Netcompany

Changing Europe with responsible digitalisation

Annual Report 2023

The decisions we make about how we digitalise have a profound impact on future generations.

We are dedicated to responsible digitalisation that adheres to democratic and moral values.

In this report

About this report

This year, our sustainability reporting is integrated into our Annual Report underscoring its importance alongside market approach, financial review and financial statements.

Management comments

Please find video with the Chair, CEO and CFO on our website, where they share their diverse perspectives on the fiscal year from different points of view.

See comments from our Chair, CEO & CFO

https://netcompany.com/investor/annual-report/

Remuneration Report

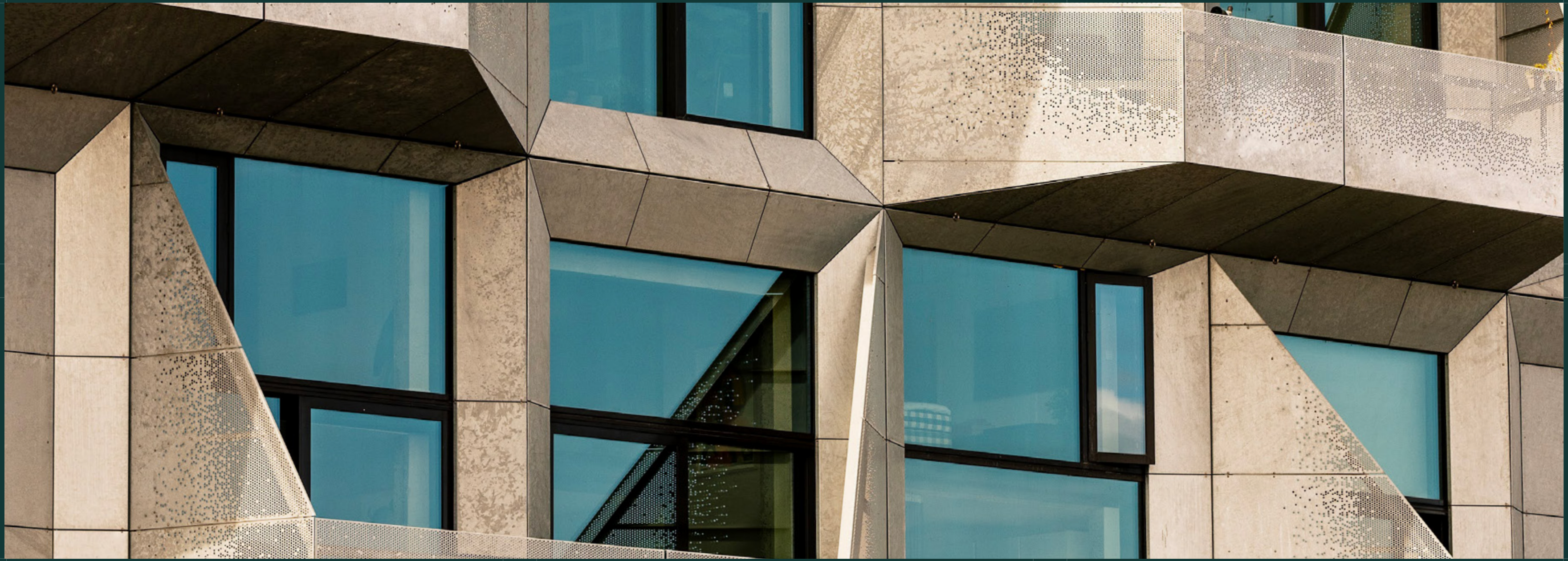
As part of our annual reporting, we have also released our Remuneration Report.

Read our Remuneration Report

https://netcompany.com/investor/governance/

Chapter 01

Executive summary



Letter from the Chair and the CEO

A year of strong international growth

Despite high level of uncertainties we continued to grow and remain on track to become a European market leader.

Looking back at 2023, we saw a year with even higher uncertainties than in 2022, impacting in particular the Danish business unit. Despite the challenges, we delivered growth and earnings in line with our expectations, and we are proud of the performance delivered by our more than 7,700 employees.

We saw strong growth across the regions in the international part of the Netcompany Group, which now generate more than half of the revenue. Netcompany-Intrasoft delivered 20.6% growth, primarily driven by projects under the Resilience and Recovery Facility, introduced by EU to boost economic resilience and recovery, that accelerated during the year. In addition, growth was strong in the EU segment as well as in the private segment in Greece.

In the United Kingdom, despite a challenging market situation, we delivered 21.9% growth, largely driven by projects with the HMRC, NHS, and other public entities. In addition, we were awarded participation in the Crown Commercial Service's Digital and Legacy Application services (DALAS) framework in the UK during the fall – a pivotal moment for us and a true game-changer for our continued expansion in the UK.

In Norway, however, we saw a more mixed picture during the year, but ended on a high note, by

> »Going into 2024 and beyond, we expect the use of platforms to increase further and positively impact our margin.«

winning the large contract with Avinor, setting us up for improved performance going forward. We saw improved performance in the Dutch business unit during the year as more legacy projects were completed and replaced with new development projects delivered using the Netcompany methodology.

In the Danish part of the Group, the uncertain macro environment led to prolonged decision processes, particularly in the private segment, which again led to lower utilisation than seen in the Danish business unit historically.

In addition, the absence of significant new legislation and large-scale tenders in 2023 led to a contraction in the public sector. However, improvements in the private sector at the end of 2023 and anticipated new legislation and tenders in the public sector give us reason to be optimistic about future growth.

New enhanced Go-To-Market approach introduced

During 2023, we introduced a new and enhanced Go-To-Market approach, utilising our products and platforms to make it easier for customers to invest in large-scale digitalisation projects. This reusability-driven approach not only reduces the time to market and total cost of ownership but will also lead to faster and better implementations – positive to our customers and accretive to our margins.

The focus on products and platforms has been highly supportive of our growth – especially in the international part of the Group. Products like ERMIS and SOLON have been pivotal for our success in the UK DALAS framework contract, and the number of discussions based on PULSE, AMI, and AMPLIO continue to build the pipeline. Going into 2024 and beyond, we expect the use of platforms to increase further and positively impact our margin.

With our acquisition of 20% of Festina Finance in the fall, we added significant functionality to our offering within the FSI vertical, which will be an important driver for continued growth, not only in the Danish private segment but across the Group altogether.

Introducing Easley – our generative AI tool

In the fall, we introduced our own generative AI model – EASLEY AI – named after NASA's pioneering computer scientist Annie Easley. While we are still early in the phase of defining use cases for AI and implementing them on a larger scale, we are fully convinced that the introduction of AI will profoundly impact us as humans, the private and the public institutions we serve, and the world we live in. While it is still too early to fully understand and predict what will be impacted, how and when, we are certain that the net impact will be positive – both for Netcompany and for the society.

Easley is used internally throughout the Group and externally towards our customers. The AI model was developed with the intent to proactively embrace the vast number of opportunities that AI holds the possibility to unlock. Together with our open modular platform strategy, it forms a perfect foundation for our customers to adapt to new AI-technologies as they evolve and become available.

IT people leading IT people – in modern and inclusive headquarters

Netcompany's success is rooted in the passion and the commitment of our people. We take pride in letting talented IT people lead other talented IT people. We believe this creates the best learning environment, and that it is the best way to ensure effective and professional delivery of large-scale, complex IT digitalisation projects. A prerequisite is a supportive physical work environment that is modern, inclusive, inspiring, and that fosters collaboration. With our move into our new corporate headquarters (HQ) at Strandgade in Copenhagen and our regional HQ for Netcompany-Intrasoft at "The Orbit" in Athens, we believe we have established the setting for just that. While we embrace a hybrid workspace, we firmly believe that people learn more by being together, and we strongly believe in the value of the office as an effective workspace.

> »Netcompany's success is rooted in the passion and the commitment of our people.«

Embedding our sustainability strategy in the organisation

Internally, we have developed a domain model approach to strategically align our Environmental, Social and Governance efforts with the new requirements outlined in the EU's Corporate Sustainability Reporting Directive (CSRD). The strategic framework represents a significant undertaking, with 2023 marking the initial stages of implementing the final model, slated for completion by the end of 2024. It is essential to us that our sustainability strategy will guide our actions, and not just serve the purpose of complying with legally prescribed reporting requirements.

We have already made significant progress by linking our external funding conditions to sustainability related Key Performance Indicators and incorporating certain sustainability key figures into executive management remuneration.

We are also proud to align our sustainability reports with our financial reports in terms of relevance and quality. As part of our proactive approach and commitment to CSRD, we have significantly expanded our Scope 3 reporting, established robust control measures to uphold reliable data quality and thus successfully attained limited assurance on some of our reported sustainability key figures in 2023.

> »We are also proud to align our sustainability reports with our financial reports in terms of relevance and quality.«

Gradually back to normal

While uncertainties persist in 2024, we expect a gradual return to normality in our Danish business unit, with growth in the private segment and new tenders and legislation to be introduced in the public segment supporting continued growth in that part of the Danish business too.

We expect to see a positive impact on margins from increased utilisation in Denmark and continued strong growth internationally.

Our expectations for 2024 are to grow between 7% and 10% and to generate a margin of between 15% and 18%. We will initiate our target cash redistribution of DKK 2 billion by 2026 and expect to buy back shares of at least DKK 500 million in 2024.

> »We believe digitalisation will continue to change businesses and societies of Europe in the decades to come.«

We believe digitalisation will continue to change businesses and societies of Europe in the decades to come. Given our capabilities and employees, we are convinced that we will continue to play a leading role in the responsible digitalisation of Europe.

André Rogaczewski
CEO and Co-Founder

Bo Rygaard
Chair of the Board of Directors

We are Netcompany

What guides us is a core belief that technology makes a real and positive difference to societies, businesses, the environment, and our common future – if used the right way.

By leveraging technology and digitalisation responsibly, it is our mission to contribute to a modern and mature Europe that prioritises democracy, justice, transparency, and social security. Our goal is to empower societies and citizens of Europe to stand independently and strongly and to lead the way in shaping a better future for all.

If we do it right, we will hand over a society to our coming generations that both we and they can be proud of. A society where innovation, growth, welfare, sustainability, and political stability go hand in hand.

Purpose

By leveraging technology and digitalisation, it is our purpose to contribute to a new and modern Europe that prioritises democracy, justice, transparency, and social security. Our ultimate goal is to empower societies and citizens of Europe to stand independently and strongly, and to lead the way in shaping a better future for all.

Mission

It is our mission to develop and deliver innovative solutions that empower societies, companies, and institutions to take control of their processes and data to stay highly competitive. We believe in fostering collaboration and building strong partnerships with our customers while upholding the shared values of European democracy.

Vision

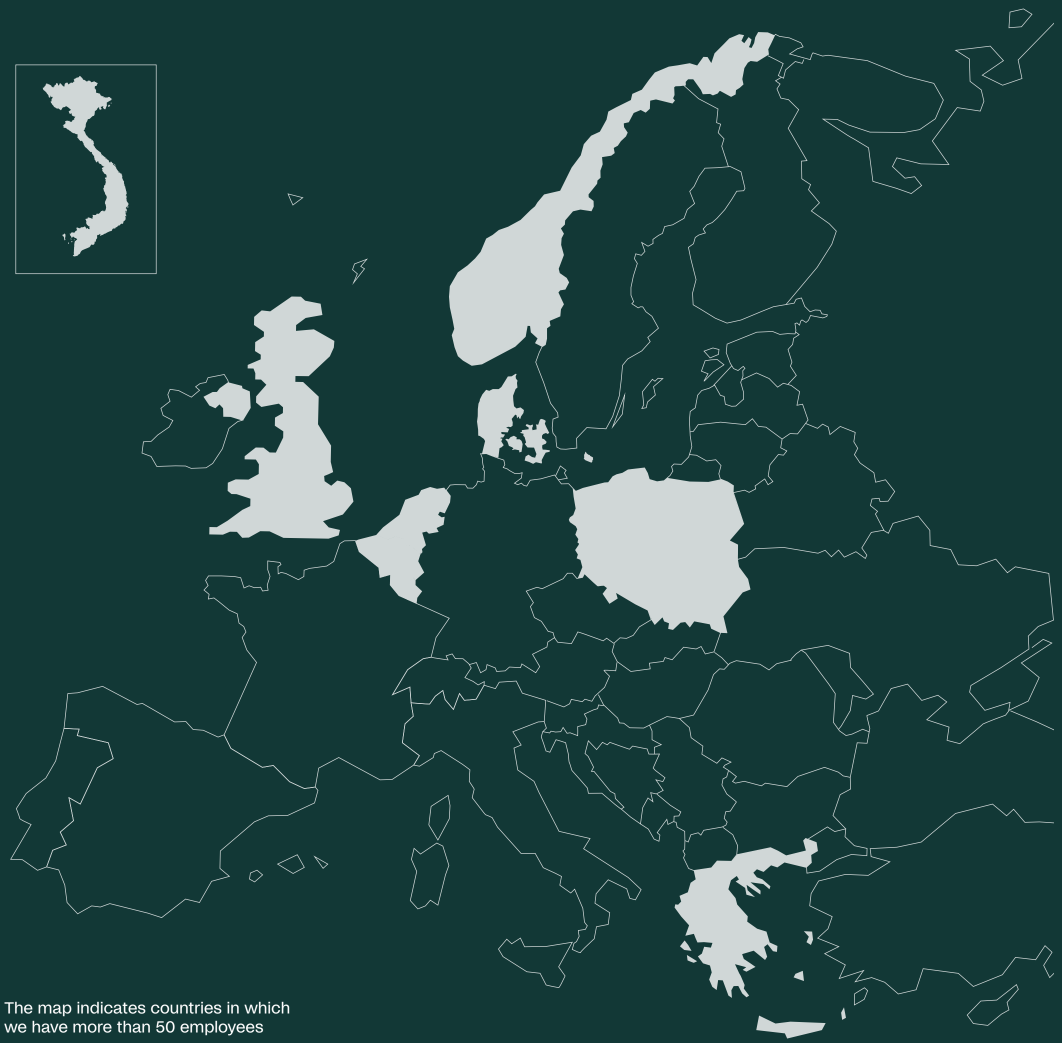
Our vision for Netcompany is to become a European leader in how digital transformation can create strong, sustainable societies and successful companies and improve the quality of life for all.

By engaging in close partnerships with our customers, we deliver complex projects that set the standard for IT services, continuously delivering on the value of technology.

Netcompany presence

Since our inception, we have believed in the concept of IT people leading IT people, as we trust that individuals with an IT background are the most qualified to steer IT projects and ensure that our customers are satisfied with the result.

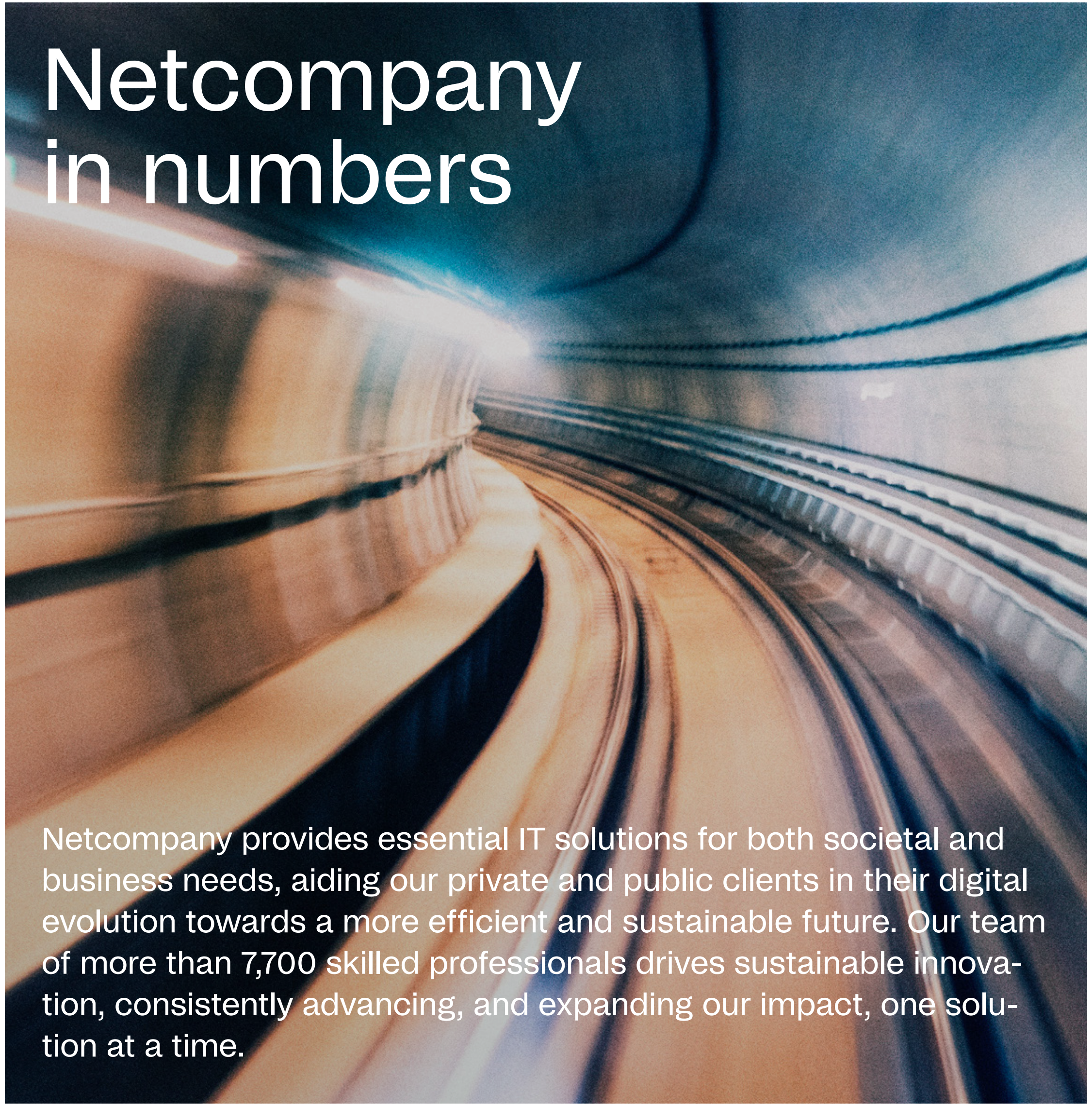
We also believe that our facilities should give us the possibility for social activities, to create a better work environment with improved cooperation and a high level of job satisfaction. We continually invest in the office facilities at all our locations to suit each entity's needs and size, and so we relocated in 2023 to new offices in Copenhagen, Denmark and Athens, Greece. Both centrally located with improved facilities for greater flexibility in our employees daily worklife and with the opportunities to grow within.



The map indicates countries in which we have more than 50 employees

Employees at year-end including freelancers

Greece	2,453
Denmark	2,291
Luxembourg	686
United Kingdom	636
Poland	463
Norway	364
Belgium	340
Vietnam	269
Netherlands	182
Others	80



Netcompany in numbers

Netcompany provides essential IT solutions for both societal and business needs, aiding our private and public clients in their digital evolution towards a more efficient and sustainable future. Our team of more than 7,700 skilled professionals drives sustainable innova-tion, consistently advancing, and expanding our impact, one solu-tion at a time.

