336,150	284,717
Prepayments received from customers	-28,290	-26,571	-29,610
<b>Total contract work in progress</b>	<b>301,852</b>	<b>309,579</b>	<b>255,107</b>

Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

*Note 9 – Borrowings*

DKK thousands	Currency	Maturity	Fixed or floating interest	Loan cost	Nominal Value	Carrying amount
Bank loan 30 September 2019	DKK	2023	Floating	7,018	1,115,182	1,108,163
				<b>7,018</b>	<b>1,115,182</b>	<b>1,108,163</b>
Bank loan 30 September 2018	DKK	2023	Floating	9,934	1,240,182	1,230,248
				<b>9,934</b>	<b>1,240,182</b>	<b>1,230,248</b>
Bank loan 31 December 2018	DKK	2023	Floating	9,402	1,115,182	1,105,780
				<b>9,402</b>	<b>1,115,182</b>	<b>1,105,780</b>

*Note 10 – Other payables*

DKK thousands	Sep. 30 2019	Sep. 30 2018	Dec. 31 2018
Wages and salaries, payroll taxes, social security costs, etc payable	36,749	39,756	43,822
Holiday pay obligation	114,007	110,831	96,739
VAT and duties	51,709	40,756	43,406
Obligation to purchase treasury shares	0	50,000	50,000
Contingent purchase price & earn out	121,125	0	0
Other costs payable	45,208	9,410	32,122
<b>Total</b>	<b>368,797</b>	<b>250,752</b>	<b>266,089</b>

For further details on contingent purchase price and earn out, please refer to Company Announcement Q2 2019 note 7.

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

*Note 11 – Provision*

DKK thousands	Q3 2019	Q3 2018	YTD 2019	YTD 2018	Total 2018
Onerous contracts and warranty obligations beginning of period	26,395	25,896	36,087	30,396	30,396
Decreased in the period	-10,000	0	-19,692	-5,000	-5,000
Provisions for the period	0	381	0	881	10,691
Onerous contracts and warranty obligations end of period	<b>16,395</b>	<b>26,277</b>	<b>16,395</b>	<b>26,277</b>	<b>36,087</b>

Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

*Note 12 – Income Statement classified by function*

DKK thousands	Q3 2019	Q3 2018	YTD 2019	YTD 2018	Total 2018
<b>Income statement</b>					
Revenue	592,076	490,315	1,782,860	1,509,940	2,053,216
Cost of services, incl. depreciation and amortisation	-336,422	-282,251	-1,070,864	-907,235	-1,236,699
<b>Gross profit</b>	<b>255,654</b>	<b>208,064</b>	<b>711,996</b>	<b>602,705</b>	<b>816,516</b>
Sales and marketing costs, incl. depreciation and amortisation	-2,594	-2,387	-8,654	-9,389	-11,871
Administrative costs, incl. depreciation and amortisation	-115,529	-98,217	-346,440	-330,775	-440,306
<b>Operating profit (EBIT)</b>	<b>137,531</b>	<b>107,460</b>	<b>356,902</b>	<b>262,540</b>	<b>364,340</b>
Financial income	10,977	1,982	26,782	21,464	22,245
Financial expenses	-14,703	-10,423	-45,889	-119,969	-130,903
<b>Profit / loss before tax</b>	<b>133,805</b>	<b>99,019</b>	<b>337,795</b>	<b>164,035</b>	<b>255,682</b>
Tax on the profit for the period	-31,332	-20,768	-74,915	-51,231	-74,465
<b>Net profit / loss for the period</b>	<b>102,473</b>	<b>78,251</b>	<b>262,880</b>	<b>112,804</b>	<b>181,217</b>
<b>Depreciation and Amortisation have been presented as follows in the income statement:</b>					
Cost of services	-3,438	-3,161	-9,449	-8,945	-11,534
Administrative costs depreciation	-11,473	-8,090	-30,854	-22,102	-28,815
Administrative costs amortisation	-25,973	-28,847	-76,210	-86,542	-115,389
<b>Depreciation and amortisation</b>	<b>-40,884</b>	<b>-40,099</b>	<b>-116,513</b>	<b>-117,588</b>	<b>-155,737</b>

*Note 13 – Collateral provided and contingent liabilities*

There have been no changes in collateral provided and contingent liabilities during Q3 2019 compared to the annual report for 2018.

*Note 14 – Related party transactions*

The Group has had the following transactions with other companies controlled by the related parties:

DKK thousands	Q3 2019	Q3 2018	YTD 2019	YTD 2018	Total 2018
Revenue	546	1,558	4,369	6,305	10,039

Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

Note 15 – Financial figures and highlights

DKK million	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
<b>Income statement</b>							
Revenue							
Public	356.4	341.5	350.8	321.0	277.5	267.8	285.8
Private	235.7	251.6	246.9	222.3	212.8	234.8	231.2
<i>Revenue by segments, total</i>	592.1	593.1	597.7	543.3	490.3	502.6	517.0
Development	299.1	289.7	330.0	304.6	260.2	217.4	223.2
Maintenance	293.0	303.4	267.6	238.7	230.1	285.2	293.8
<i>Revenue by types, total</i>	592.1	593.1	597.7	543.3	490.3	502.6	517.0
Organic	578.1	586.0	597.7	517.8	406.2	413.6	439.9
Acquisition	14.0	7.1	0.0	25.5	84.1	89.0	77.1
<i>Revenue by growth, total</i>	592.1	593.1	597.7	543.3	490.3	502.6	517.0
Special items	-0.6	-2.7	-1.1	-0.1	0.0	-26.6	-7.7
EBITA	163.5	123.5	146.1	130.6	136.3	92.7	120.1
Adjusted EBITA	164.1	126.1	147.2	130.8	136.4	119.3	127.8
Operating profit (EBIT)	137.5	98.9	120.5	101.8	107.5	63.8	91.2
Net financials	-3.7	-21.3	5.9	-10.2	-8.4	-65.4	-24.7
Net profit / loss	102.5	61.7	98.7	68.4	78.3	-16.6	51.2
<b>Financial position</b>							
Capex	-4.3	-5.0	-6.1	-8.8	-7.6	-3.0	-3.5
Total assets	3,731.5	3,680.0	3,582.2	3,485.4	3,537.4	3,477.5	3,426.8
Equity	1,950.7	1,847.8	1,772.6	1,806.3	1,734.8	1,652.9	1,702.6
Net increase in cash and cash equivalents	40.8	-29.2	65.2	-105.6	42.9	18.6	-41.2
Free cash flow	126.5	117.2	75.2	22.8	49.3	23.9	67.6
Free cash flow (tax normalised)	89.6	99.1	111.1	104.3	31.1	31.3	66.4
<b>Earnings per share</b>							
Earnings per share (DKK)	2.09	1.26	2.00	1.38	1.61	-0.33	1.03
Diluted Earnings per share (DKK)	2.08	1.25	1.99	1.38	1.61	-0.33	1.03
<b>Employees</b>							
Average number of full-time employees	2,345.5	2,259.1	2,098.8	1,979.2	1,842.6	1,817.6	1,766.3

Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

*Note 15 – Financial figures and highlights (continued)*

DKK million	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
<b>Financial ratios</b>							
Gross profit margin	43.2%	37.6%	39.1%	39.4%	42.4%	39.1%	38.3%
EBITA margin	27.6%	20.8%	24.4%	24.0%	27.8%	18.4%	23.2%
Adjusted EBITA margin	27.7%	21.3%	24.6%	24.1%	27.8%	23.7%	24.7%
Operating profit margin	23.2%	16.7%	20.2%	18.7%	21.9%	12.7%	17.6%
Effective tax rate	23.4%	20.5%	21.9%	25.4%	21.0%	-986.8%	23.1%
Return on equity	5.6%	3.5%	5.7%	4.0%	5.1%	-1.1%	3.5%
Solvency ratio	52.3%	50.2%	49.5%	51.8%	49.0%	47.5%	49.7%
<b>Financial metrics</b>							
Revenue growth	20.8%	18.0%	15.6%	22.5%	45.3%	66.2%	55.3%
Operating profit margin	23.2%	16.7%	20.2%	18.7%	21.9%	12.7%	17.6%
Return on invested capital (ROIC)	3.6%	2.2%	3.6%	2.5%	3.0%	-0.6%	2.0%
Cash conversion rate	103.1%	145.0%	63.3%	25.1%	49.0%	407.7%	91.7%
Cash conversion rate (tax norm.)	73.0%	122.6%	92.7%	114.7%	30.9%	534.8%	90.1%

*Note 16 – Accounting policies*

The annual consolidated financial statements of the Group are prepared in accordance with IFRS as adopted by the European Union. The interim consolidated financial statements included in this Q3 2019 financial report has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the European Union. The accounting policies applied are consistent with those applied in the consolidated annual report for the year ended 31 December 2018 for Netcompany Group A/S.

*Financial Calendar*

- 28 January 2020: Deadline for shareholders to submit proposals for the agenda of the Annual General Meeting 2020
- 6 February 2020: Annual report for the financial year 2019
- 11 March 2020: Annual General Meeting 2020
- 6 May 2020: Interim report for the period 1 January 2019 to 30 March 2020
- 19 August 2020: Interim report for the period 1 January 2019 to 30 June 2020
- 6 November 2020: Interim report for the period 1 January 2019 to 30 September 2020

Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

*Formulas*

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

<i>Return on equity</i>	=	$\frac{\text{Net profit for the period} \times 100}{\text{Average equity}}$	<i>Operating profit margin</i>	=	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
<i>EPS</i>	=	$\frac{\text{Net profit for the period} - \text{Dividends on preferred stock}}{\text{Average outstanding common shares}}$	<i>EPS diluted</i>	=	$\frac{\text{Net profit / loss for the period} - \text{Dividends on preferred stock}}{\text{Average outstanding common shares} + \text{RSU}}$
<i>Gross profit margin</i>	=	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$	<i>Solvency ratio</i>	=	$\frac{\text{Equity} \times 100}{\text{Total assets}}$
<i>EBITA margin</i>	=	$\frac{\text{EBITA} \times 100}{\text{Revenue}}$	<i>Return on invested capital (ROIC)</i>	=	$\frac{\text{Net profit} \times 100}{\text{Average invested capital}}$
<i>Adjusted EBITA margin</i>	=	$\frac{(\text{EBITA} - \text{Special items}) \times 100}{\text{Revenue}}$	<i>Cash conversion rate</i>	=	$\frac{\text{Free cash flow}}{\text{Net profit for the period} - \text{amortisation and deferred tax of amortisation}}$
<i>Free cash flow</i>	=	$\text{Cash flows from operating activities} - \text{Capex}$	<i>Cash conversion rate (tax normalised)</i>	=	$\frac{\text{Free cash flow (tax normalised)}}{\text{Net profit for the period} - \text{amortisation and deferred tax of amortisation}}$
<i>Free cash flow (tax normalised)</i>	=	$\text{Cash flows from operating activities} - \text{Capex} - \text{Paid tax} + \text{Current tax}$	<i>Capex</i>	=	$\text{Cost spent to buy intangible and tangible assets, excluding impact from business acquisitions}$

Netcompany grew revenue by 21.2% and realised 27.7% margin and continued to improve free cash flow in Q3 2019

**netcompany**

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### *Disclaimer*

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

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

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

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

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

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

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

### *About Netcompany*

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