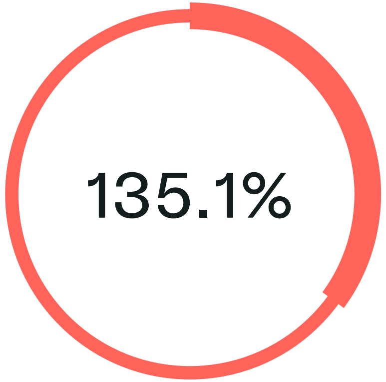
Financial

Revenue
DKK million
▲ 9.6%
6,078.4

EBITDA[1]
DKK million
▼ -19.0%
900.7

Adjusted EBITDA margin[1] in constant currencies %
▼ -5.2 percentage points
14.9%

Cash conversion rate[1]



[1] Figures are calculated in accordance with formulas on page 170

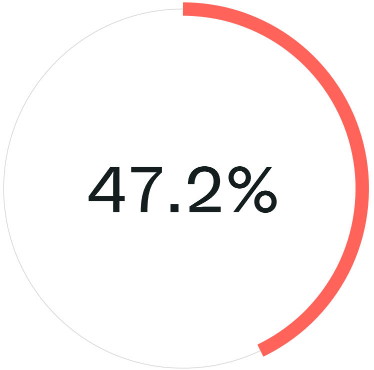
Non-financial

Employees at year-end
including freelancers
▲ 4.8%
7,764

Gender distribution[2]
% female
▲ 1.0 percentage point
27.1%

Gender distribution Board of Directors[2]
% female
▼ -10.0 percentage points
40.0%

Renewable energy share[3]



[2] Figures are calculated by dividing females into total headcounts excluding freelancers

[3] Figures are calculated by dividing total renewable energy consump-tion against total energy consumption

Five year highlights

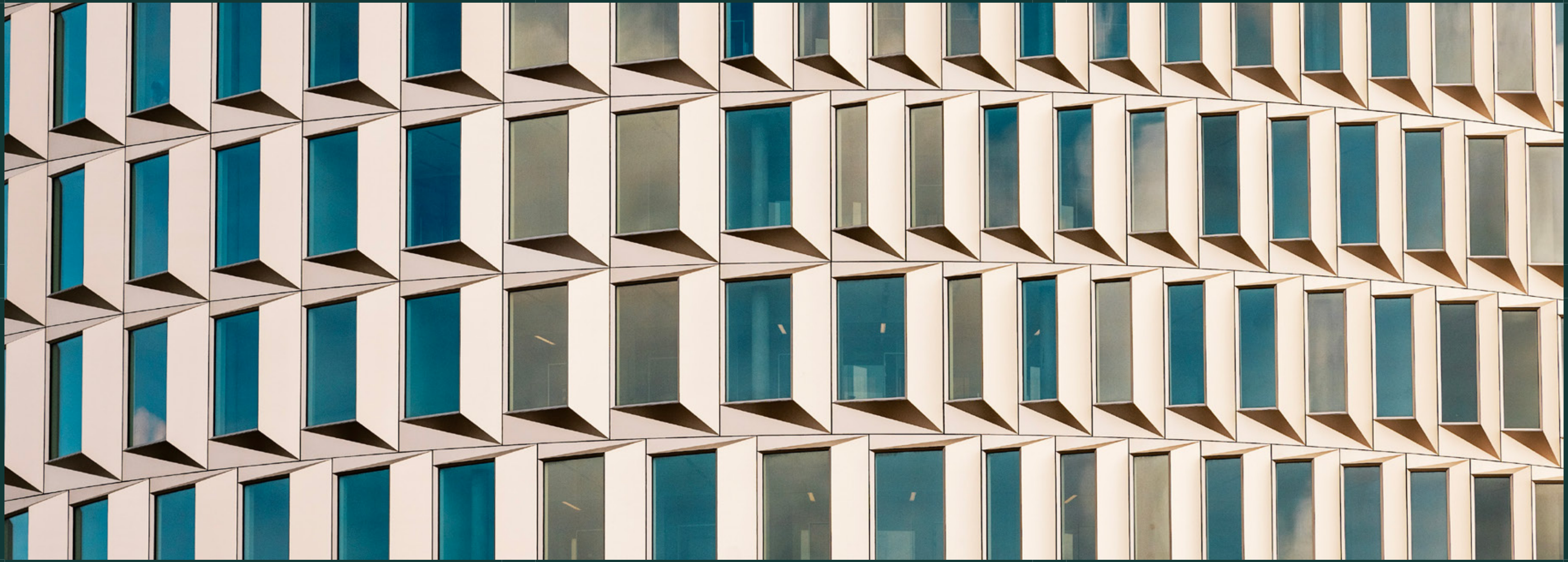
DKK million	2023	2022	2021	2020	2019
Public revenue	4,108.5	3,594.9	2,210.4	1,777.7	1,455.5
Private revenue	1,969.9	1,949.7	1,421.6	1,060.9	998.3
Development revenue	2,047.8	2,640.2	2,302.4	1,517.0	1,257.7
Maintenance revenue	3,968.2	2,876.1	1,328.0	1,321.6	1,196.1
License revenue	62.4	28.3	1.5	0.0	0.0
Organic revenue	6,078.4	4,172.8	3,346.4	2,812.4	2,416.5
Non-organic revenue	0.0	1,371.9	285.6	26.2	37.4
Total revenue	**6,078.4**	**5,544.6**	**3,632.0**	**2,838.6**	**2,453.9**
Special items	-0.5	0.0	-37.7	0.0	-4.4
Adjusted EBITDA	901.2	1,106.2	880.9	809.4	673.6
EBITDA	900.7	1,112.1	843.0	809.4	669.2
Adjusted EBITA	712.7	967.6	793.2	744.4	617.4
EBITA	712.2	973.5	755.3	744.4	613.0
Operating profit (EBIT)	578.0	839.4	703.8	644.9	511.3
Net financials	-138.0	-77.8	-33.4	-47.0	-14.0
Net profit	304.0	602.8	574.3	321.9	388.5
Financial position					
Investments in tangible assets	98.5	52.2	46.2	23.9	24.6
Investments in intangible assets	107.9	118.0	11.3	0.0	0.0
Total assets	8,159.8	7,193.9	7,021.1	4,039.4	3,727.6
Equity	3,830.1	3,526.9	3,037.9	2,428.6	2,071.7
Dividends paid	0.0	0.0	49.1	0.0	0.0
Cash flow figures					
Cash flow from operating activities	758.6	773.0	465.6	580.9	460.3
Cash flow from investing activities	-302.8	-244.3	-1,254.5	-101.6	-73.3
Cash flow from financing activities	-343.4	-646.0	882.4	-245.7	-363.4
Free cash flow	552.1	602.7	408.0	557.0	435.8
Net increase in cash and cash equivalents	112.4	-117.3	93.5	233.6	23.6
Earnings per share					
Earnings per share (DKK)	6.13	12.26	11.73	6.56	7.91
Diluted earnings per share (DKK)	6.09	12.15	11.59	6.53	7.89

	2023	2022	2021	2020	2019
Employees					
Average number of full-time employees	7,684	6,906	3,787	2,768	2,293
Share of women, Board of Directors	40.0%	50.0%	40.0%	40.0%	20.0%
Share of women, Management[1]	18.3%	16.4%	N/A	N/A	N/A
Share of women[1]	27.1%	26.1%	N/A	N/A	N/A
CEO pay ratio	1:18	1:18	1:20	1:19	1:20
Environmental key figures (tonne)					
CO_2e scope 1	1,553.9	1,459.2	N/A	N/A	N/A
CO_2e scope 2 (market-based)	427.4	1,575.4	N/A	N/A	N/A
CO_2e scope 3	68,518.4	53,566.7	N/A	N/A	N/A
EU Taxonomy-alignment share of eligibility					
Revenue	41.9%	60.0%	N/A	N/A	N/A
Capex	23.5%	31.7%	N/A	N/A	N/A
Opex	44.1%	58.8%	N/A	N/A	N/A
Financial ratios					
Revenue growth	9.6%	52.7%	27.9%	15.7%	19.5%
Gross profit margin	28.0%	32.0%	36.7%	40.7%	40.6%
Adjusted EBITDA margin	14.8%	20.0%	24.3%	28.5%	27.5%
EBITDA margin	14.8%	20.1%	23.2%	28.5%	27.3%
Adjusted EBITA margin	11.7%	17.5%	21.8%	26.2%	25.2%
EBITA margin	11.7%	17.6%	20.8%	26.2%	25.0%
Operating profit margin	9.5%	15.1%	19.4%	22.7%	20.8%
Effective tax rate	29.7%	20.3%	21.1%	28.7%	21.9%
Return on equity	8.3%	18.4%	21.0%	14.3%	20.0%
Solvency ratio	46.9%	49.0%	43.3%	60.1%	55.6%
ROIC	5.9%	12.0%	14.8%	11.2%	13.6%
ROIC (adjusted for Goodwill)	16.9%	36.6%	54.1%	53.7%	58.4%
Cash conversion ratio	135.1%	85.2%	66.4%	139.4%	93.2%

Above financial figures have been calculated in accordance with formulas on page 170. / Sustaianability key figures and EU Taxonomy-alignment have been calculated in accordance with accounting principles described in the Social part and Environmental part of the Sustainability section
[1] Excluding freelancers

Chapter 02

Market approach



Netcompany's philosophy

Responsible digitalisation

Our philosophy of responsible digitalisation is woven into the way we work. By working with platforms and products, focusing on reuse and agnostic technology, and investing in societies, we work towards a sustainable future with high degrees of transparency and trust.

Pillar 1

Reusable deliveries

Our technical products, platforms and deliveries form the backbone of our strategy of reuse, ensuring consistency and reliability across all customer collaborations.

We place great emphasis on the meticulous documentation and reutilisation of our solutions to expedite high-quality delivery, mitigate risks, and enhance sustainability by never building the same solution twice.

Our products and platforms portfolio are a natural result of more than a decade's work put into the Govtech Framework and Composable Enterprise approach that have been our principal Go-To-Market steer in the past. Our products and platforms are built on an extensive portfolio of reusable deliveries that have been deployed by numerous governments, enterprises, and institutions. These reusable deliveries provide essential governance, security, proven codebase as well as support and guidelines for technical functionality including configuration and logging.

Pillar 2

Agnostic technology

We deem to develop society and business-critical IT infrastructure based on agnostic, next-generation technology. This is rooted in the belief of creating agile, futureproof solutions, utilising proven deliveries that ensure utmost flexibility and pave the way for ongoing innovation.

Our approach is designed to steer clear of monoliths, avoid legacy systems, and prevent vendor lock-in. This means we construct our solutions with an eye for adaptability and sustainability, ensuring that our clients are not tied down to restrictive technologies or outdated systems.

Like us, our customers are on a journey of digital transformation where antiquated IT systems are being supplanted by more differentiated, innovative "next-generation IT" including artificial intelligence and workflow automation. We believe in a responsible transformation involving agile, futureproof solutions, based on proven platform components that ensure full flexibility and opportunity for ongoing innovation in customers digital ecosystems.

Pillar 3

Investing in societies and democracy

We see democracy as key to a thriving society and aim to balance innovation, growth, welfare, sustainability, and political stability. We believe that our digital expertise can foster an inclusive, transparent democratic digitalisation in Europe, focusing on citizen empowerment and civic engagement.

We work towards a responsive, accountable democratic system by creating solutions that ensure transparent, equal access to government activities and processes. We prioritise citizen engagement and uphold transparency and trust through robust data protection and open governance.

As a progressive IT company, we invest heavily in talent, mainly from technical backgrounds. We empower them to take ownership and responsibility and collaborate closely with local authorities, universities, and businesses to identify, develop, and motivate a long-term digital transformation towards a sustainable digital future.

Securing the next-generation child welfare services in Norway

With ‘Modulus Barn’, the Norwegian Child Welfare Services get a state-of-the-art, GDPR-compliant case management product that allows case workers to spend less time on administrative tasks and more time on delivering timely, equal, and fair services to children and families across the country.

Cumbersome manual systems can take away valuable time from what matters the most. Until a few years ago, Norwegian childcare workers were limited in their ability to offer high quality case management, and there was a growing need for more secure handling of sensitive information. Together, this necessitated the transition to a modern digital platform.

With Modulus Barn, the Child Welfare Services get a state-of-the-art, GDPR-compliant product that combines user-friendly functionality with effective reporting and streamlined case management, enabling caseworkers to centre their efforts on the children in need.

Modulus Barn is part of the Norwegian initiative ‘DigiBarnevern’ which has been established to strengthen the quality of child welfare services in Norway. The project is a collaboration between the Norwegian government and the largest municipalities of Norway, which combined represent more than half of the Norwegian population.

Due to its flexibility, Modulus Barn can seamlessly scale and adapt to future needs. The product, which was originally implemented in Trondheim, is now used in over 70 municipalities across Norway. It provides full support for all tasks performed by Child Welfare Services, including assessments, investigations, implementing protective measures, and preventative work.

Modulus Barn is a product matured from our enterprise platform, AMPLIO which is designed for the modern business landscape with dynamic scalability and adaptable architecture. For further description of this platform, please refer to page 16.

Netcompany's products and platforms

Scaling revenue growth through increased use of products and platforms

»Our products and platforms will accelerate the time to market«

In 2023, we enhanced our Go-To-Market strategy and we now - to a larger extent than previously - base customer engagements on the possibility to reuse solutions that has already been implemented elsewhere. The rationale is that a higher level of reusability would benefit both our customers and our business.

Our customers will benefit from faster "time to market" and lower overall projects costs as projects are based on existing platforms leading to lower total cost of ownership implementing an already developed and proven product. This in turn will eventually lead to additional cases and more new projects being initiated – simply caused by improved project economy, which makes it possible for more customers to decide to initiate projects.

For us, the benefits will be twofold. We expect increased revenue growth driven by deliveries based on a reusable platform or a product, which will enable the possibility to sell similar solutions to different customers across verticals and in different countries. Secondly, this will eventually lead to improved margins driven by more efficient implementations as a result of a higher degree of scalability and reusability in our solutions.

Especially the acquisition of Netcompany-Intrasoft in 2021 has accelerated this approach given the level of products already developed in Netcompany-Intrasoft.

Our products and platforms have a proven track record, having been utilised in numerous mission-critical solutions across Europe. The key features of our products and platforms include:

- Open-source technology: Our modules are open-source, ensuring transparency and flexibility.
- Versatile deployment: modules can be deployed on any cloud, on-premises, or through a hybrid model, eliminating technology lock-ins.
- Vendor freedom: Customers remain in control with access to the platform and possible access to the source code, and the customer can decide to maintain the code themselves or opt for our support.
- Customisation: The customers have the freedom to develop custom modules with third-party vendors, including the integration of AI for data analysis, task automation, system optimisation, and future development.

Platforms are solutions that offer reusability across different verticals but still allow for some customisation driven by customers. Examples of platforms in Netcompany are:

PULSE

A development platform for real-time, connected, data-driven operations

PULSE is a development platform where AI models can be deployed and put into operational context with speed. PULSE revolves around its real-time data fabric, facilitating planning and handling of operational disruptions. It breaks down data silos and ensures end-to-end alignment of business processes. The toolbox also includes a flexible UI framework with user-configurable widgets, actions, alerts, and notifications.

PULSE is built with modern, open-source technologies, and offers free choice of modules and connections with 3rd party-solutions as needed. PULSE leverages a microservice architecture, breaking down the platform into small, independently deployable modules. It allows businesses to build and deploy their own custom modules. Furthermore, the microservice architecture allows for individual scaling of components through configuration and auto-scaling policies.

AMPLIO

An enterprise solution designed for the modern business landscape

AMPLIO consists of components generic and applicable to all case management domains. The platform has a modular architecture that supports transitions towards modern IT infrastructure.

It features streamlined business processes, including workflow management, document and case management, rule engine, complex calculations, letter engine, and a CRM-lite UI. It ensures access with role-based control and applies business process modelling, providing decision traceability and compliance.

AMPLIO caters to diverse business needs, from self-service to batch applications, and includes modules for task management, integration framework, reporting, and configuration management.

The platform is built on Java and operates on any compliant web container and supports various database providers. It ensures software delivery with a full DevOps pipeline.

AMI

A platform that connects businesses, authorities, and customers

AMI supports the development of multiple services. It enables authorities and companies to develop secure access and compliance solutions, centralising services for citizens and businesses.

The platform is designed to accommodate varied business requirements, providing a collection of modules such as archive, profile, sign, and pay services. It is a digital wallet that enables interactions between citizens, businesses and authorities and is already being used in government digital post and digital banking archives.

AMI's features include personal asset protection, customer journey creation, and communication management solutions. It integrates with national data infrastructures and meets GDPR standards, ensuring the safe handling of sensitive information.

EASLEY

AI-powered efficiency and intelligence for your business

EASLEY is our AI-powered platform, that uses advanced natural language processing for user interaction and output generation. It is tailored to provide specialised advisory services across sectors and leverages large language models for accurate responses.

EASLEY's unique features include a dynamic knowledge base and an advanced algorithm for interpreting user queries. It enhances IT project work efficiency and quality. The product stands out for the fusion of specialised knowledge, intelligent interpretation, adaptive learning, and efficiency optimisation. It automates tasks, generates content, and accesses specific customer data, aiding tasks like accessing information, generating text-content, and ensuring work quality.

From navigating intricate documentation to drafting proposals and quality-checking code, Easley offers a robust platform for organisations. It allows businesses to embrace generative AI throughout the organisation securely and centrally.

- The above description was written by EASLEY

When a platform reaches a certain level of maturity and commercial coverage, it often makes sense to standardise the platform into a product that can be sold to multiple customers in the same or different countries. Examples of products in Netcompany are:

ERMIS

Streamlined custom administration aligned with EU legislation

ERMIS facilitates the administration of customs declarations by automating and streamlining import, export, and goods movement procedures. It is an integrated customs solutions portfolio with continuously evolving capabilities that are flexible enough to accommodate current and future challenges.

ERMIS support all relevant procedures within a declaration's life cycle: from submission and validation, through risk assessment and control, to clearance. Prior years' deliveries have proven the ability to transform the customs IT systems and infrastructure of a country and enable it to participate in the demanding and competitive global supply chain landscape.

SOLON TAX

Advanced revenue management for the public sector

SOLON TAX is an integrated solution to manage revenue collection and taxpayer compliance by identifying deviant and potentially non-compliant customers and prioritise the intervention cases. The solution ensures that resources are utilised where the most benefit (monetary or policy based) can be obtained, and cases that are uneconomical to pursue are identified and dealt with accordingly.

The risk analysis component can incorporate advanced analytics and predictive models to provide insight into behaviour, a customer's ability to pay, and payment risk using debt delinquency metrics. In addition, SOLON includes comprehensive audit tools for customers.

PERSEUS

Advancing social security and pension management

PERSEUS is a configurable and functionally complete social security product, specifically designed to fully automate the processes within a social security organisation.

PERSEUS provides a comprehensive set of revenue management functionalities in a configurable, and secure product which supports settlement and recovery of debt and loans. It is designed to manage a multitude of contributions and other revenue types administered and collected in an integrated system, while simultaneously accommodating the unique characteristics and behaviour of all revenue types, e.g. statutory contributions, penalties and debts, optional and voluntary insurance, etc.

DX4B

Redefining banking with agility, security, and limitless scalability

DX4B enables financial institutions to efficiently create their digital offering through native mobile and web channels for their retail and business customers.

DX4B operates under a standardised API framework that ensures the utilisation of vast developer experience, saves time and money in implementation, and improves sustainability of the API strategy – which makes it easier to integrate and connect people, places, systems and data.

DX4B provides a highly maintainable, testable, loosely coupled collection of services that are independently deployable and organised, while it is open. The BIAN-standardised architecture makes it easier to add, change and replace new components and is further designed to integrate into any cloud environment.

In special cases, smaller “bolt-on” acquisitions or investments in joint projects can give us significant functionality to our offerings, and so we currently co-own the following technologies:

AIRHART

By Smarter Airports

Managing airports with real-time collaboration and tailored precision

AIRHART is a core real time traffic management solution for operational flight data, operational planning, and collaborative decision-making based on data collected across systems and sources spanning the airport environment. It is developed jointly with Copenhagen Airports and provides built-in aviation standards and features to solve complexities specific to individual airports.

AIRHART is an industry specific extension of the PULSE platform. PULSE provides the fundamental technology (PaaS) including the meticulous standards for safety, performance and reliability required for critical infrastructure, while AIRHART is an airport-specific configuration (SaaS). The solution has redefined the concept of the Airport Operational Data Base (AODB), a term in the aviation industry referring to the core traffic management solution of an airport.

Life and Pension

By Festina Finance

Tailoring pensions for a global market

Festina Finance Life and Pension is a proven, modular solution for life- and pension products, handling policy- and capital administration and money flows with open-end architecture. It is used by pension providers and pension funds, and ranges from simple policies to full employer pension plans, including multi-pension fund capabilities.

The system has a high flexibility with a rich offering of independent pluggable components and is adaptable to any pension fund and supports complex employer- and pension schemes. It is based on a 3-layer model, with a generic layer, a country layer, and a customer-specific layer. Within this structure, pension plans can be fully configured with a minimum of software modification or code development. It is designed for the international life- and pension market.

The technology supports robust accounting and auditing requirements, with full security and compliance capabilities.

Modernising Austria's customs systems with ERMIS

Netcompany-Intrasoft has been awarded a multi-year contract for the development, integration, and maintenance of the Austrian Customs Clearance System (ACCS), following an open international tendering process.

»After this recent major win in Austria we are more committed than ever to enhance our investment in this critical domain and continue growing our borders and trade engagements across Europe.«

Alexandros Manos, Managing Director of Netcompany-Intrasoft

The Customs department of The Federal Ministry of Finance of the Republic of Austria needs to leverage flexible, field-proven solutions to ensure swift and full compliance with the Austrian national requirements and the European Union Customs Code (UCC).

To this end, we will develop, integrate, and maintain a software solution for the implementation of the Austrian Customs Clearance System (ACCS) over an initial period of 18 months, which started in August 2023, followed by 10 years of ACCS maintenance.

Under this contract we, will deliver according to EU MASP timeline the AIS (Import), AES (Export) and NCTS Phase 5 (Transit) systems, implementing all the core Customs workflows for Import, Export and Transit customs regimes as well as the integrations with current Austrian customs landscape and EU common domain, using our ERMIS platform.

ERMIS' flexible and open architecture will bring significant benefits to the operations of ACCS and allow for full compliance with the Austrian national requirements.

The ERMIS™ state-of-the-art product suite delivers the assurance of UCC functional coverage and EU connectivity. Furthermore, ERMIS™ open-source technology stack and architecture allow for invaluable flexibility in the implementation of a UCC Customs Declaration system and its integration within any European Customs Administration's technology landscape, significantly alleviating project risks and duration.

Netcompany's market strategy

Go-To-Market strategy

Our Go-To-Market strategy focuses on harnessing our deep industry knowledge to deliver superior value to our customers and to create value for Netcompany. This strategic direction, underpinned by our commitment to deliver responsible digitalisation, extends the advantage of tapping into the knowledge and expertise we have built across the many successful projects delivered for more than 20 years. Our extensive platform and product portfolio is designed to accelerate the customer journey, delivering custom-made solutions tailored to the distinct requirements of each industry.

We aim to increase collaboration among our market units by consistently deploying our products and platforms across all business units. By leveraging the extensive experience gained from various delivered projects, we can provide optimised solutions to our clients. This does not only streamline time-to-market for our customers but also substantially reduces associated implementation risks.

The collaborative environment has further given us flexibility to allocate resources between entities, allowing us to focus on markets with increased strategic embassy collaborations and top-tier events and further opportunities supporting our sales initiatives.

Our Go-To-Market strategy is specially refined for our target industries, which were introduced last year. Our target industries (four in the public sector and four in the private sector) were carefully selected through market segmentation spend, fit-of-offerings and existing relationships combined with market maturity assessments. Our main product and platform suites are in particular developed for these target industries.

An expansion in customs and tax sectors, particularly in Norway, the Netherlands, the UK and Austria, reflects a growing market presence and promising prospects.

Our technologies combined with our resources ensure strong references, strategic partnerships, and client engagement, setting our market position and supporting customer retention and growth.

Target industries offering

- **Tax and customs:** More than 20 years of know-how in EU institutions (TAXUD) and WCO policy frames, combined with ERMIS and PROTEUS configured to handle customs authorities system lancscape and SOLON TAX for revenue collection, tax-payer compliance, social securities and pensions.
- **Public safety**: Solutions supporting citizens and public safety officers at border controls, prisons, patrol cars and immigration authorities.
- **Healthcare:** Solutions delivered under the pandemic as well as experience with digitalising hospitals with the focus on home hospitalisation and modernising hospitals, changing the entire way of operating a hospital.
- **Digital government:** A complete product and platform suite for digitalising governments with Govtech framework, digital post platform (AMI), social security (PERSEUS) and know-how from many large complex deliveries for critical IT infrastructure.
- **Transportation and logistics:** AIRHART, developed together with Copenhagen Airport to digitalise airports, which afterwards was developed further to support the digital transport and logistic across other industries (PULSE).
- **Telecoms:** Extensive know-how and solutions ready to assist European operators with transforming BSS/OSS ecosystems.
- **Finance:** Deep banking experience and the robust core banking product PROFITS, as well as the standardised, future proof, cloud-based banking and finance system DX4B, and our enhanced collaboration with Festina Finance.
- **Energy and utilities:** Deep knowledge and participation in digitalisation and green transformation of the power sector with the utility platforms PULSE supporting data processing and AMI supporting energy consumers with a self-service portal.

Accelerating Greek citizens' pension awards

Quick, secure, and effortless pension payments are fundamental to any high-trust society. The largest Social Security Organisation in Greece, e-EFKA, has implemented a system that makes it easier and quicker for Greek citizens to access their pensions.

Greece's largest social security organisation, Electronic National Social Security Fund (e-EFKA), ensures citizens receive their pension awards and payments quickly and securely, while also combating pension contribution evasion and avoidance.

To streamline its different systems and unite them under one new, centralised, pension service, with improved stability, security, and reliability, the Greek Social Security Institution issued an international tender in 2022 for the construction and implementation of an IT system to support all the business processes of the organisation and enhance the quality of delivered services (including e-services) to its members.

The project is one of the most complex IT projects carried out in Greece to date, with a total value of approximately €35m.

A crucial part of the new software is based on our PERSEUS platform, which consists of an integrated set of highly configurable social security applications, with more than 100 Netcompany-Intrasoft people sharing their expertise in application development, hardware tuning, and network infrastructure.

The digital transformation has included the development and turn-key operation of application software, for approximately 350 branches and territorial offices in Greece.

With the new system, e-EFKA will be able to distribute more than €2bn in pension payments to 2.7 million citizens each month, supporting more than 8,000 users, and handling over 800,000 transactions every day at peak times.

€2bn

distributed in pension payments to 2.7 million citizens each month

Netcompany's methodology

Elevating excellence

By reusing knowledge, we can improve employee motivation and development while accelerating our deliveries.

Our methodology goes hand in hand with our Go-To-Market strategy and is firmly rooted in distinctive technical foundations, products, and platforms, which provides an advantage when approaching both new and existing markets. We have achieved an unparalleled track record in the IT industry, consistently achieving financial success by maintaining a relentless commitment to delivering complex projects on time, budget and within scope.

Since the acquisition of Netcompany-Intrasoft, the combined Group has worked together on several projects and technologies, which has given us the opportunity to improve methodologies in both parts of the Group. Joint projects have been developed based on best practices from Netcompany-Intrasoft and the established, reusable, and scalable methodology from Netcompany, which has been key to our excellence in digital transformation.

Central in our methodology throughout the Group is ensuring that our customers possess a clear, mutual, and transparent understanding of all project deliverables and their progression. Over time, as more and more projects are delivered with combined resources, one common methodology will be used throughout the entire Group.

To minimise risk and ensure efficient and reliable implementation, we have – based on our combined resources and deliveries – built a robust library of technical products and platforms, accelerators, and components that can be reused. Additionally, we have introduced Foundations, reusable core libraries serving as the foundation for all future customer solutions. These Foundations include a proven codebase and offer support and guidelines for various technical aspects, such as transactions, logging, security, and configuration.

Our Foundations are meticulously documented, tested, and maintained by a dedicated central team, ensuring that technologies and operational guidelines are consistently updated to best practices. Delivery quality assurance processes further gives us the ability to ensure application of the methodology across all projects and technologies.

By employing a standardised "starter kit" for customer solutions, we can accelerate deliveries, allowing customers to build on existing solutions already in production – from the combined Group. This approach enables us to focus on meeting customer needs without being encumbered by the complexities of technology. The Foundations not only enhance our delivery culture but also result in a clearer terminology, an increased utilisation of centre of excellence resources, and the overall improvement of our internal processes.

The purpose of our methodology

Employee

- Widespread knowledge sharing: Learning from errors and successes
- No reason to reinvent the wheel: Keeps employees motivated and time consumption down
- Project participants can focus 100% on customer domain and complexity

Project

- Risk reduction
- Easier planning and improved estimation
- Safe delivery

Sales

- Accelerating deliveries with a standardised "starter kit"
- Prioritising customer needs over technical hurdles

Chapter 03

Sustainability

Introduction

The EU's Corporate Sustainability Reporting Directive (CSRD) is a new piece of legislation that requires companies to disclose information concerning their environmental, social, and governance (ESG) performance in a framework consisting of 10 topical standards and two general standards. It aims to enhance transparency regarding a company's impact on the topics deemed relevant considering the nature of a given company. The topics include reporting requirements related to the environment, employee and community conditions, business conduct, among others. Reporting aligned with CSRD requirements will provide stakeholders with a clear understanding of sustainability efforts, progress, and ambitions under the relevant topical sustainability areas.

For Netcompany, CSRD will become effective from the financial year 2024, and in this report, we have partially pre-implemented the prescribed CSRD guidelines. Our implementation process began with a gap assessment of our current data. Moving on from that, we have assessed the Netcompany business model, value chain, stakeholders and reporting methods in relation to CSRD requirements. We conducted a double materiality assessment to identify relevant sustainability topics, and we expect to further develop this prior to reporting on the financial year 2024.

To ensure the reliability of our sustainability reporting, we have established control environments modelled after our financial statement methodologies. In 2023, our pre-implementation efforts covered partial inclusion of material standards like General requirements, General disclosures, Climate change, Own workforce, and Business conduct. In 2024, we will complete the implementation to ensure compliance with the CSRD.

The European Sustainability Reporting Standards

	General	Environment	Social	Governance
Mandatory	ESRS 1 General requirements	ESRS E1 Climate change	ESRS S1 Own workforce	ESRS G1 Business conduct
Mandatory	ESRS 2 General disclosures	ESRS E2 Pollution	ESRS S2 Workers in the value chain	
		ESRS E3 Water use & marine resources	ESRS S3 Affected communities	
		ESRS E4 Biodiversity & ecosystems	ESRS S4 Consumers & end-users	
		ESRS E5 Resource use & circular economy		

General disclosures

Basis of preparation
The sustainability section for Netcompany Group has been prepared on a consolidated basis with the same scope as the financial statement, excluding joint-ventures and non-controlling interests. These will be included in our 2024 annual reporting. The sustainability statement covers the value chain of Netcompany Group with respect to impacts, risks, and opportunities in the main parts of our upstream and downstream value chain. No information regarding intellectual property or know-how has intentionally been omitted.

We have not published targets in this report, as we are working on prioritising our sustainability focus areas with an ambition to set mid- and long-term targets aligned with our overall strategic ambitions.

Time horizons and outcome uncertainty
Unless otherwise stated, we distinguish between short-term, medium-term and long-term when referring to time horizons. Short-term is the reporting period in our financial statements – one year; medium-term is from the end of the short-term up to five years; long-term is defined as more than five years.

The value chain information described in this report is based on a combination of desk research, direct engagement with members of our value chain, and expert statements.

Restatement of 2022 figures
To prepare for the Corporate Sustainability Reporting Directive (CSRD), we have aligned our ESG KPI reporting with applicable definitions and requirements from the European Sustainability Reporting Standards (ESRS). The 2022 ESG KPIs reported in the Netcompany ESG Report 2022 have been restated accordingly and constitute our new baseline. Restatements, if any, are stated in the accounting principles concerning the relevant KPI.

Financial effects
The financial effects of our efforts in 2023 are deemed limited. The transition to prepare for the Corporate Sustainability Reporting Directive (CSRD), the EU Taxonomy Regulation, and initiate actions aligned with our material topics are in the initial phase. Organisationally, we have embedded the sustainability reporting and strategy responsibility into the Group Finance function under the CFO, and in that relation upscaled the number of people working in this area. Our tradition for ensuring professional and social opportunities for our people has persisted in 2023, while we in the environmental area have signed our first Power Purchase Agreement (PPA) – collectively with no material impact on our financials.

Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements
This sustainability statement supports our annual Communication on Progress to the UN Global Compact for the financial year 2023, from 1 January to 31 December 2023. It describes the 2023 sustainability initiatives and key figures of Netcompany Group. It is an integral part of Netcompany Group's Annual Report 2023 and constitutes disclosures stemming from our account of social responsibility, cf. section 99a, statement of the underrepresented gender, cf. 99b, statement of data ethics, cf. section 99d, and statutory statement on section 107d of the Danish Financial Statements Act.

See the following sections for disclosures required by Danish legislation.

This report shows how environmental, social and ethical risks are managed in Netcompany Group. It is reported using the ESG Reporting Guide 2.0 by Nasdaq and the criteria established through the UN Global Compact as guiding tools.

Management responsibilities

Composition

The composition of Netcompany's management is a two-tier structure consisting of the Board of Directors and Executive Management. The two bodies are independent, and, as required by the Danish Companies Act, neither the Chair or the Vice Chair is an executive officer of Netcompany. There are no overlaps between the role and responsibilities of the Chair or Vice Chair and the CEO.

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 Netcompany Group's activities. The Executive Management is responsible for Netcompany Group's day-to-day management. The division of responsibility between the Board of Directors and the Executive Management is set out in the Rules of Procedures for the Board of Directors and in the Executive Management Instructions.

Our 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.

As a listed company, we observe the Danish Recommendations on Corporate Governance, which are based on the comply-or-explain principle. We fully comply with 40 out of the 40 recommendations according to the Danish Committee on Corporate Governance and annually prepare a statement on corporate governance for the financial year.

Our Corporate Governance Statement forms part of the Management's Report and can be viewed under Documents and Governance on the website*.

Board of Directors

The Board of Directors of Netcompany currently consists of five members, all of whom are elected by shareholders at the Annual General Meeting. According to the Articles of Association, the Board of Directors must consist of at least three and no more than seven members. The Board of Directors appoints a Chair and a Vice Chair 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 six times a year and conducts extraordinary meetings when relevant.

One hundred percent (100%) of the five members of the Board of Directors are considered independent according to the Danish Recommendations on Corporate Governance and applicable standards and guidelines.

Board Committees

In order to support the Board of Directors in Netcompany Group A/S, we have established three board committees: the Audit Committee, the Remuneration Committee, and the Nomination Committee.

The main purpose of the committees includes preparatory tasks and making recommendations to the Board of Directors, who makes final decisions on subjects at hand. The main tasks and duties for each committee are set out in the separate committee charters. The charters are reviewed and, if deemed necessary, updated, and approved by the Board of Directors annually. The members of the board committees, including the committee chair, are appointed by the Board of Directors among its own members.

*https://netcompany.com/investor/governance/

Audit Committee
The Audit Committee consists of three members of the Board of Directors, Åsa Riisberg (Committee Chair), Susan Cooklin, and Bart Walterus, and its purpose is to assist the Board of Directors with the oversight of, among others, the financial-, sustainability-, and statutory audit matters, internal control and risk management, whistleblower procedures, external auditor and related tasks of the Netcompany Group. Further, the Audit Committee supervises the external auditor's independence and the procedure for election of an external auditor.

The Audit Committee meets at least four times a year in connection with our financial reporting and the preparation of the Annual Report. In addition to the regular meetings, the Audit Committee convenes for a full day dedicated to risk management, where a deep dive into the Risk Management Framework and reported risks is conducted.

Remuneration Committee
The Remuneration Committee consists of two members of the Board of Directors, Juha Christensen (Committee Chair) and Bo Rygaard. Its purpose is to assist the Board of Directors by preparing and presenting proposals and recommendations on matters related to the remuneration of our Board of Directors and Executive Management. This includes, among others, the annual review of the Remuneration Policy, ensure the remunerations' compliance with the approved Remuneration Policy, incentive programmes and specific targets, overseen the pension, retirement, death, disability or life assurance schemes for the Executive Management, and preparation of the Remuneration Report.

The Remuneration Committee meets at least twice a year.

Nomination Committee
The Nomination Committee consists of two members of the Board of Directors, Juha Christensen (Committee Chair), and Bo Rygaard. Its purpose is to assist the Board of Directors by preparing and presenting decision proposals and recommendations on matters related to the composition of our Board of Directors and Executive Management, including the nomination of candidates and evaluation of the composition of the Board of Directors and Executive Management. When assessing this, the committee must take the Diversity, Equity, and Inclusion Policy into account, including its target figures for the underrepresented gender. Furthermore, it must annually review the Diversity, Equity, and Inclusion Policy, and recommend any updates regarding the target figures and policy for the gender composition of the Board of Directors and other managerial functions.

The Nomination Committee meets at least twice a year.

Executive Management

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

The Executive Management is responsible for the day-to-day management. The Board of Directors has laid down instructions for the work of the Executive Management, including the division of work between the Board of Directors and Executive Management in the Board of Directors approved Executive Management Instructions. The day-to-day operations include, among others, the continuous improvement of our business, making sure we operate in compliance with the Articles of Association, general policies and guidelines, and other applicable rules and regulations, as well as the continuous reporting to the Board of Directors on Netcompany Group's activities, financial state, and other matters of significance.

Together with the Board of Directors, the Executive Management has established a procedure for an annual evaluation of their cooperation. The procedure consists of a formalised dialogue between the Chair and the CEO, and the outcome is presented to the Board of Directors. The Board of Directors and the Executive Management have consistently evaluated their cooperation as good and constructive, and with informative dialogues both at formal board meetings and via informal dialogue between meetings. The Chair of the Board of Directors also regularly meets and engages in discussions with the Executive Management. In addition, the Chair of the Audit Committee regularly meets informally and engages in cooperative discussions with the Group CFO.

Board of Directors

Bo Rygaard
Chair

Born 1965, Danish. First elected 2016[1]. Term 2023. Independent.

Committee memberships
Nomination Committee and Remuneration Committee

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

Non-executive positions
Kavi Invest A/S (M), Margot og Thorvald Dreyers Fond (M), Ejendomsaktieselskabet Vest (M), Statens Ejendomssalg A/S (VC), Fondenes Videnscenter (M), Krista og Viggo Petersens Fond (C), Marie & M.B. Richters Fond (C), KFI Erhvervsdrivende Fond (C), KGH ApS (M), WEXØE A/S (M), WEXØE Holding A/S (M), Sovino Brands ApS (C), Sovino Brands Holding ApS (C), Ejendomsselskabet af 1.11.1979 ApS (M).

Special competencies
Strategy, general business management and M&A

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

Board meetings attended
9 out of 9 meetings (100%)*

Committee meetings attended
4 out of 4 meetings (100%)*

Juha Christen Christensen
Vice Chair

Born 1964, Danish. First elected 2016[1]. Term 2023. Independent.

Committee memberships
Nomination Committee (C) and Remuneration Committee (C)

Executive positions
None

Non-executive positions
Cloud Made Ltd (C), Star 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, United Kingdom

Board meetings attended
9 out of 9 meetings (100%)*

Committee meetings attended
4 out of 4 meetings (100%)*

	2023*	2022
Attendance at board meetings	100%	94%

§ Accounting principles

The attendance for each board member (in percent) is found by dividing the total number of board meeting held divided by the number of board meetings the member attended. The total attendance (in percent) is found by dividing the sums of the individual members' attendance by the total number of board members.

Written resolutions and risk day are not counted as part of the total number of board meetings held. The number of board meetings attended by a member is based solely on the number of board meetings held during the period in which the member is sitting on the board and the attendance of that board member only includes board meetings held before their resignation. If a board member steps down and/or is not re-elected at the general meeting, the total board attendance excludes any resigned board member's attendance when calculating the total attendance of the board.

Likewise, the number of committee meetings attended by a member is based solely on the number of committee meetings held during the period in which the member is sitting on the committee and excludes committee meetings held before their election or after their resignation.

For committee meetings, only board members of the given committee are counted as part of the total committee meetings.

[1] Bo Rygaard and Juha Christensen have been members of the Board of Directors of NC TopCo A/S since November 2016. NC TopCo A/S was the name of the parent company prior to the IPO in 2018

* Sustainability key figure subject to limited assurance

Board of Directors

Åsa Riisberg
Board Member

Born 1974, Swedish. First elected 2020. Term 2023. Independent.

Committee memberships
Audit Committee (C)

Executive positions
None

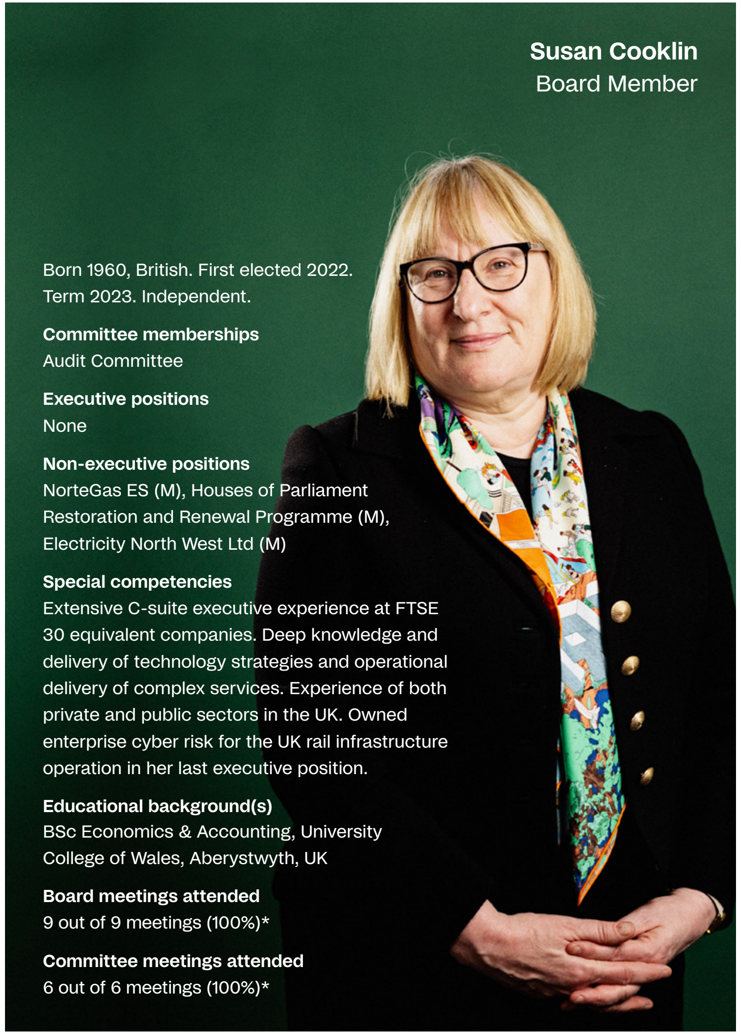
Non-executive positions
Bonnier AB (M), Bonnier News AB (M), Atlas Antibodies AB (C) Internetmedicin AB (M), Patricia Industries (M), Chiesi Pharma (M), MFIN at Stockholm School of Economics (M).

Special competencies
Accounting, financing, refinancing, M&A, private equity, and healthcare

Educational background(s)
Masters in Finance & Accounting, Stockholm School of Economics, Sweden
International Business, Hautes Etudes Commerciales, France

Board meetings attended
9 out of 9 meetings (100%)*

Committee meetings attended
6 out of 6 meetings (100%)*



Susan Cooklin
Board Member

Born 1960, British. First elected 2022. Term 2023. Independent.

Committee memberships
Audit Committee

Executive positions
None

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

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

Educational background(s)
BSc Economics & Accounting, University College of Wales, Aberystwyth, UK

Board meetings attended
9 out of 9 meetings (100%)*

Committee meetings attended
6 out of 6 meetings (100%)*

Bart Walterus
Board Member

Born 1961, Belgian. First elected 2023. Term 2023. Independent.

Committee memberships
Audit Committee

Executive positions
None

Non-executive positions
Aviation Training Organisation (ATO) (M), Koninklijke vliegclub De Wouw, not for profit (M)

Special competencies
Extensive international knowledge and experience in digital transformation, organisations' reforms, business planning & valuation, incorporation of companies, Finance and Risk Management for EMA Public Sector, EU Institutions, NATO and other

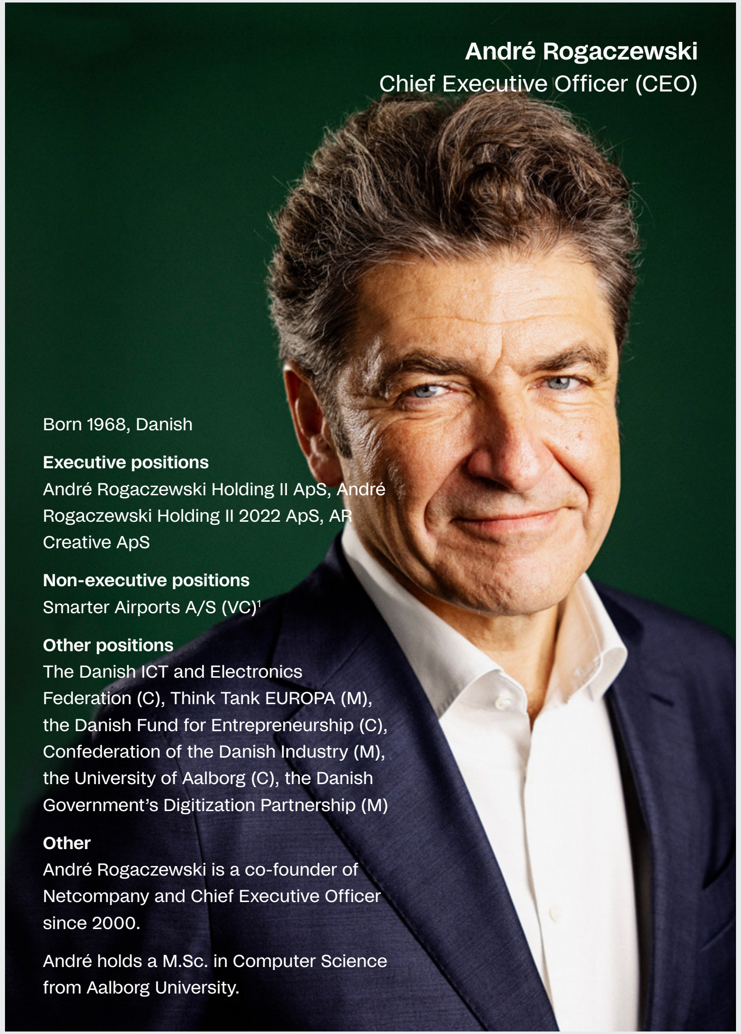
Educational background(s)
Masters in Sociology, University of Leuven, Belgium
MBA, Vlerick Business School, Belgium
Masters in Accounting & Finance, Ehsal, Brussels, Belgium

Board meetings attended
8 out of 8 meetings (100%)*

Committee meetings attended
5 out of 5 meetings (100%)*

* Sustainability key figure subject to limited assurance

Executive Management



André Rogaczewski
Chief Executive Officer (CEO)

Born 1968, Danish

Executive positions
André Rogaczewski Holding II ApS, André Rogaczewski Holding II 2022 ApS, AR Creative ApS

Non-executive positions
Smarter Airports A/S (VC)[1]

Other positions
The Danish ICT and Electronics Federation (C), Think Tank EUROPA (M), the Danish Fund for Entrepreneurship (C), Confederation of the Danish Industry (M), the University of Aalborg (C), the Danish Government's Digitization Partnership (M)

Other
André Rogaczewski is a co-founder of Netcompany and Chief Executive Officer since 2000.

André holds a M.Sc. in Computer Science from Aalborg University.

Claus Jørgensen
Chief Operating Officer (COO)

Born 1967, Danish

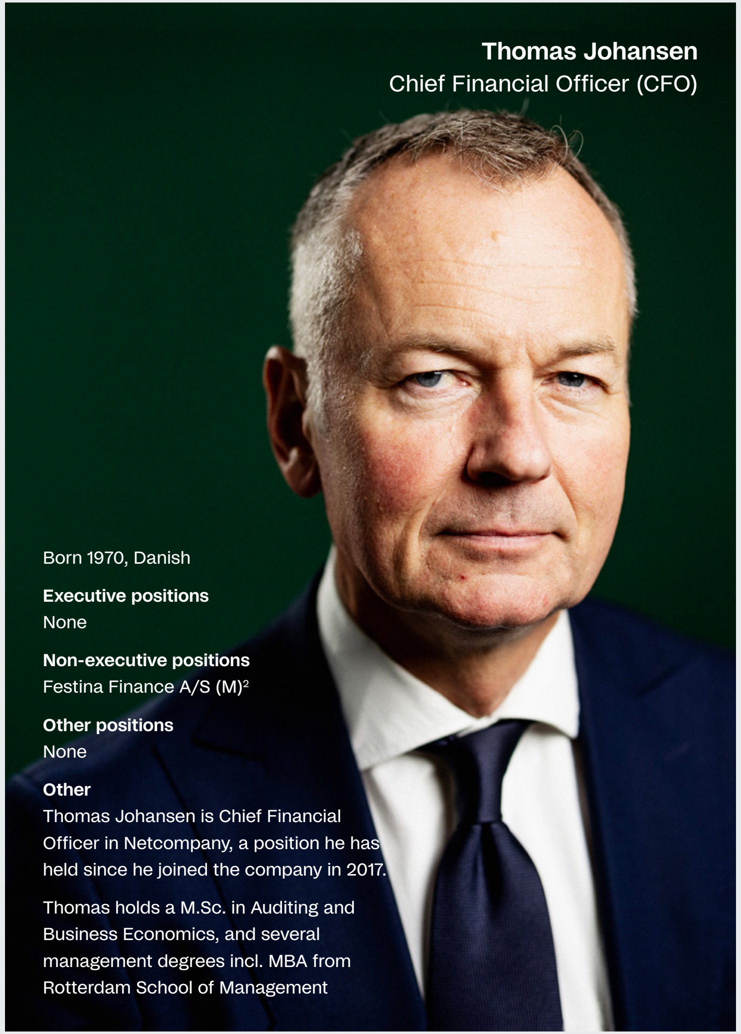
Executive positions
Holdingselskabet Claus Jørgensen II ApS, CJ CCP Holding I ApS, and CJ CCP Holding II ApS (own holding companies), and AC NC Holding ApS (joint holding company between André Rogaczewski and Claus Jørgensen)

Non-executive positions
Grandes Hesses A/S (M)

Other positions
None

Other
Claus Jørgensen is a co-founder of Netcompany and Chief Operating Officer since 2000.

Claus holds a M.Sc. in Economics from the University of Southern Denmark



Thomas Johansen
Chief Financial Officer (CFO)

Born 1970, Danish

Executive positions
None

Non-executive positions
Festina Finance A/S (M)[2]

Other positions
None

Other
Thomas Johansen is Chief Financial Officer in Netcompany, a position he has held since he joined the company in 2017.

Thomas holds a M.Sc. in Auditing and Business Economics, and several management degrees incl. MBA from Rotterdam School of Management

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

[2]Associated company of Netcompany Group A/S

Diversity

In the following section, we report in accordance with the Danish Financial Act, section 99b (6), the Danish Financial Act, section 107d, and the Danish Corporate Governance Recommendations. Our Diversity, Equity, and Inclusion Policy, as approved by the Board of Directors, covers all said requirements and recommendations.

Diversity, Equity, and Inclusion Policy

Our Diversity, Equity, and Inclusion Policy applies to all levels at Netcompany and is considered by the Board of Directors if a new board member is proposed at a general meeting, and in connection with the hiring and promotion of persons to managerial positions. The Diversity, Equity, and Inclusion Policy provides the basis for our work to create equal career opportunities for all other employees and is, among others, intended to increase focus on the share of women and other minorities in the managerial positions. Our Diversity, Equity, and Inclusion Policy applies to everyone at Netcompany – from the Board of Directors and Executive Management through to all other employees and includes requirements from both hard and soft law.

We have a focus on equal gender distribution both at Netcompany and generally within the IT sector, as there are statistically fewer women in the IT industry. We wish to be a workplace where everyone feels included and valued for who they are and what they do. We also consider other aspects of diversity in addition to gender e.g., age, or educational and commercial background. We have extended our diversity outlook to include other social identity attributes, which are described in our Diversity, Equity, and Inclusion Policy.

We strive to achieve diversity on multiple social identity attributes through our openness, recruitment processes, our internal advancement programmes, targets set for gender representation in accordance with legislation, and our social gatherings where employees can meet and socialise. We see and appreciate the value of diversity. Not only as a competitive advantage with the results of innovative ideas and better problem-solving but also as a matter of conforming to what we believe is right.

We have achieved advancements in enhancing inclusivity initiatives within our management. Through tailored training programmes and policies, we have cultivated a more inclusive culture, equipping managers to hire, lead and engage all our people, including our management group.

Gender diversity

We are required to provide an overview of the gender diversity in the Board and at other managerial levels even if there is an equal gender distribution.

‘Other management levels’ is to be understood as the first two management levels below the Board of Directors. The first management level below the Board of Directors is the Executive Management, including the persons who are organisationally at the same management level as the Executive Management. The second management level includes people with personnel responsibilities and who report directly to the first management level.

As set out in the applicable legislation and the guidance provided by the Danish Business Authority, a board’s gender distribution is considered equal if the split between the genders is 40%/60% or equivalent, depending on the size of the board. As the Board of Directors as of 31 December 2023 consists of five persons, and two of them are females, we have an equal distribution of genders on the Board of Directors, and no target will be set.

Our Diversity, Equity, and Inclusion Policy covers, among others, the requirements of the Danish Financial Statements Act section 99b (6) even with Netcompany being exempt from such requirements.

In addition to the table on this page, the Danish Financial Statements Act section 99b requires us to make certain statements to ensure compliance with the legislation.

As of 31 December 2023, Netcompany Group A/S has had less than 50 employees in the financial year 2023 due to our organisational structure with Netcompany Group A/S being a holding company and with only the Executive Management formally employed in the entity.

	2023*
Board of Directors	
Total number of members	5
The underrepresented gender (female) in %	40%
Target number of members of the underrepresented gender (female) in %	N/A
Target year	N/A
Executive Management	
Total number of members	3
The underrepresented gender (female) in %	0%
Target number of members of the underrepresented gender (female) in %	N/A
Target year	N/A

Netcompany is therefore exempt from the requirement to prepare a policy to increase the underrepresented gender and from setting a target for the underrepresented gender at the managerial level.

As we are exempt from setting targets for the underrepresented gender as described above, we are naturally also exempt from the obligation to provide a status update, an action plan for its targets, or a description of the applicable policy implemented to reach said targets.

Despite being exempt from the above-mentioned legislation, we monitor and report on the gender

* Sustainability key figure subject to limited assurance

diversity of our people, including the managerial layers. Reference is made to the Social section. In addition, we strive to maintain a minimum share of 40% of the underrepresented gender in our Board of Directors, in line with the Danish Financial Statements Act section 99b (6).

§ Accounting principles

Only the two legal genders (male/female), as set out in the applicable legislation, are considered when calculating the share of the underrepresented gender (female) in the Board of Directors. The share of female members of the Board of Directors (in percent) can be found by dividing the number of female board members by the total number of board members in percent.

The number of female members is found by counting the number of female board members sitting on the board from the Annual General Meeting in March until the end of year.

Risk management

Our Risk Management Framework

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 that new employees understand and adhere to our risk management, the philosophy has always been to anchor responsibility locally with the operational units based on centrally defined methodology and processes.

With expansion into new business areas and 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 increase the need for a more comprehensive Risk Management Framework.

We continuously improve the Risk Management Framework with the aim of strengthening management of risks across Netcompany.

The framework consists of a risk governance structure defining the overall roles and mandates across Netcompany.

Each quarter, the main risks and mitigating actions are presented to the Audit Committee and Board of Directors who discuss the overall risk level for Netcompany. Furthermore, the purpose of the quarterly risk meetings is to ensure that relevant mitigating actions are implemented by Executive Management, and to continuously oversee the net risk exposure of Netcompany.

Risk report

Projects, services, and operations

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

Information security

- A list of top risks on information assets and technologies are identified based on input from the Chief Information Security Officer
- The top list is approved by the 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 heads of Finance, Legal, HR, IT and M&A
- The top list is approved by the 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
- The top list is approved by the 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 interviews with the Executive Management
- The top risk projects are assessed and documented quarterly in the risk report

The following pages give an overview of the key risks, including root causes and mitigation actions taken throughout the Group in 2023.

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

	Unable to attract and retain talent	Loss of existing clients	Unable to generate new business	Growth through acquisitions	Cyber-attack	General data protection regulation
Lack of quality in deliveries	■	■	■	■	■	■
Competitive landscape	■	■	■	■	□	□
Political landscape	□	■	■	■	□	□
Market changes/ global economic trends	■	□	■	■	■	□
Hacking/ cybercrime	□	■	■	□	■	■
Complex contract regimes	□	□	■	■	■	□
Mitigating actions	■	■	■	■	■	■

Overview of top risks after mitigations

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

1. Unable to attract and retain talent
2. Growth through acquisitions
3. Loss of existing clients
4. Unable to generate new business
5. Cyberattack
6. General data protection regulation

Risk area	Root cause	Risk	Mitigating actions
Unable to attract and retain talent	■ Our growth relies on attracting, developing, and retaining talent. ■ A stagnating employee base limits growth opportunities. ■ Individual career progression is vital for Netcompany's future growth.	■ Losing university relationships may deter graduates, reducing the applicant pool. ■ Discontinuing the Netcompany Academy may discourage applicants. ■ Neglecting talent development may lead to experienced consultant loss, hindering graduate hiring.	■ Maintain global university relationships. ■ Secure Netcompany Academy funding, prioritising it during revenue declines. ■ Expand presence in countries with relevant IT professional talent. ■ Enhance employment benefits, notably parental leave benefits.
Loss of existing clients	■ A substantial part of our revenue comes from existing customers at the start of the year. ■ Maintaining the current level of repeat customer revenue is crucial for our continued growth.	■ Failing to meet the "on time, on budget, and in scope" target may damage our reputation and lead to loss of repeat business. ■ Some contracts, especially in the public sector, have uncapped liability terms, with a risk of significant financial losses. ■ Existing customers choose a competitor instead of Netcompany.	■ Continuously monitor and assess projects to identify and address potential issues before they escalate. ■ Adhere to our project methodology, requiring written client approval for new solutions, upgrades, change requests, and changes to solutions in production. ■ These measures limit risk exposure even when contracts include uncapped liability terms, making the risk theoretical and minimal. ■ Ensuring competitive product offerings, best-in-market implementations including relevant competence leading to lower total cost of ownership for our customers.
Unable to generate new business	■ Our growth strategy relies on acquiring new customers in new segments and markets. ■ A lack of continuous new business addition would impact our long-term growth prospects.	■ Failing to meet the "on time, on budget, and in scope" target may harm our reputation and hinder new business generation. ■ Resource constraints leading to an inability to respond to tenders and business requests may create a perception in the market that we are unable to fulfil commitments. ■ Potentially new customers choose a competitor instead of Netcompany.	■ Continuously monitor and assess projects to identify and address potential issues before they escalate. ■ Allocate sufficient time for senior employees to engage in business development activities, including responding to tenders and business requests, to maintain a healthy pipeline. ■ Ensuring competitive product offerings and best in market implementations including relevant competence leading to lower total cost of ownership for our clients.

Continues on the next page

Risk area	Root cause	Risk	Mitigating actions
Growth through acquisitions	■ Our growth strategy involves expanding into new countries through acquisitions.	■ Delayed integration into the Netcompany delivery model can lead to suboptimal performance. ■ Lengthy integration projects may cause project fatigue and employee dissatisfaction. ■ Larger acquisitions, like Netcompany-Intrasoft, introduce new risks and increased risk-taking. ■ Non-integration of acquired companies may lead to continued risk-taking. ■ General risks include losing key customers, employees, litigation exposure, and reputational damage from substandard projects. ■ Netcompany-Intrasoft's stand-alone operation may increase exposure on projects with different delivery models.	■ Conduct detailed due diligence in any acquisition. ■ Consider transaction insurance when applicable. ■ Link substantial parts of the valuation to future performance and pay upon meeting performance goals. ■ Maintain a continuous focus on integration goals through a structured process, allocating resources during integration. ■ Leverage the existing working relationship with Netcompany-Intrasoft to gain valuable knowledge about the Netcompany-Intrasoft organisation.
Cyberattack	■ We host customer solutions, making us responsible for protecting these against potential cyberattacks. ■ Our customer base and services are becoming more critical and exposed, increasing the risk of cyberattacks.	■ Cyberattacks, such as unauthorised network and data access, could harm our reputation. ■ System downtime due to attacks or external supplier breaches can result in data breaches, customer loss, and increased costs for us and our customers.	■ Implement internal and external risk controls, including georedundant mirroring for storage platforms and established backup procedures for internal system failure. ■ Require external suppliers to provide an ISAE 3402 Type II audit statement annually to ensure compliance. ■ Continuously assess security levels in solutions and internal IT environments.
General data protection regulation (GDPR)	■ GDPR aims to protect EU citizens' privacy and sets requirements for personal data processing. ■ We deal with personal and sensitive data in our IT solutions for private and public customers.	■ We must maintain continuous compliance with GDPR to prevent information leaks or breaches. ■ Non-compliance or a personal data breach could result in fines and reputational damage.	■ We have established and communicated an internal Data Privacy Policy along with a methodology framework. ■ Implemented security policies and technology to ensure effective protection. ■ In 2020, we adopted a Data Ethics Policy to enhance data handling practices.

Oversight of sustainability impacts, risks, and opportunities

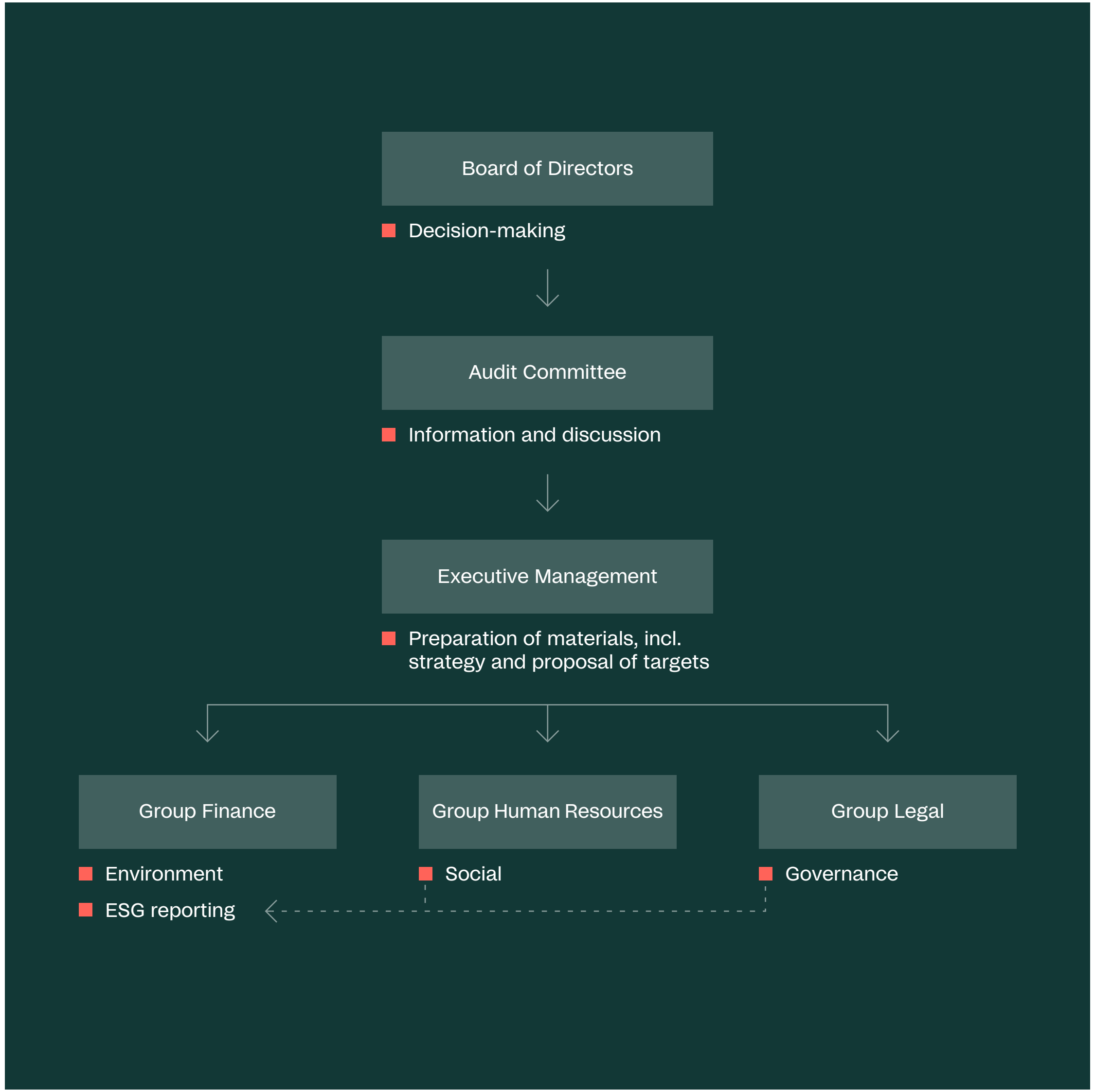
The Board committees, in particular the Audit Commmitee, are the dedicated bodies responsible for the oversight of impacts, risks, and opportunities, whereas the Board of Directors is the decision-making body at Netcompany.

The Audit Committee assists the Board of Directors in the oversight of our impacts, risks, and opportunities in the environmental-, social-, and governance areas. The Audit Committee is a sub-committee of the Board of Directors and reviews and recommends decisions to be made by the Board of Directors. The Audit Committee is responsible for the oversight of our double materiality assessment and overall sustainability reporting, as well as the integration of its results into the governance processes and controls. The results of the double materiality assessment form part of the information which is assessed and later presented to the Board of Directors with accompanying recommendations to ensure meaningful and diverse management involvement with sustainability matters. This is one component of a greater framework of reporting lines in place between the levels outlined in the table, allowing sustainability-related information to easily and regularly reach decision-making bodies.

In addition to the Audit Committee, the Remuneration Committee and Nomination Committee have specific responsibilities regarding certain sustainability matters. The Remuneration Committee's role in the oversight of impacts, risks, and opportunities is to be responsible for e.g., the Remuneration Policy and ensuring that incentives have sustainability elements, where relevant, in place. The Nomination Committee's role in the oversight of our impacts, risks, and opportunities is in areas such as ensuring diversity and the right competencies at the Board- and the Executive Management level. The Nomination Committee is also responsible for the preparation of our Diversity, Equity, and Inclusion Policy.

The Executive Management is responsible for the day-to-day operations of the organisation, and plays a significant role in the strategy, decision-making, and resource allocation. In the context of managing material impacts, risks, and opportunities, the Executive Management ensures operationalisation and overall alignment with our strategy and long-term plans. Oversight of our social matters is anchored in Group Human Resources, whereas the oversight of the environmental and governance matters is anchored in Group Finance and Group Legal, respectively.

In terms of disclosures, the primary department is Group Finance with assistance from Group Legal as they are responsible for the financial and legal compliance, respectively, and have the expertise and skills to undertake our sustainability matters. Group Finance ensures that sufficient



controls are in place, and Group Legal ensures that disclosures are in accordance with legislation and standards. Controls and procedures are applied to the management of impacts, risks, and opportunities and are integrated with our ordinary financial reporting by e.g., having clear reporting manuals and accounting principles.

The Group CFO is responsible for the disclosure and reporting of financial and non-financial matters. The Executive Management participates in meetings with the Board of Directors and provides the necessary information for the Board of Directors to make informed decisions on sustainability matters. Final decisions on impacts, risks, and opportunities are made by the Board of Directors.

The role and responsibilities of the committees are embedded and evidenced in each of their committee charters, and the Executive Management's role and responsibilities are embedded in the Rules of Procedure.

Targets and progression

The Board of Directors utilises the processes and controls as well as the results of the double materiality assessment to guide the setting of targets in relation to our material impacts, risks, and opportunities. The tracking of these targets is based on appropriate qualitative and quantitative indicators and draws on feedback from both internal and external sources, including stakeholders. Tracking currently includes monitoring quantitative data about the internal reporting processes, educational training courses, and the use of grievance mechanisms. Periodic assessments of business relationships, and sustainability-related supplier conduct contracts are gradually planned and implemented in connection with a move towards more sustainability-focused procurement processes.

Competencies

We have established a Nomination Committee with the purpose of, among others, assisting the Board of Directors on matters related to the composition of the Board of Directors and the Executive Management. This includes the nomination of candidates, and in determining if appropriate strategic, industrial, sustainability, and other necessary skills and expertise are available within the Board of Directors and in the Executive Management.

The Committee must ensure that all candidates up for the position as a member of the Board of Directors fulfil the expectations of the capital markets, and that the composition and skills and expertise of the Board of Directors fulfil the recommendations of good corporate governance in listed companies, including having relevant sustainability expertise.

Evaluation

The Board of Directors annually assess and evaluate the competence, knowledge, and experience of the individual members of the Board of Directors and the Executive Management and report their findings to the Board of Directors.

During 2023, the Board of Directors conducted an evaluation of the Board of Directors and the individual members. As the Board of Directors conducted an evaluation with external assistance in 2021, and the Recommendations on Corporate Governance recommends using external assistance every third year, the Board of Directors decided not to use external assistance. The Board of Directors conducted its evaluation based on a questionnaire that the individual members of the Board of Directors had been asked to prepare and comment on. The evaluation included, among others, effectiveness, performance, and composition of the Board of Directors, including an evaluation of the performance of the individual members of the Board of Directors as well as the collaboration with the Executive Management. The evaluation concluded that the Board of Directors is working well, material is of high quality, the Board of Directors has the right competencies, and that there is a high degree of satisfaction with the cooperation between the Board of Directors and Executive Management.

Remuneration

The Remuneration Policy aims to set market-based salary levels for the Board of Directors (BoD) and the Executive Management (EM) with a clear link to the creation of long-term shareholder value. The current remuneration packages were adopted by the Annual General Meeting on 2 March 2023. The remuneration package consists of the elements shown below.

Remuneration assessment

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

Board of Directors

The base fee for board members remained unchanged at DKK 450k in 2023 compared 2022.

When comparing the remuneration for the Board of Directors with the average remuneration for Board of Directors in the C25 benchmark, the base fee as well as committee fees levels for board members, Chair and Vice Chair was in the same range as the average remuneration of the C25 companies and hence, the board fees are suggested to remain unchanged.

Executive Management

The total salary levels for the Executive Management are in the lower end of the C25 benchmark.

Compared to C25 companies, a larger part of the remuneration to our Executive Management is variable and part of an incentive plan. This relates to both short- and long-term incentive plans. At the same time, the fixed absolute annual remuneration is in the lower end of the C25 index.

Remuneration	BoD	EM	Comments
Fixed fee / Fixed base salary	■	■	
Fee for committee work	■	□	Fee for Audit Committee, Remuneration Committee and Nomination Committee work
Short-term incentive plan	□	■	Up to 60% of fixed base salary against defined objectives and target
Long-term incentive plan	□	■	Up to 80% of fixed base salary measured at the time of grant
Travel allowances and other expenses	■	■	Travel expenses are reimbursed
Benefits	□	■	Company car, phone etc. comprising up to 10% of fixed base salary
Severance pay	□	■	Netcompany may pay severance payment to the members of the Executive Management, however, the Executive Management cannot request this
Extraordinary remuneration (MSP)	□	■	The Board of Directors may extraordinarily grant matching shares

Sustainability incentive schemes

We have incentive schemes in place for the Executive Management in which some are linked to sustainability matters. These incentive schemes are variable components of the general Remuneration Policy referred to as our Short-Term Incentive Programme (STIP). These are received by members if they fulfil certain key performance criteria (KPIs). If these are partially fulfilled, partial remuneration proportional to the level of fulfilment may occur.

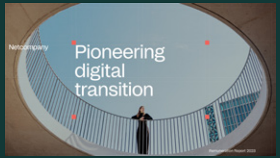
Determination of the KPIs is primarily based on considerations of our business strategy, including the long-term goals and value creation for Netcompany and our shareholders. KPIs may include financial targets and non-financial targets. Some of these non-financial targets may be applied according to the duties and responsibilities of the Executive Management member, and therefore include e.g. realisation of hiring targets, ESG targets, and the safeguarding of and compliance with internal procedures.

The KPIs are evaluated and aligned to our business strategy annually, at which point it must also be considered whether it is relevant to include non-financial KPIs. The close alignment between the business strategy and the KPIs contributes to the strengthening of our sustainability efforts as the business strategy revolves around achieving continued growth.

For more information, reference is made to the Remuneration Policy.

The Remuneration Committee must evaluate whether the Remuneration Policy satisfies its objectives in terms of realisation of short- and long-term goals and shareholders' interests. This must take place on an ongoing basis, and as a minimum annually in connection with the Remuneration Committee's assistance with the preparation of the Remuneration Report. If any major revision is proposed, the Remuneration Policy is presented and put up for voting at the Annual General Meeting. The Remuneration Policy is also presented and put up for a vote at least every fourth year in accordance with the Danish Companies Act, section 139 (2), and the Remuneration Report is put up for an advisory vote annually in accordance with the Danish Companies Act, section 139b (4).

For an overview of remuneration, please see the Remuneration Report.



Read our Remuneration Report

https://netcompany.com/investor/governance/

5-year key figures DKK '000	2023	2022	2021	2020	2019
Remuneration of Board of Directors					
Bo Rygaard, Chair	1,372	1,372	1,050	1,051	661
Juha Christensen, Vice Chair	952	979	788	763	624
Åsa Riisberg	794	779	525	199	-
Susan Cooklin	629	525	-	-	-
Bart Walterus	533	-	-	-	-
Scanes Bentley[1]	116	730	438	489	394
Hege Skryseth[1]	97	565	350	128	-
Robbert Kuppens[1]	-	-	-	296	168
Pernille Fabricius[1]	-	-	-	179	855
Pekka Ala-Pietilä[1]	-	-	-	-	730
Thomas Broe-Andersen[1]	-	-	-	-	0
Carsten Gomard[1]	-	-	-	-	637
Remuneration of Executive Management					
André Rogaczewski, CEO	8,652	8,242	11,188	10,760	10,632
Claus Jørgensen, COO	8,654	8,265	11,247	10,929	10,502
Thomas Johansen, CFO[2]	10,876[2]	4,535	6,415	6,002	5,920
Financial measures, Netcompany Group					
Revenue	6,078,419	5,544,646	3,631,971	2,838,590	2,453,853
Organic Revenue	6,078,419	4,172,773	3,346,387	2,812,433	2,416,493
Adjusted EBITDA margin	14.8%	20.0%	24.3%	28.5%	27.5%
Adjusted EBITA margin	11.7%	17.5%	21.8%	26.2%	25.2%
Average FTEs incl. freelancers	7,684	6,906	3,787	2,768	2,293
Average pay for company employees	478	455	548	561	533
CEO pay ratio[3]	1:18	1:18	1:20	1:19	1:20
Median pay for company employees	414	398	N/A	N/A	N/A
Highest paid employee ratio[4]	1:26*	1:21	N/A	N/A	N/A

1 Retired from the Board of Directors
2 The CFO entered into a 5-year matching share programme in 2023, which is fully included in 2023 remuneration
3 CEO pay ratio is calculated by dividing the CEO's salary costs by the average pay for company employees
4 Highest paid employee ratio compares total remuneration of the highest paid employee to that of the median salary across the Group
* Sustainability key figure subject to limited assurance

Double materiality assessment

The following section outlines our process to identify material impacts, risks, and opportunities.

Risk management and internal control system of sustainability reporting

Starting in 2023, we have transferred the responsibility for our sustainability reporting to Group Finance, aligning it with the Annual Report. Prior to 2023, Group Communications, with support from Group Finance, published a stand-alone sustainability report. This decision was made by the Executive Management in anticipation of future legislation in the sustainability reporting domain, including the European Sustainability Reporting Standards (ESRS) under the Corporate Sustainability Reporting Directive (CSRD). To ensure compliance of our 2024 report, we have allocated resources to improving overall sustainability governance and reporting, including data collection processes and internal controls.

As part of our ambition to reach limited assurance on selected sustainability key figures for 2023, we evaluated, built, and improved internal controls similar to those for our financial figures. These internal controls have been established for each key figure, considering risks related to data accuracy and completeness. We expect to expand and further improve our internal controls while continually working on aligning financial and sustainability reporting, leveraging expertise in both areas to create synergies. In 2023, we have prepared for CSRD by conducting a gap analysis and establishing workflows to ensure structured data collection from all entities in the Group. We recognise the risks in ensuring data completeness and the potential need to implement estimation procedures based on historical data, when available and considered reliable. In regard to the value chain information, the accuracy of the data is deemed sufficient. Nevertheless, there is an opportunity to further improve data collection and governance in this area in 2024 and beyond.

The process to identify material impacts, risk and opportunities

- Scoping the assessment
- Mapping the value chain
- Stakeholders
- Conducting risk assessment
- Analysing and prioritising
- Assurance and reporting

Sustainability data and reporting risks are addressed on a case-by-case basis through discussions with data owners, management, and the Audit Committee.

Interests and views of stakeholders

Our key stakeholders include internal and external stakeholders that enable us to create value – and for whom we create value. Our ongoing dialogue with stakeholders informs our strategic decisions and daily operations in areas such as employee training and development, diversity, equity and inclusion (DEI) efforts, our methodology and delivery model, how we drive our sustainability agenda, our procurement practices, and our strategic partnerships and engagements. Specifically in relation to our customers, we continuously assess their needs, so we can adapt to shifting market demands.

Each stakeholder group has different needs and perspectives, and their relationships with us can have positive and negative impacts due to interdependence. Our ambition is to stay informed and act on opportunities and risks identified through our engagement and dialogue. Our approach to stakeholder engagement varies depending on each group of stakeholders, with both informal and formal structures to support our ambition.

We collect information on stakeholder views in a qualitative and quantitative manner. For example, the dialogue with our customers includes informal touchpoints throughout a project lifecycle and formal, structured meetings. In addition, we conduct an annual customer satisfaction survey (NPS) directed at our most significant customer engagements across our entities. Industry insights and dialogue about our customers' risks and opportunities also inform us of the interests and views of end-users.

In addition to our stakeholders, we engage with subject-matter experts to enable an understanding of impacts, risks, and opportunities. Subject-matter experts are key employees with responsibilities within a given field, e.g., our Chief People Officer (CPO), who is responsible for Human Resources and can provide insights in this area of the organisation. Subject-matter experts can also be external advisors with in-depth knowledge of an area, e.g., environmental experts.

Read more about how we engage with our people and the customer satisfaction survey (NPS) in the Social section.

Our key stakeholders

- Our people – own workforce and freelancers
- Suppliers – especially in relation to data centres and IT equipment
- Customers (public, private, and EU)
- Investors and analysts
- Creditors and lenders
- Civil society and end-users
- Governments and public institutions
- Business partners

Our business model and value chain

We deliver IT solutions and platforms to the public, EU and to private sectors across Europe. We support our customers' digital transformation by providing flexible and customised IT solutions. Combined with our industry knowledge, methodology, and ambition for responsible digitalisation, we deliver critical IT solutions to society and businesses. The value creation of our engagements and growth goes beyond our customers to investors and citizens in societies across Europe. Our main business actors include our own workforce, private, public, and EU customers, investors, end-users, and IT and data centre equipment suppliers.

As an IT services company, the main components of our value chain are IT and data centre equipment, software licenses, and human capital.

Material topics

The material topics of our company, as defined through our 2023 double materiality assessment, are:

- Our carbon emissions and energy mix
- Resource use and circular economy in relation to our IT and data centre equipment
- Our people, including talent attraction and retention, training, diversity, equity & inclusion (DEI) and employee well-being
- Governance and business conduct, particularly related to data privacy, cyber security and business ethics
- Civil society and end-users

The identified material topics are primarily closely related to our own operations and to our business model. Risks, opportunities, and impacts related to each material topic and how they affect people and the environment are covered in the following Environment, Social and Governance sections.

As we prepare for the Corporate Sustainability Reporting Directive (CSRD) and additional up-coming legislation, we expect to review our double materiality assessment annually and further strengthen the methodology and integration of assessing and managing sustainability issues throughout our organisation. This includes adding sustainability-related topics to our Risk Management Framework. We will implement this change in 2024.

The process to identify material impacts, risks and opportunities

In 2022, we conducted the first double materiality assessment of Netcompany Group. We identified trends, risks and opportunities by engaging with key subject-matter experts and stakeholders. In 2023, we have built on the foundation of the 2022 double materiality assessment. We have analysed and identified our material topics in light of the upcoming Corporate Sustainability Reporting Directive (CSRD), leaning into the approach and guidelines prescribed by the European Sustainability Reporting Standards (ESRS). We have used financial and non-financial data to evaluate the sustainability topics in relation to our business. We have engaged with stakeholders and subject-matter experts across the organisation as well as external experts and advisors through workshops and ongoing sparring.

The 2023 double materiality assessment process was approved by the Board of Directors in August 2023.

The double materiality assessment process involved the following steps:

Scoping the assessment

To utilise the data and consider how the conclusions from the 2022 double materiality assessment could be applied in the context of ESRS, we identified similarities and differences between the themes assessed in 2022 and the topical ESRS. We considered factors such as the nature of our operations and business model, the industry we operate in, the geographic locations of our entities, and our stakeholders.

Value chain mapping

We engaged with additional internal subject matter experts responsible for or working with data centre operations, communications, strategy, legal, and finance to conduct a value chain mapping and to identify where our value-adding activities are placed in our value chain. We also engaged external environmental experts to enable a better understanding of our exposure to or impact on potential and actual risks and opportunities within environment ESRS: Climate change, Pollution, Biodiversity and ecosystems, Water and marine resources, and Resource use and circular economy.

Stakeholder identification

Initially, we distinguished between two groups of stakeholders: Affected stakeholders and users of sustainability statements. The majority of the identified stakeholders belong in both categories. In the process, we utilised data from our risk reports, internal subject-matter experts, eNPS and NPS data, interview data from the 2022 double materiality assessment, and the preliminary value chain mapping.

Risk and impact assessment

In 2023, we established a sustainability due diligence framework following the OECD’s Due Diligence Guidance for Responsible Business Conduct into our general business conduct. In 2024, we will continue to develop our sustainability due diligence process into our operations.

Read more about our sustainability due diligence process in the EU Taxonomy section.

Environment

E EU Taxonomy

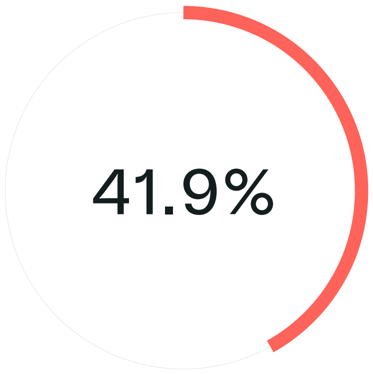
The EU Taxonomy is a regulatory framework introduced by the European Union. The Taxonomy plays a role in the European Green Deal that aims towards several environmental goals, including the goal of no greenhouse gas emissions by 2050. The Taxonomy framework is a tool to aid in the transition towards a greener and more sustainable economy. By establishing a clear and standardised classification system and a unified language for what is considered sustainable economic activities, the framework can enable investors and companies to make informed decisions on environmentally sustainable activities and determine the degree of sustainability of a given investment.

The EU Taxonomy revolves around six climate objectives:

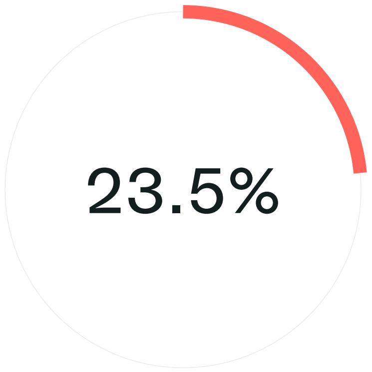
- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

For the financial year 2022, we reported on eligibility and alignment for the first two climate objectives. During 2023, the EU Commission adopted the annex for the remaining four environmental objectives.

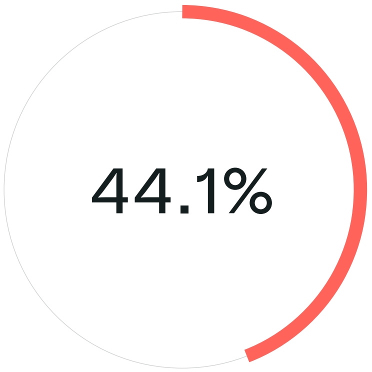
Alignment share of eligibility - revenue



Alignment share of eligibility - Capex



Alignment share of eligibility - Opex



The three diagrams show the share of Taxonomy alignment for revenue, Capex, and Opex of the Taxonomy eligible activities, calculated as the total alignment figure divided by the total eligibility figure.

The reporting scope for the EU Taxonomy for 2023 is as follows:

Eligibility reporting

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

Eligible activities

Eligible activities are predetermined by the EU. The economic activities with the largest environmental impact, positive and negative, have been identified by the EU.

Eligible economic activities for the financial year 2023 in Netcompany are:

Climate change mitigation

6.5. Transport by motorbikes, passenger cars and light commercial vehicles
8.1. Data processing, hosting, and related activities
8.2. Data-driven solutions for GHG emissions reductions

Transition to a circular economy

4.1. Provision of IT/OT data-driven solutions

Alignment reporting

- Climate change mitigation
- Climate change adaptation

Aligned activities

For an eligible economic activity to be classified as sustainable, it must comply with the technical screening criteria of the activity, by contributing to at least one of the six environmental objectives, whilst doing no significant harm to the remaining objectives.

EU Minimum Safeguards: Along with complying with the technical screening criteria, the Group must meet the safeguard requirements for human rights, anti-corruption, fair competition, and taxation.

Climate change mitigation

8.1. Data processing, hosting, and related activities

Taxonomy 2023

Revenue

Taxonomy-eligible revenue share grew 2 percentage points from 5.9% to 7.9% (DKK 156m). This development was driven by the introduction of the circular economy environmental objective which accounted for 0.9 percentage point of the growth, and revenue growth in data processing and hosting activity services which accounted for 1.1 percentage points.

Taxonomy-aligned revenue share grew by DKK 6m, as a result of a 3.1% revenue growth in Taxonomy-aligned data processing and hosting services, which was lower compared to the Group's total revenue growth of 9.6%. This resulted in a 0.2 percentage points decrease in Taxonomy-aligned revenue ending the year on a 3.3% alignment share.

Consequently, the alignment share of revenue eligibility decreased from 60.0% to 41.9%. Additionally to the above mentioned, the reason for the decrease was a shift in the allocation key, which is measured as activity in the data centres.

Capex

Taxonomy-eligible Capex share decreased 12 percentage points, from 14.9% to 2.9%. The decrease was due to a lower level of investments in data centre hardware and fewer additions of right of use assets (leasing cars) of DKK 16.1m. Concurrently, significant additions to non-eligible Capex in 2023 further diluted the eligibility share. Consequently, Taxonomy-aligned Capex share decreased 4 percentage points, from 4.7% to 0.7%.

The alignment share of capitalised eligibility decreased from 31.7% to 23.5%. Additionally to the above mentioned, the reason for the decrease was a shift in the allocation key, which is measured as activity in the data centres.

Opex

Taxonomy-eligible Opex share grew 46.1 percentage points, from 34.8% to 80.9%. In monetary amounts, the increase was DKK 127.7m, which would amount to an 546.1% increase. The discrepancy between the percentage point increase and the monetary increase, was a result of an updated cost base constituting the Taxonomy-eligible Opex.

The increase in the eligibility share was impacted by an increase in data processing and hosting activity throughout 2023.

Taxonomy-aligned Opex share grew 14.8 percentage points from 20.9% to 35.7%. In monetary amounts the increase was DKK 52.9m, which was a result of an increase in Taxonomy-aligned data processing and hosting activity in 2023.

Consequently, the alignment share of eligible operating expenses decreased from 58.5% to 44.1%. Additionally to the above mentioned, the reason for the decrease was due to a shift in the allocation key, which is measured as activity in the data centres.

Collaboration

For the activity data processing, hosting, and related activities, we cooperate with third-party data centre co-host operators.

Our operational engineers are responsible for the daily operations and monitoring of the servers both remotely and on-premises, while the co-host entity is responsible for housing, security, electricity, and cooling.
Due to the nature of our data centre operations, collaboration is a must when ensuring alignment with the technical screening criteria established for the activity. During 2023, we actively worked towards assessing, documenting, and ensuring compliance, together with our data centre suppliers.

Alignment progress

Aligning with the sustainability criteria set out by the EU Taxonomy, is of strategic importance to us. For the first time, in 2023, we incorporated Taxonomy alignment criteria into our procurement of new data centre hardware, to ensure compliance with the technical screening criteria.

In 2024, we will embed the relevant technical screening criteria in our global Procurement Policy, to support alignment with the EU Taxonomy sustainability criteria.

Enabling activities

As an IT services provider who can enable other industries in their sustainable transition, Netcompany resides at the core of the EU Taxonomy in terms of eligible activities. Activities associated with the Information Technology and Communications sector are predominantly classified as enabling activities. Through optimisation, monitoring, complex calculations, AI, and real time data, IT has the capabilities to streamline company infrastructure and business processes, resulting in optimised energy and resource use. IT can aid customers in their efforts towards reducing carbon emissions and preserving nature's resources, by presenting accurate data in real time, and giving companies the ability to only use the exact amount of power and resources needed to operate.

Proportion of revenue from products or services associated with Taxonomy-aligned economic activities 2023

Economic activities	NACE codes	Absolute revenue (DKK million)	Proportion of revenue (%)	Substantial contribution: Climate change mitigation	Substantial contribution: Climate change adaptation	Substantial contribution: Water and marine resources	Substantial contribution: Circular economy	Substantial contribution: Pollution	Substantial contribution: Biodiversity and ecosystems	DNSH: Climate change mitigation (Y/N)	DNSH: Climate change adaptation (Y/N)	DNSH: Water and marine resources (Y/N)	DNSH: Circular economy (Y/N)	DNSH: Pollution (Y/N)	DNSH: Biodiversity and ecosystems (Y/N)	Minimum safeguards (Y/N)	Taxonomy aligned proportion of revenue 2022 (%)	Enabling activity E	Transitional activity T
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
8.1 Data processing, hosting and related activities	J63.11	202.3	3.3%	Y	N	N	N	N	N		Y	Y	Y	Y	Y	Y	3.5%		T
Revenue of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**202.3**	**3.3%**	**3.3%**	**0%**	**0%**	**0%**	**0%**	**0%**		Y	Y	Y	Y	Y	Y	**3.5%**		
Of which enabling		0%	0%	0%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y			
Of which transitional		202.3	100%	100%							Y	Y	Y	Y	Y	Y	100%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
4.1 Provision of IT/OT data-driven solutions	J62	71.2	1.2%				EL										0%		
8.1 Data processing, hosting and related activities	J63.11	209.5	3.4%	EL													2.4%		
8.2 Data-driven solutions for GHG emissions reductions	J62	0.2	0.0%	EL													0%		
Revenue of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**280.9**	**4.6%**	**3.4%**			**1.2%**										**2.4%**		
Revenue of Taxonomy-eligible activities (A.1 + A.2)		**483.2**	**7.9%**														**5.9%**		
B Taxonomy-non-eligible activities																			
Revenue of Taxonomy-non-eligible activities (B)		5,595.2	92.1%																
Total (A+B)		**6,078.4**	**100%**																

Proportion of Capex from products or services associated with Taxonomy-aligned economic activities 2023

				Substantial contribution						DNSH									
Economic activities	NACE codes	Absolute Capex (DKK million)	Proportion of Capex (%)	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystems (Y/N)	Minimum safeguards (Y/N)	Taxonomy aligned proportion of Capex 2022 (%)	Enabling activity E	Transitional activity T
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
8.1 Data processing, hosting and related activities	J63.11	5.9	0.7%	Y	N	N	N	N	N		Y	Y	Y	Y	Y	Y	4.7%		T
Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**5.9**	**0.7%**	**0.7%**	**0%**	**0%**	**0%**	**0%**	**0%**		Y	Y	Y	Y	Y	Y	**4.7%**		
Of which enabling		0%	0%	0%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y			
Of which transitional		5.9	100%	100%							Y	Y	Y	Y	Y	Y	100%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
4.1 Provision of IT/OT data-driven solutions	J62	1.8	0.2%				EL										0%		
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	N77.11	11.6	1.3%	EL													7.0%		
8.1 Data processing, hosting and related activities	J63.11	5.9	0.7%	EL													3.1%		
Capex of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy- aligned activities) (A.2)		**19.4**	**2.2%**	**2.0%**			**0.2%**										**10.2%**		
Capex of Taxonomy-eligible activities (A.1 + A.2)		**25.3**	**2.9%**														**14.9%**		
B Taxonomy-non-eligible activities																			
Capex of Taxonomy-non-eligible activities (B)		845.0	97.1%																
Total (A+B)		**870.3**	**100%**																

Proportion of Opex from products or services associated with Taxonomy-aligned economic activities 2023

Economic activities	NACE codes	Absolute Opex (DKK million)	Proportion of Opex (%)	Substantial contribution: Climate change mitigation	Substantial contribution: Climate change adaptation	Substantial contribution: Water and marine resources	Substantial contribution: Circular economy	Substantial contribution: Pollution	Substantial contribution: Biodiversity and ecosystems	DNSH: Climate change mitigation (Y/N)	DNSH: Climate change adaptation (Y/N)	DNSH: Water and marine resources (Y/N)	DNSH: Circular economy (Y/N)	DNSH: Pollution (Y/N)	DNSH: Biodiversity and ecosystems (Y/N)	Minimum safeguards (Y/N)	Taxonomy aligned proportion of Opex 2022 (%)	Enabling activity E	Transitional activity T
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
8.1 Data processing, hosting and related activities	J63.11	66.6	35.7%	Y	N	N	N	N	N		Y	Y	Y	Y	Y	Y	20.9%		T
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**66.6**	**35.7%**	**35.7%**	**0%**	**0%**	**0%**	**0%**	**0%**		**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**20.9%**		
Of which enabling		0%	0%	0%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y			
Of which transitional		66.6	100%	100%							Y	Y	Y	Y	Y	Y	100%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
4.1 Provision of IT/OT data-driven solutions	J62	8.9	4.8%				EL										0%		
8.1 Data processing, hosting and related activities	J63.11	75.6	40.5%	EL													13.9%		
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**84.5**	**45.2%**	**40.5%**			**4.8%**										**13.9%**		
Opex of Taxonomy-eligible activities (A.1 + A.2)		**151.1**	**80.9%**														**34.8%**		
B Taxonomy-non-eligible activities																			
Opex of Taxonomy-non-eligible activities (B)		35.7	19.1%																
Total (A+B)		**186.8**	**100%**																

Minimum Safeguards

The Minimum Safeguards encompass four foundational pillars: Human rights, taxation, corruption, and fair competition. These pillars represent the EU's commitment to fostering responsible and sustainable economic practices. Collectively, they form the cornerstone of ethical and responsible business conduct.

To align with the EU Taxonomy, we have extended our due diligence (DD) process to our value chain and all the actors within it, i.e., customers, suppliers, and other business relationships. In alignment with the requirements, our value chain accountability applies the two pillars: Human rights and corruption. Our accountability in the case of the pillars taxation and fair competition applies within the limits of our own operations.

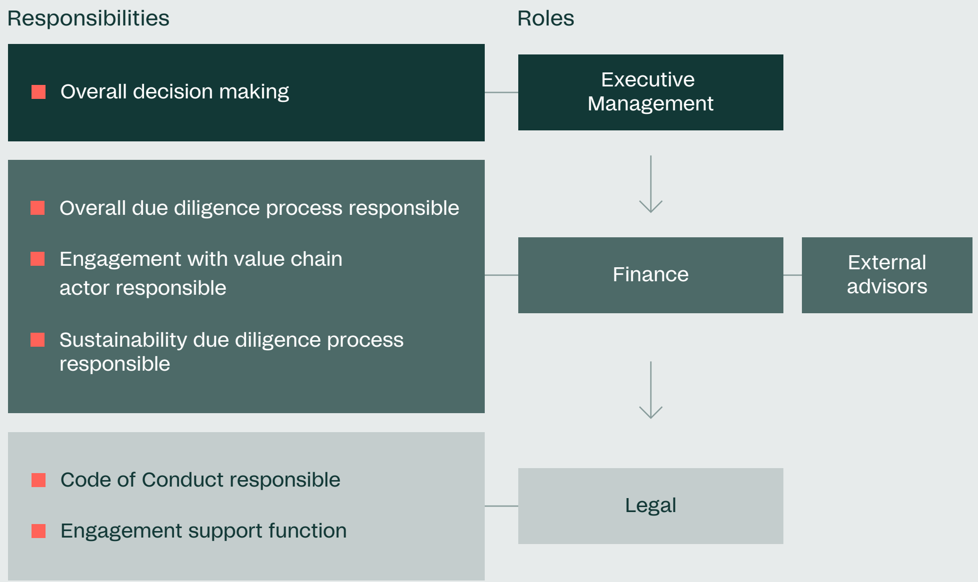
- **Taxation**: We ensure compliance with tax laws by following our established tax risk management process as stated in our Tax Policy. In 2023, Netcompany Group paid more than DKK 141m in corporate income taxes. We paid indirect taxes such as VAT and other similar taxes in the excess of DKK 901m. Our employees paid approximately DKK 1,019m in personal income taxes, based on the salaries they earned through their employment with Netcompany. In 2023, the Group contributed more than DKK 2,062m in direct and indirect taxes to the societies in the countries we operate in. For details on our Tax Policy, reference is made to the Financial statements section, Note 12.
- **Fair competition**: We enable fair competition by ensuring the implementation and promotion of our Code of Conduct, which stipulates that all board members and employees in Netcompany shall, in their work, comply with applicable laws and regulations and perform their duties per good business practices, our values, and ethical guidelines. Reference is made to the Corporate culture section.

To ensure that our adoption of a sustainability due diligence (SDD) process is coherent, its structure and content are based on the OECD Due Diligence Guidance for Responsible Business Conduct and take into consideration the OECD Guidelines for Multinational Enterprises and the United Nations (UN) Guiding Principles on Business and Human Rights.

Value chain due diligence

Our due diligence (DD) process is overseen by our Executive Management and executed by Group Finance. In addition, Group Finance manages all direct communication related to our sustainability due diligence (SDD) with value chain actors in close coordination with Group Legal. Additionally, Group Legal maintains alignment of our Code of Conduct (CoC) with applicable international regulations. Reference is made to the Our people section. Lastly, Group Finance carries out the sustainability risk assessment.

Due diligence governance



Code of Conduct Policy

Our Code of Conduct (CoC) is a key document outlining, among others, Minimum Safeguards (MS) requirements and communicates our expectations to existing and new suppliers.

The policy can be found under Policies on our website's governance section*, and we continuously update it to address new MS requirements.

In the financial year 2024, we will convey our CoC to all existing suppliers, and all new supplier contracts will include a clause mandating adherence to and compliance with our CoC.

*https://netcompany.com/investor/governance/

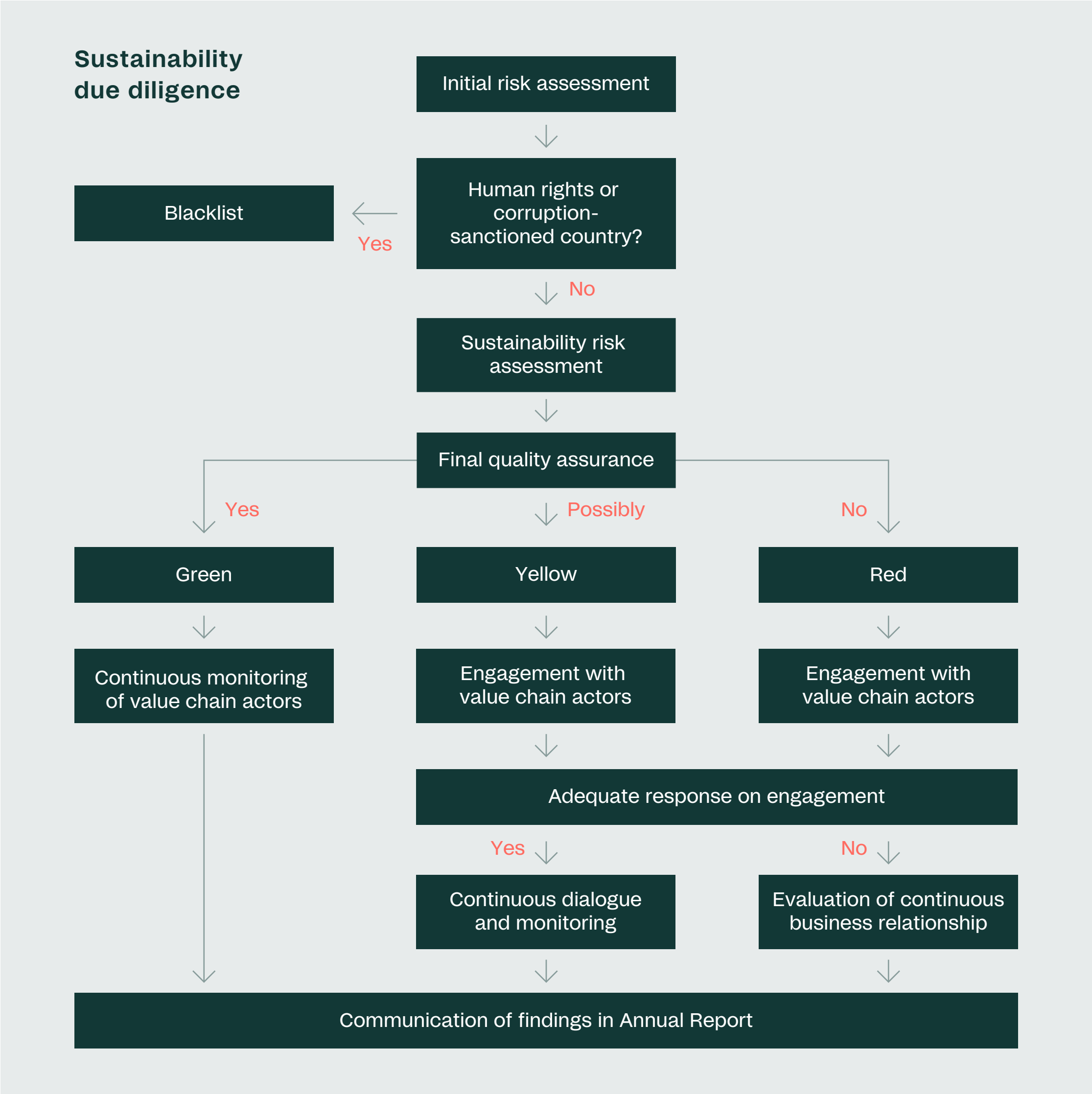
If any existing or potential supplier refuses or fails to commit to and comply with our CoC, our Executive Management will assess the business relationship on a case-by-case basis.

Sustainability due diligence

Our sustainability due diligence process (SDD) follows a risk-centred approach that involves identifying, assessing, and managing environmental, social, and governance (ESG) risks, including those related to the Minimum Safeguards, i.e., human rights and corruption. The SDD goal is to proactively prevent, mitigate, and, if required, address risks and impacts that may affect individuals and the environment within our organisation and our value chain.

Our SDD has a threefold risk identification and assessment process:

1. Initial risk assessment
2. Value chain actor-specific sustainability risk assessment
3. Final quality assurance



Initial risk assessment

The initial risk mapping process entails classifying countries and business sectors into three groups:

- Blacklisted regions
- Potential risks, and
- Non-identified risks

This categorisation is guided by international regulations and the identified risk factors associated with corruption and human rights violations. This scoring system enables risk assessors to assess the sustainability risks associated with existing or potential value chain actors before conducting a value chain actor-specific sustainability risk assessment. The categorisations are based on geographical and sectoral factors and, therefore, do not affect the value chain actor-specific risk assessment outcome. Instead, it serves as an indicator of priority for the risk assessor.

Blacklist

Value chain actors operating in countries subject to UN, EU or other applicable sanctions laws, or engaging in any form of business dealings with corporations, companies, or organisations located in countries, areas, or sectors which are on the same sanction lists, are blacklisted and excluded from business dealings. The assessment is conducted by Group Legal on a case-by-case basis, as sanctioned lists are dynamic and regularly updated due to geo-political developments.

Potential risk
A value chain actor receiving a potential risk categorisation in the initial risk assessment means that one or more of the below statements applies:

- A value chain actor located in a country listed on the EU sanctions list, provided that the sanctions do not pertain to human rights or corruption and the country is not part of the blacklist.
- A value chain actor operating in a country with a risk of human rights violations, as indicated by reliable, independent, verifiable and internationally recognised informational sources regarding human rights. Similarly, a country for which such sources have not been assessed will also be subject to careful consideration and is considered a potential risk.
- A value chain actor conducting operations in a country with documented instances of corruption, based on internationally recognised sources.

Non-identified risk
When a value chain actor falls into any of the following categories, the initial risk assessment has not revealed any initial risks that might impact the business relationship:

- A value chain actor situated in a country with a low occurrence of corruption, based on internationally recognised sources and which has not violated national corruption legislation through its own operations or through value chain activities.
- A value chain actor located in a country with no adverse human rights inflictions, as indicated by reliable, independent, verifiable and internationally recognised informational sources regarding human rights and which has not violated human rights through its own operations or through value chain activities.

Sustainability due diligence framework

Our sustainability due diligence framework per the OECD Due Diligence Guidance for Responsible Business Conduct encompasses the following six stages:

1. Embed responsible business conduct into policies & management systems
2. Identify & assess adverse impacts in operations, supply chains & business relationships
3. Cease, prevent or mitigate adverse impacts
4. Track implementation and results
5. Communicate how impacts are addressed
6. Provide for or cooperate remediation when appropriate.

Policy enforcing responsible business conduct
Our Code of Conduct (CoC) enforces responsible business conduct within our operations and supply chain. Reference is made to the corporate culture section.

Identify and assess adverse impacts
Our sustainability due diligence process covers all topics and sub-topics outlined in the European Sustainability Reporting Standards (ESRS). It involves systematically identifying, evaluating, prioritising, and monitoring potential and actual impacts arising from our business activities. This evaluation considers various factors, including the nature of the activity, the business relationship, geographical location, and the industry of the involved value chain actor.

Sustainability due diligence framework

The process commences with an initial risk assessment conducted via desktop research. Following this, we assess negative impacts based on their severity. When relevant, we collaborate with internal and external experts who provide valuable insights and expertise in the field to enhance our understanding of the potential and actual impacts within the ESRS framework. Lastly, a team of internal subject matter experts performs a final quality assurance. Once the risk evaluation is finalised, we engage directly with the value chain actor if deemed necessary.

In the financial year 2023, we conducted a focused sustainability risk assessment on value chain actors, evaluating them based on their significance to our business model. The selection of entities for this risk assessment was based on predefined financial and non-financial criteria. In 2024, we will perform sustainability due diligence on all value chain actors.

Following the sustainability risk assessment, we differentiated between non-identified risks, potential and actual risks, and by our self-developed colour scoring system of green (non-identified risks), yellow (potential risks identified), and red (actual risks identified).

Cease, prevent or mitigate
Our sustainability due diligence process entails specific action depending on the colour scoring:

Green score: This implies that no instances of human rights violations or corruption were detected, and as a result, no additional measures are needed. We will continue to conduct ongoing monitoring following green colour scoring guidelines.

Yellow score: This signals potential human rights or corruption impacts, triggering a series of actions. First, the risk assessor examines public statements from the value chain actor to evaluate their strategies. Then, we convey our zero-tolerance policy and requests a written plan for impact mitigation from the value chain member in question. Further steps depend on their response or lack thereof. In case of an inadequate or absent response concerning effective management of these issues, appropriate actions are taken following red colour scoring guidelines. If the value chain actor can demonstrate effective management of human rights or corruption impacts, its score remains unchanged, and we monitor progress in mitigating these issues through ongoing communication.

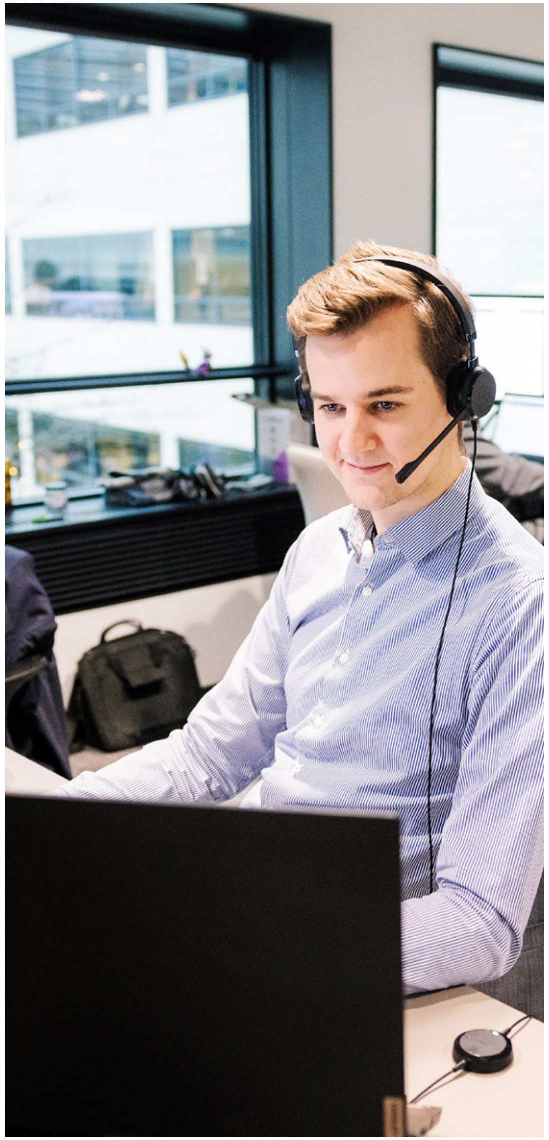
Red score: A red score signals actual human rights violations or corruption. This leads to specific actions: First, the risk assessor examines the value chain actor's public statements to understand its management of these issues. Second, we interact with the value chain actor, enforcing our zero-tolerance policy and requesting a written plan for addressing the impacts. The next steps depend on their response. Inadequate or no response results in escalation to Executive Management to determine next step. If the value chain actor provides an adequate response, its score remains unchanged, and we monitor progress in mitigating these issues through ongoing communication.

Track implementation and results
We continuously monitor our value chain actors regarding human rights and corruption concerns, with monitoring frequency determined by their colour score from the sustainability risk assessment.

Green score: Monitoring occurs every five years to uphold ethical standards.

Yellow score: Monitoring occurs every three years to track progress in addressing these concerns.

Red score: Monitoring and assessment occur annually to track corrective actions, continuously assess adverse impacts, and evaluate the viability of maintaining a business relationship with non-compliant parties.



Communication of findings
Following our sustainability risk assessment, we identified 14* value chain actors which had either human rights or corruption impacts and in some cases both. We identified 3 value chain actors with actual risk of impacts and 12 value chain actors with potential risk of impacts. Of the 14 value chain actors we identified, one had both a direct and an indirect impact. Below is a summary of our sustainability due diligence process for these impacts, which outlines the following categories:

- The nature of our business relationship
- Where in the value chain the risk is identified
- Geographical location of identified value chain actor
- The business sectors of identified value chain actors
- An account of our mitigating actions and engagement, along with insights into the nature of the dialogue
- Concluding remarks on progress or resolutions achieved

Actual impacts	Customer or supplier	Value chain findings	Geographical findings	Sector findings	Actions	Result
Human rights The risk assessment revealed the violation of human rights according to the Universal Declaration of Human Rights	Customers: 1 Suppliers: 1	Direct impacts: 2 Indirect impact through value chain activities: 0	Europe	Food service Transport	During 2024, an engagement letter will be sent to the customer and supplier, requesting additional details on their strategies for mitigating and remedying the situation.	We will await a response from our customer and supplier and based on the response, we will act accordingly and, if relevant, as described in the Remediation section. We will provide an update on the progress in the 2024 Annual Report.
Corruption The risk assessment revealed the violation of national corruption laws.	Customers: 1 Suppliers: 0	Direct impacts: 1 Indirect impact through value chain activities: 0	Europe	Other membership organisation	During 2024, an engagement letter will be sent to the customer, requesting additional details on their strategies for mitigating and remedying the situation.	We will await a response from our customer and based on the response, we will act accordingly and, if relevant, as described in the Remediation section. We will provide an update on the progress in the 2024 Annual Report.
Potential impacts	**Customer or supplier**	**Value chain findings**	**Geographical findings**	**Sector findings**	**Actions**	**Result**
Human rights The risk assessment revealed the potential violation of human rights according to the Universal Declaration of Human Rights	Customers: 9 Suppliers: 0	Direct impacts: 1 Indirect impact through value chain activities: 8	Middle East Europe	Financial Other membership organisation Social Insurance Administrative Petroleum Manufacturing Domestic intelligence	During 2024, an engagement letter will be sent to all customers, requesting additional details on their strategies for mitigating and remedying the situation.	We will await a response from our customers and based on the response, we will act accordingly and, if relevant, as described in the Remediation section. We will provide an update on the progress in the 2024 Annual Report.
Corruption The risk assessment revealed potential the violation of national corruption laws.	Customers: 7 Suppliers: 2	Direct impacts: 3 Indirect impact through value chain activities: 6	America Europe Middle East	Security Administrative Financial Social Insurance Petroleum Manufacturing Domestic Intelligence	During 2024, an engagement letter will be sent to all customers and suppliers, requesting additional details on their strategies for mitigating and remedying the situation.	We will await a response from our customers and suppliers and based on the response, we will act accordingly and, if relevant, as described in the Remediation section. We will provide an update on the progress in the 2024 Annual Report.

*14 value chain actors correspond to 0.6% of the total number of value chain actors assessed in 2023

Remediation

Human rights

Our standard procedure for addressing human rights impacts involves initiating dialogue with value chain actors to offer support and mitigate potential or actual adverse impacts. We believe that disengagement is not always the most effective solution in sensitive or problematic situations, as this can trigger additional negative impacts. While we may not always be able to provide remedy to the affected party directly, we are committed to assisting in enhancing and improving the management of human rights impacts.

Corruption

Our approach to addressing corruption varies based on whether a value chain actor has been convicted of corruption, presents clear indications of corruption, or is under suspicion of involvement in corruption due to geographical location or business sector.

In cases where a value chain actor has been convicted of corruption practices or in cases where a value chain actor shows clear indications of corruption, and cannot provide evidence of innocence, we will implement the red colour score guidelines.

§ Accounting principles

Assessment of alignment criteria

When assessing compliance with the alignment criteria for the activity 8.1 Data processing, hosting, and related activities, we have engaged in dialogue with our third-party data centre co-host operators, and our data centre hardware manufacturers. They have provided signed documentation regarding each of the applicable technical screening criteria, as outlined in a template prepared by Group Finance.

Revenue

Eligible

Eligible revenue consists of the following components: External revenue associated with data centre hosting and related activities. This is comprised of both revenues generated using Netcompany's own hardware and revenue generated by using third-party cloud computing solutions as a hosting service towards external clients.

External revenue derived from the activities; Data-driven solutions for GHG emissions reductions and Provision of IT/OT data-driven solutions related to the transition to a circular economy. Revenue allocation has been performed by dissecting the delivery towards the client, to locate the exact proportion of the revenue matching the activity description. Should the Taxonomy-eligible activity be a part of a bigger performance obligation without a stand-alone performance obligation, the revenue is not reported as Taxonomy-eligible.

Aligned

Aligned revenue consists of external revenue derived from data centre hosting and related activities, where the operational process of the hosting activity complies with the technical screening criteria set out by the EU Taxonomy legislation. Due to the nature of cloud computing and hosting activities, an allocation key has been used to separate the Taxonomy-aligned revenue streams from the non-aligned. Electricity consumption for each data centre co-host location, has been used as allocation key, as it states an accurate representation of the distribution between the two locations. Reference is made to Note 3 in the Financial Statements.

Capex

Eligible

Eligible Capex consists of additions to tangible assets of property, plant and equipment (including additions to leased assets) and additions to intangible assets, associated with Taxonomy-eligible activities.

Climate change mitigation

- 6.5. Transport by motorbikes, passenger cars and light commercial vehicles

Additions added to leased cars in the company car sheet, in accordance with IFRS 16.

- 8.1. Data processing, hosting, and related activities

Additions to hardware used in our data centre operations.

Transition to a circular economy

- 4.1. Provision of IT/OT data-driven solutions

Additions added to intangible assets matching the activity description, in accordance with IAS 38.

Aligned

Aligned Capex consists of additions to tangible assets of property, plant and equipment (including additions to leased assets, that complies with the technical screening criteria of the activity.

Climate change mitigation

- 8.1. Data processing, hosting, and related activities

Additions to hardware used in our data centre operations. Electricity consumption for hardware used in data centre operations for each data centre co-host location, has been used as allocation key. Reference is made to Note 18 in the Financial Statements.

Opex

The denominator for Opex corresponding the requirements set out by the EU Taxonomy legislation, is comprised of the following direct cost: Research and development (R&D); building renovation measures; short-term leases; maintenance and repair, and other direct cost related to ensuring the daily operations and servicing of assets of property, plant, and equipment (including leases), including services outsourced to a third party, that is principally related to an asset and is necessary to ensure the continued and effective functioning of such assets.

Eligible

Eligible Taxonomy Opex consists of the relevant direct cost (as described above), for the following Taxonomy activities.

Climate change mitigation

- 8.1. Data processing, hosting, and related activities

Direct cost ensuring the day-to-day operations of Data processing and hosting activities, for operations owned by Netcompany. Included are direct cost that ensures that the data centre assets can perform their intended purposes.

Aligned

Aligned Taxonomy Opex consists of the relevant Taxonomy defined direct cost, related to the proportion of the following activities that complies with the technical screening criteria.

- 8.1. Data processing, hosting, and related activities

Direct cost ensuring the day-to-day operations of Netcompany data processing and hosting activities, for operations owned by Netcompany. Included are direct cost that ensures that the assets can perform their intended purpose. Electricity consumption for hardware used in data centre operations for each data centre co-host location, has been used as allocation key.

Double counting

Double counting has been avoided in the following way:

Revenue

Each activity that generated Taxonomy eligible or aligned revenue, have separate performance obligations. As a result, the threat of double counting is not present in the Taxonomy revenue reporting schedule.

Capex

Activities incurring capitalised costs as either Taxonomy-eligible or aligned, do not generate the same types of costs.

- 4.1. Provision of IT/OT data-driven solutions

Additions to intangible assets classified as software (Note 16).

- 6.5. Transport by motorbikes, passenger cars and light commercial vehicles

Additions to right-of use assets in the form of leasing contract for cars (Note 18).

- 8.1. Data processing, hosting and related activities

Additions to tangible assets classified as equipment (Note 18).

Based on the assessment above, the threat of double counting is not present in the Taxonomy Capex schedule.

Opex

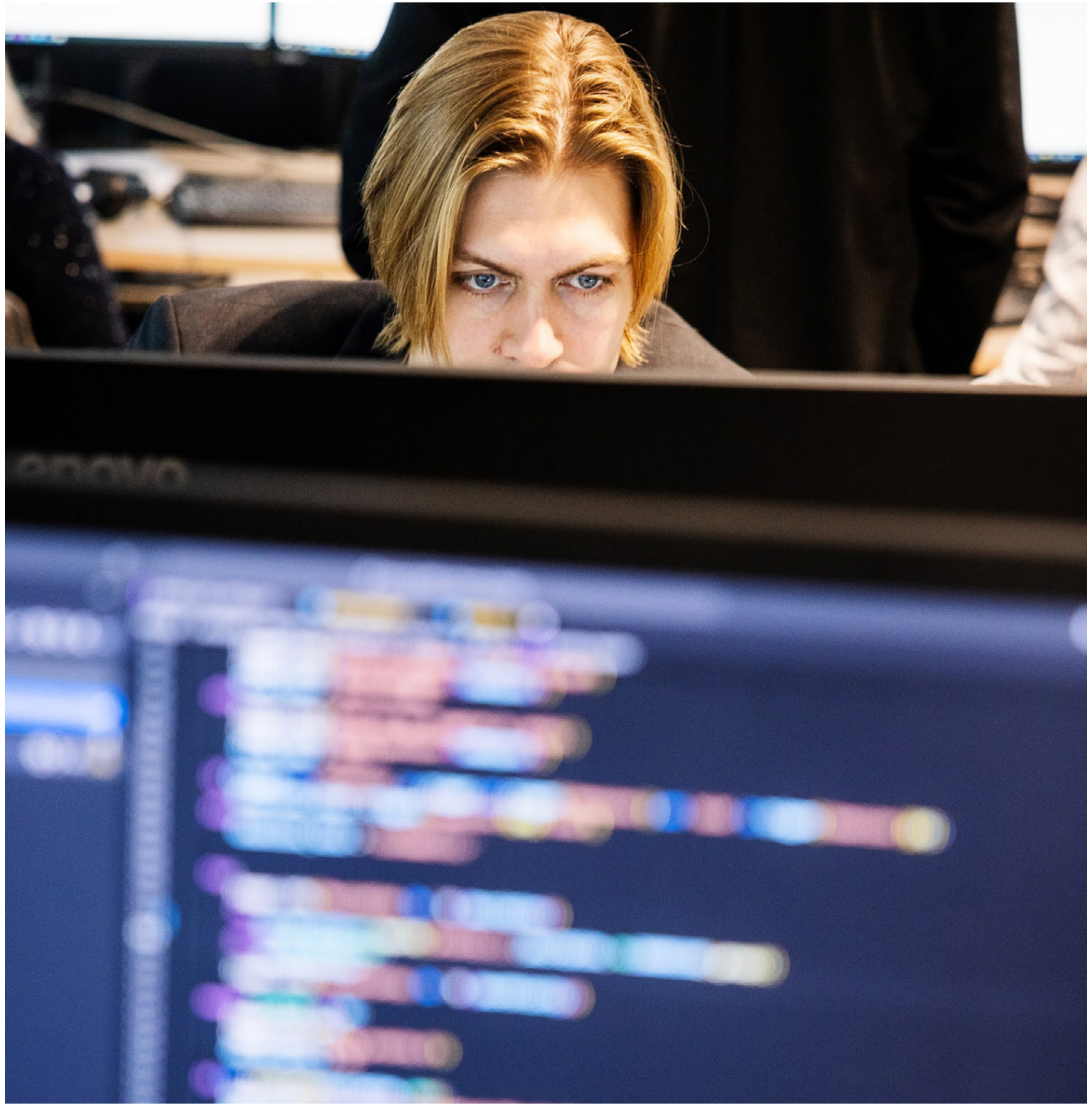
- 8.1. Data processing, hosting and related activities

Cost of service relates to Netcompany-owned and controlled data centre and hosting operations (Note 3).

- 4.1. Provision of IT/OT data-driven solutions

Maintenance cost of service related to a capitalised intangible asset (Note 3).

The above Taxonomy Opex does not share the same internal cost identification delivery and is not internally classified.



E Environment

The environmental reporting landscape is undergoing a significant transformation, transitioning from informal, non-binding guidelines to enforceable regulations via e.g. the Corporate Sustainability Reporting Directive (CSRD). This transition drives a need for an increased focus on how we approach and report environmental matters. Consequently, our reporting efforts will increasingly emphasise data quality and align with stringent legal requirements.

During this transition, our focus centres on building a solid foundation for our reporting practices. As a first step, we have expanded our environmental reporting and obtained limited assurance on selected KPIs.

Climate change is material to our business. As a growing IT service company and data centre user, we recognise the need to decrease the negative climate-related impact of our business. Additionally, customers and other stakeholders increasingly expect comprehensive information on our climate-related initiatives and data. This moves sustainability performance closer to the business, providing both risk and opportunity. Climate change and our carbon emissions are not only matters we must address as a responsible corporate citizen – addressing them is a strategic imperative to meet the growing expectations of our customers, investors, and other stakeholders.

E Our emissions

Since 2017, we have reported on our Scopes 1, 2 and 3 emissions. In our efforts to improve data quality and the total scope of our emissions, we have expanded our Scope 3 reporting to include five categories in 2023 compared to one category (business travel) in the previous years. In 2023, we made our first Power Purchase Agreement (PPA), in which we ensure additionality of renewable energy to the energy grid. In addition, we buy Guarantees of Origin (GoOs) in our efforts to decrease our overall emissions.

Scope 1 and 2

Scope 1 emissions

Our scope 1 emissions derive from fuel from leased cars and gas for office heating. The development of the year followed expectations and was on par with 2022, by a slight increase of 6.5% from 1,459.2 to 1,553.9 tonne CO_2e. Our leasing car fleet activity that makes up the majority of Scope 1 emissions saw no changes during the year.

Scope 2 emissions

Our Scope 2 accounts for electricity and district heating for data centres and offices.

Scope 2 location-based emissions increased 19.3% from 1,450.5 to 1,730 tonne CO_2e. The increase was primarily caused by moving into new headquarters and new offices in Greece. Due to the growth in the company, our new office buildings are considerably larger in size and as a result uses an increased amount of electricity. Due to the reporting nature, the location-based method does not take investments in renewable energy into consideration.

Scope 2 market-based emissions decreased by 72.9% from 1,575.4 to 427.4 tonne CO_2e. The improvement was a direct result of our renewable energy investments during the year. During 2023, 100% of our electricity consumption on the European energy grid was covered by Guarantee of Origin certificates, compared to 57.4% during 2022, which was an increase of 42.6 percentage points.

	2023*	2022	%
Scope 1 GHG emissions			
Gross Scope 1 GHG emissions (tCO_2e)	1,553.9	1,459.2	6.5%
Scope 2 GHG emissions			
Gross location-based Scope 2 GHG emissions (tCO_2e)	1,730.0	1,450.5	19.3%
Gross market-based Scope 2 GHG emissions (tCO_2e)	427.4	1,575.4	-72.9%

§ Accounting principles

Scope 1 greenhouse gas (GHG) emissions refer to the direct emissions from sources that are owned or controlled by an organisation. Direct GHG emissions is comprised of the sum of greenhouse gases, which are converted to CO_2 equivalents. The emissions arise from the combustion of fuel products related to Netcompany leased cars and natural gas used as heating in office buildings.

To calculate GHG emissions the newest version of DEFRA GHG Conversion factors (2023) has been used.

Scope 2 greenhouse gas (GHG) emissions refer to the indirect emissions resulting from the generation of purchased energy that is used by an organisation. Scope 2 emissions occur at the facility where the energy is generated, thus being classified as indirect emissions. The emissions

* Sustainability key figure subject to limited assurance

are linked to the electricity and district heating consumption related to Netcompany office activities, and electricity consumption related to Netcompany controlled data centre operations.

Scope 2 market-based emissions are calculated by taking the specific energy sources an organisation uses for its purchased electricity, heat, or steam. Renewable energy purchases and credits are considered, when accounting for indirect GHG emissions, using the market-based approach.

Renewable energy certificates

Certificates for purchase of renewable energy are only used as documentation if a Guarantee of Origin/cancellation statement is either in hand or a signed letter of intent assuring the arrival of such a statement is present at the time of reporting. Entities on the European energy grid has been covered by Guarantees of Origin, excluding the Norwegian entity which has been covered by a letter of intent.

To calculate GHG emissions, the newest version of the European residual mix has been used for European entities. For entities located outside of Europe, the newest version of IEA country factors has been used.

Scope 2 location-based emissions are calculated by taking the specific energy sources an organisation uses for its purchased electricity, heat, or steam, calculated using average emission factors for the regional or national energy grid. This method reflects the energy mix with the specific area of consumption and does not consider any purchase of renewable energy or credits. To calculate GHG emissions, the newest version of the IEA country factors has been used.

2022 KPI figures have been restated according to the accounting principles described above.

	2023*	2022	%
Significant Scope 3 GHG emissions			
Total gross indirect (Scope 3) GHG emissions (tCO_2e)	**68,518.4**	**53,566.7**	27.9%
1. Purchased goods and services	49,736.3	41,371.9	20.2%
2. Capital goods	3,987.0	2,724.2	46.4%
3. Fuel- and energy-related activities services	514.7	448.2	14.8%
6. Business travel	8,225.8	9,022.4	-8.8%
7. Employee commuting	6,054.7	N/A	N/A

Scope 3

Total gross indirect (Scope 3) GHG emissions

Total gross Scope 3 emissions increased by 27.9% from 53,566.7 to 68,518.4 tonne CO_2e. This increase was primarily a result of an increase in purchased goods and services emissions of 8,364.4 tonne CO_2e, and the inclusion of the Employee commuting category in the Scope 3 reporting scope, which accounted for a 6,054.7 tonne CO_2e Scope 3 emissions increase.

In 2023, our Scope 3 reporting includes the following five categories:

1. Purchased goods and services
Emissions increased by 20.2% from 41,371.9 to 49,736.3 tonne CO_2e. This was primarily driven by the Netcompany-Intrasoft entities, which accounted for 78.6% of the increase, with the majority being related to a higher level of freelancer purchases, that was a direct result of the growth in the business unit.

2. Capital goods
Emissions increased by 46.4% from 2,724.2 to 3,987 tonne CO_2e. This development was impacted by the headquarters relocation and the moving into new offices in Greece, that resulted in an increase in leasehold additions and an increase in equipment additions.

3. Fuel-and-energy-related activities
Emissions increased by 14.8% from 448.2 to 514.7 tonne CO_2e. Emissions related to this scope 3 category derived from the direct and indirect emissions reported under scope 1 and 2 and the development is therefore directly linked to these two emission categories.

6. Business travel
Emissions decreased by 8.8% from 9,022.4 to 8,225.8 tonne CO_2e. The improvement was driven by improved data quality related to plane travel emissions in our Vietnamese entity. During 2023 we transitioned to a supplier that was able to deliver supplier specific CO_2e data. As a result, the emission from supplier specific data was significantly lower and presented a more accurate emission figure. This development was a result of our efforts to increase our sustainability reporting and KPI data quality.

7. Employee commuting
Emissions were reported for the first time in 2023. The emissions were calculated based on a Group-wide survey with a 78% response rate.

* Sustainability key figure subject to limited assurance

For the remaining Scope 3 categories, we made the following assessment regarding materiality:

Subject to further assessment before deeming materiality

5. Waste generated in operations
8. Upstream leased assets
11. Use of sold products
15. Investments

Not relevant

4. Upstream transportation and distribution
9. Downstream transportation and distribution
10. Processing of sold products
12. End-of-life treatment of sold products
13. Downstream leased assets
14. Franchises

§ Accounting principles

Scope 3 emissions are the indirect greenhouse gas emissions attributed to an organisation's value chain.

1: Purchased goods and services
GHG emissions associated with the Group's purchase of goods and services, are calculated as the amount of direct cost including VAT associated with a specific type, multiplied by a matching emission factor from DEFRAS Table 13 direct spend based emission factors. The direct cost has been converted to GBP using the average exchange rate of the month, to align with the currency used in the spend based emissions factors.

2: Capital goods
GHG emissions associated with the Group's additions to tangible assets, are calculated as the amount of capitalised cost associated with a specific type, multiplied by a matching emission factor from DEFRAS Table 13 direct spend based emission factors. The capitalised amount has been converted to GBP using the average exchange rate of the month, to align with the currency used in the spend based emissions factors.

3: Fuel- and energy-related activities
GHG emissions related to the fuel- and energy-related activities not accounted for in Scope 1 or Scope 2, is comprised of indirect emissions associated with the production of purchased fuels and electricity. The GHG emission are being calculated using the newest version of the IEA country factors, multiplied by the Scope 1 and Scope 2 consumption.

6: Business travel
GHG emissions associated with the Group's business travel activities, are calculated as the amount of direct cost including VAT associated with plane, taxi, train, bus, ferry, and accommodation, multiplied by a matching emission factor from DEFRAS Table 13 direct spend based emission factors. The direct cost has been converted to GBP using the average exchange rate of the month, to align with the currency used in the spend based emissions factors.

For the emissions derived from plane travel for the entities within Denmark, United Kingdom, Norway, Netherlands, and Poland, the majority is based on supplier specific data. The part of the direct cost related to supplier specific data, has been subtracted from the direct cost base of the spend-based emission calculation, to avoid double counting.

7: Employee commuting
GHG emissions related to employee commuting is related to the indirect emissions generated from the transportation of employees between their homes and their place of work.

The emission has been calculated based on the answers of a Group-wide survey, that took place during September 2023. The survey included questions regarding: Means of transportation and type, for example electric or diesel vehicle. Distance to work, and average weekly days spent working in the office. To calculate the GHG emissions, the newest version of DEFRA's Business travel-land emissions factors has been used. The response rate for the survey was 78%.

2022 KPI figures have been restated according to the accounting principles described above.

GHG intensity based on net revenue

	2023*	2022	%
GHG intensity based on net revenue			
Total GHG emissions (location-based) per net revenue (tCO_2e/DKK million)	**11.8**	**10.2**	**15.0%**
Total GHG emissions (market-based) per net revenue (tCO_2e/DKK million)	**11.6**	**10.2**	**12.2%**

§ Accounting principles

GHG intensity based on net revenue has been calculated as gross Scope 1, Scope 2 market-based/location-based, and gross Scope 3 emissions divided by reported net revenue in DKK million (Note 3).

Energy consumption and mix

Energy consumption and mix	2023	2022
Fuel consumption from crude oil and petroleum products (MWh)	7,425.8	6,598.7
Fuel consumption from natural gas (MWh)	614.2	664.7
Consumption of purchased or acquired electricity, heat, steam, and cooling from non-renewable sources (MWh)	880.5	2,738.2
Total non-renewable energy consumption (MWh)	**8,920.5***	**10,001.6**
Share of non-renewable sources in total energy consumption (%)	**52.8%***	**71.0%**
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	7,982.8	4,089.3
Total renewable energy consumption (MWh)	**7,982.8***	**4,089.3**
Share of renewable sources in total energy consumption (%)	**47.2%***	**29.0%**
Total energy consumption (MWh)	**16,903.3***	**14,090.9**

Our overall energy consumption increased by 20% from 14,090.9 to 16,903.3 megawatt-hours. This increase was primarily a result of our headquarters relocation and our new office buildings in Greece.

Our total renewable energy share improved by 18.2 percentage points, increasing from 29% to 47.2%.

§ Accounting principles

Energy from non-renewable sources covers fuel consumption related to the Group's leasing car fleet, natural gas consumption related to heating of office building, consumption of electricity related to Netcompany controlled data centre operations and office activities and district heating related to office activities. For conversion from litre and m^3 consumption, to megawatt-hours, Defra/DEEC's Fuel conversion factors from 2012 have been used.

Energy from renewable sources covers district heating and electricity related to office activities and Netcompany controlled data centre operations.

2022 KPI figures have been restated according to the accounting principles described above.

* Sustainability key figure subject to limited assurance

Data hierarchy	Scope 1 / Energy mix / Category 3			Scope 2 / Energy mix / Category 3	
	Diesel	Petrol	Gas	Electricity	District heating
1. Actual consumption directly stated on the invoice from the vendors	94.1%	86.0%	38.8%	54.4%	1.0%
2. Data through vendor online portal or similar				24.7%	59.2%
3. Data supplied by the vendor open request through written communication				14.7%	0.0%
4. Estimations performed based on historical data			39.9%	1.6%	8.1%
5. Estimations performed based on average price per unit of consumption (kwh, litres, m^3), for Netcompany Group purchases in the relevant period	5.8%	13.2%	21.3%	4.3%	31.7%
6. Estimations based on average publicly available average price pr. unit of consumption (kwh, litres, m^3)	0.2%	0.8%		0.2%	

Data hierarchy	Scope 3		
	Purchased goods and services	Capital goods	Business travel
1. GHG emission data supplied directly by the supplier			31.6%
2. GHG emission calculated based on actual purchase / weight			
3. GHG emission calculated on the base of net-spend	100%	100%	68.4%

Data hierarchy

The reported environmental performance follows the data hierarchy principles stated below.

Scope 1, 2 & Scope 3, category 6

1. Actual consumption directly stated on the invoice from the vendors.
2. Data through vendor online portal or similar.
3. Data supplied by the vendor open request through written communication.
4. Estimations performed based on historical data.
5. Estimations performed based on average price pr. unit of consumption (kwh, litre, m^3), for Netcompany Group purchases in the relevant period.
6. Estimations based on average publicly available average price pr. unit of consumption (kwh, litres, m^3).

Scope 3, category 1, 2 & 3

1. GHG emission data supplied directly by the supplier.
2. GHG emission calculated based on actual purchase / weight.
3. GHG emission calculated on the base of net-spend.

Environment initiatives

Repurposing office furniture

Our goal is to promote the sustainable management of office furniture across all our offices. We achieve this by reselling, donating, and implementing eco-friendly disposal methods for our furniture. Donations and reselling have occurred through Netcompany partnerships, such as Danish furniture supplier, Holmriis.

The initiative is active in our entities in Denmark, the Netherlands, Norway, Poland, the United Kingdom, and Vietnam.

Environmental waste management

Since 2022, we have introduced residual waste sorting programs in all our office locations. We are committed to segregating our waste to maximise recycling and reduce the volume of waste deposited in landfills. The initiative is active in our entities in Denmark, Greece, the Netherlands, Norway, Poland, the United Kingdom, and Vietnam.

We are committed to responsible e-waste management. We have established internal protocols to guarantee the appropriate reuse or disposal of all IT equipment. Our collaborations extend to NGOs, schools, childcare facilities, and responsible business partners. This aligns with our ISO 14001 goal to achieve an 80% refurbishment, reuse, or recycling rate for laptops by 2026. In 2023, we have refurbished, reused or recycled 98% of our laptops in Denmark, the Netherlands, Norway, Poland, the United Kingdom, and Vietnam.

Say goodbye to plastic campaign

We significantly reduced plastic in most of our offices to move into a plastic-free future for all entities. The initiative is active in our entities in Denmark, Greece, the Netherlands, Norway, Poland, the United Kingdom, and Vietnam.

Since 2022, we have transitioned to using less water plastic bottles at our Danish offices. This aligns with our ISO 14001 goal of reducing plastic water bottle consumption in our Danish office by 60% by 2026. In 2023, we have reduced our plastic water bottle consumption by 41% compared to 2022.

ISO 14001 certification

In 2023, we demonstrated our commitment to attaining ISO 14001 certifications in the majority of our entities. Our entities in Denmark, Poland, the United Kingdom, Greece, Norway, the Netherlands, Luxembourg, Belgium, and Romania currently hold ISO 14001 certifications. By 2024, we anticipate obtaining ISO 14001 certification for our entity in Vietnam. Our ISO 14001 aspects include increasing the use of renewable energy sources, improving circular economy practices, and reducing resource consumption. These aspects are in alignment with our primary environmental focus on addressing climate change.

Social

Our people 64

S Our people

Material aspects related to our people

Our people are the backbone of our company, driving innovation and delivering exceptional results. Our efforts to support our people in their personal and professional development are founded on our shared ambition to deliver value for our customers. We want to cultivate an inclusive culture, ensuring every employee feels supported and valued. Our commitment extends to providing equitable career opportunities for all, ensuring a level playing field for every team member. Our double materiality assessment process, as described in the Double materiality assessment section, reflects our dedication to secure employment, retention, work-life balance, social dialogue, gender equality, equal pay for equal work, training, and skills development. It serves as our blueprint for promoting employment inclusion, diversity and safeguarding privacy.

The most material aspects related to our people are:

Attracting and retaining top talent and promoting work-life balance

At the core of our business model, we emphasise secure employment and a balanced work-life approach. These factors are fundamental to our capacity to attract, retain, and inspire top talent. We recognise that a motivated and stable workforce is essential for delivering exceptional customer results.

Providing equal development opportunities for everyone

Investing in training and skills development is at the core of our strategy, and we continuously work on developing our learning environments. We remain committed to continuously upskilling our people through job-specific training and on-the-job learning.

We are committed to empowering our employees to reach their full potential regardless of background and social identity. Equity, inclusion and diversity are driving forces behind our ability to deliver, innovate and grow in an industry characterised by a shortage of qualified labour.

Cultivating an engaged workforce

We are committed to encouraging social dialogue as we recognise the effect of an engaged and supportive work environment and the direct impact of work-life balance on our employee's well-being, satisfaction and productivity. As a people-driven company, we strive to cultivate a respectful and secure atmosphere and safeguard our employees' privacy.

Policies and workforce impacts

Our workforce plays a critical role in our business model and strategy, and ensuring their well-being and satisfaction is essential. We also strive to create an environment that harnesses various opportunities while effectively managing associated risks. To address potential impacts on our employees, we have implemented policies that uphold human and labour rights as a core aspect of our commitment.

Code of Conduct Policy

Our Code of Conduct (CoC) Policy serves as a guiding light for ethical decision-making. Embracing this cultivates trust, loyalty, and integrity while upholding robust business practices aligned with ethical values, policies, and applicable laws. It encompasses a broad range of ethical dimensions, including personal conduct, workplace safety and environment, conflicts of interest, confidential information, data privacy and ethics, human rights (including discrimination and labour rights), freedom of association and collective bargaining, and the fight against unfair business practices such as anti-corruption, bribery, fraud, insider trading, taxation, and environmental responsibility.

Our CoC Policy aligns with several internationally recognised human rights instruments, including the International Bill of Human Rights, the International Labour Organisation Declaration on Fundamental Principles and Rights at Work, and The Modern Slavery Act. We maintain a zero-tolerance stance against forced, bonded, or compulsory labour, slavery, human trafficking, and child labour throughout our value chain.

Human Rights commitments

We remain committed to respecting human rights across our value chain. Our commitment aligns with the United Nations Guiding Principles on Business and Human Rights (UNGP) and the OECD Guidelines for Multinational Enterprises.

We adhere to a zero-tolerance policy towards any discrimination, harassment, or bullying due to any social identity, including age, culture, nationality, ethnicity, gender, physical abilities, experience, political and religious beliefs, sexual orientation, and other attributes. We are a people-centric business, and our employees are the backbone of our business. Fostering an inclusive culture where everyone feels supported, empowered and treated fairly is essential.

We actively engage with stakeholders, including expert advisors and employees, to ensure effective human rights management and compliance. We conduct a human rights due diligence process to identify potential human rights concerns comprehensively. Reference is made to the EU Taxonomy Minimum Safeguards section. In addition, our Whistleblower system enables individuals linked to Netcompany to report violations, including potential human rights impacts, confidentially. Reference is made to the Corporate culture section.

Our Code of Conduct Policy outlines our expectations and commitments, applying to anyone conducting business on behalf of Netcompany, including employees, suppliers, contractors, and external business partners. The policy, including our human rights commitments, are approved by the Board of Directors and overseen by the Audit Committee. The policy applies to Netcompany Group.

Diversity, Equity, and Inclusion Policy

Our Diversity, Equity and Inclusion (DEI) Policy is approved by our Board of Directors and overseen by the Executive Management in compliance with applicable laws and regulations. The policy applies to our entities in Denmark, the Netherlands, Norway, Poland, the United Kingdom and Vietnam. Reference is made to the Management responsibilities, Diversity section.

Additionally, we actively participate in the Confederation of Danish Industry (DI)'s Special Committee for Diversity, collaborating on tangible initiatives to promote diversity and equality within organisations.

Harassment and Sexual Harassment Policy

Our Harassment and Sexual Harassment Policy provides a framework outlining the roles and responsibilities of all Netcompany employees, including mentors, project managers, colleagues, Human Resources, and Executive Management. In the event of a harassment or sexual harassment complaint, Human Resources investigates the matter. Depending on the severity of the misconduct, disciplinary actions, including potential dismissal, will be taken against the perpetrator. Additionally, individuals in leadership roles who neglect to report suspected harassment or sexual harassment will be subject to disciplinary actions following employment laws.

Reports of harassment or sexual harassment are submitted through our whistleblower system or to Human Resources who is responsible for informing Executive Management. Reference is made to the Corporate Culture section.

Group Human Resources approves our Harassment and Sexual Harassment Policy and the policy applies to our entities in Denmark, the Netherlands, Norway, Poland, the United Kingdom, and Vietnam. A separate Harassment Policy covering our Greek entity is mandated by Greek legislation and governed by local Human Resources.

Health and Safety Policy

Our Health and Safety Policy establishes a framework defining the responsibilities of our Work Environment Organisation (WEO). The function is responsible for (1) ensuring compliance with health and safety legislation, regulations and requirements, (2) preventing workplace injuries, and (3) conducting ongoing assessments of the work environment. WEO consists of a Group Health and Safety Coordinator and a Head of Health and Safety. Local offices have designated local Health and Safety leads. The Policy is approved by Group Human Resources and overseen by

WEO, which evaluates the work environment and conducts statutory assessment meetings in compliance with applicable laws and regulations. The Policy applies to our entities in Denmark, the Netherlands, Norway, Poland, the United Kingdom, and Vietnam. In Greece, Belgium, Luxembourg, and Romania, we comply with the ISO 45001 Health and Safety Management System. The process is monitored by health and safety officers and designated personnel. Internal audits are conducted by certified Facility teams.

Anti-Slavery and Human Trafficking Policy

Our Anti-Slavery and Human Trafficking Policy reflects our stance against modern slavery as mandated by Section 54 of the Modern Slavery Act 2015. Violations of ethical guidelines or competition laws will be investigated and may result in disciplinary actions, including dismissal, business relationship termination, and reporting to authorities under applicable laws.

Our expectations and commitments are communicated during onboarding and at the outset of a business relationship and reinforced as appropriate. This policy applies to all individuals representing Netcompany, including employees, suppliers, contractors, and external partners, and is overseen by our Board of Directors. The policy applies to Netcompany UK Limited.

Employee Resource Group Policy

Our Employee Resource Groups (ERGs) Policy provides a framework for how ERGs are administered. The policy is grounded in our values and commitment to the UN Global Compact. The ERGs aim to drive groups' inclusion, engagement and belonging, particularly at risk of vulnerability. These efforts are overseen by Executive Management and are designed to encourage social dialogue, providing valuable insights to address well-being-related impacts. Reference is made to the Engaging our people paragraph. This policy applies to all individuals, including all levels of leadership, and is overseen by Group Human Resources. The policy applies to our entities in Denmark, the Netherlands, Norway, Poland, the United Kingdom and Vietnam.

Engaging with our people

In our commitment to fostering an inclusive and engaged workplace, we value input from our employees. We maintain open channels for direct and indirect engagement. Our direct engagement occurs through our Social and Employee Satisfaction surveys, as well as meetings with Employee Resource Groups (ERGs) leadership where we actively look into employee suggestions for workplace improvement. Our indirect engagement predominantly occurs through our ERGs and development including our buddy- and long-term mentoring programme and structured performance appraisals.

Professional and personal development

Since our inception, we have believed in the concept of IT people leading IT people. All new employees are paired with a personal buddy during onboarding. Our buddy program is designed to warmly welcome new hires to Netcompany methodology, technology, and processes and help them establish internal social networks with colleagues to foster good relations and a supportive social atmosphere.

In addition, new employees are paired with a personal mentor during onboarding, ensuring consistent guidance and development as they transition between projects and managers. Mentors play a pivotal role in nurturing their mentees' growth throughout their careers, contributing significantly to their professional and managerial advancement.

Annual performance appraisals are conducted for all employees to evaluate their performance, aligning them with organisational goals and fostering a culture of continuous feedback and improvement.

Social survey

Our Social surveys gathers insight related to any challenges faced by our people and to identify new ways to improve the conditions of their work environment. The survey covering our entities in Denmark, the Netherlands, Norway, Poland, the United Kingdom, and Vietnam was established in 2023 and will, from 2024, be performed annually, while the survey covering Netcompany-Intrasoft is performed bi-annually.

Our Employee Resource Groups (ERGs) are driving change from the bottom up. They are voluntary groups, led by individuals who share characteristics or life experiences. Sponsored by an employee at Partner-level, these ERGs empower all permanent employees to participate and initiate within these areas:

- Multi-culture @ Netcompany
- LGBTQ+ and allies @ Netcompany
- Women @ Netcompany
- People with disabilities and allies @ Netcompany
- Veterans @ Netcompany
- Age @ Netcompany

The ERGs provide a platform for sharing perspectives, promoting inclusivity, and addressing workplace challenges. The ERGs have driven many of the organisational changes initiated in 2023, such as enabling proper accessibility for people with disabilities at our new headquarters in Denmark, adding an option for employee selection of pronouns, updating the Harassment and Sexual Harassment Policy in Denmark, the Netherlands, Norway, Poland, the United Kingdom and Vietnam, and a new dress code policy covering our entities in Denmark, the Netherlands, Norway, Poland, the United Kingdom, and Vietnam.

Employee satisfaction survey

Our Employee satisfaction survey is administered to quantify employee satisfaction using the Employee Net Promoter Score (eNPS), assessed on a scale from -100 to +100. The eNPS is conducted annually for our entities in Denmark, the Netherlands, Norway, Poland, the United Kingdom, Vietnam, and Netcompany-Intrasoft.

	2023*	2022
eNPS	+25	+33

The eNPS has declined from 2022 to 2023, primarily due to lower scores in some of our major markets. The lower activity primarily in the Danish business, has led to some employees experiencing missed opportunities to obtain desired and challenging assignments.

§ Accounting principles

Our Employee Net Promoter Score (eNPS) is calculated by subtracting the percentage of detractors from the percentage of promoters based on employee responses. Those with a predetermined end date are excluded across our entities in Denmark, the Netherlands, Norway, Poland, the United Kingdom, Vietnam, and Netcompany-Intrasoft. In our entities Denmark, the Netherlands, Norway, Poland, the United Kingdom, and Vietnam, employees on leave are included during the survey period. Netcompany-Intrasoft does not include employees on parental, maternity, unpaid, and sick leave. New hires with less than a week's seniority in our entities in Denmark, the Netherlands, Norway, Poland, the United Kingdom, and Vietnam or less than three weeks at Netcompany-Intrasoft are also excluded.

Freelancers are generally not part of the survey, except for 15 freelancers in managerial roles in Netcompany-Intrasoft. The 2023 response rate is 80% (2022: 82%).

Survey distribution is platform-specific: Our entities in Denmark, the Netherlands, Norway, Poland, the United Kingdom, and Vietnam use SurveyXact, while Netcompany-Intrasoft uses Willis Towers Watson.

* Sustainability key figure subject to limited assurance

Channels to raise concerns

We address adverse impacts on our people with multiple grievance mechanisms for reporting and remedying. Our processes, whether through direct or indirect engagement, are approached case-by-case, providing valuable insights to enhance our remediation procedures continuously. Besides the option to report violations anonymously through our whistleblower system, all employees can directly initiate a case with Human Resources through our intranet, ensuring accessibility for Netcompany employees in Denmark, the Netherlands, Norway, Poland, the United Kingdom, and Vietnam. Specifically in Netcompany-Intrasoft, the channel to raise concerns is through the local Human Resources Business Partner. Human Resources initiates dialogue with all parties to facilitate a resolution, including necessary disciplinary actions and remedies in line with applicable policies.

Indirectly, impacted individuals are encouraged to connect with their mentors, colleagues, managers, business unit directors, or top management for guidance and support when reporting incidents and seeking resolution. In some cases, any previously mentioned third parties may raise a case on behalf of the impacted individual. Our engagement channels with our people enable us to gather ongoing feedback on the efficiency of our grievance mechanisms. Reference is made to the Engaging with our people section.

As mandated by law, we also engage with workers' representatives, including Work Environment Groups or Work Councils in Poland and the Netherlands.

Netcompany instructors
Twice a year, we assess instructor availability and nominate new candidates, all subject to approval by Business Unit Directors. Instructors for specific courses undergo observation or co-instruct alongside experienced peers, and preparatory pre-sessions are available for some courses.

Managing impacts on our people

Our focus is to set clear objectives and enhance our ability to prevent, mitigate, and address potential employee negative impacts and create positive impacts on our people. We identify and resolve employee-related issues through our internal administrative processes case-by-case. The Chief Operating Officer (COO) and Chief People Officer (CPO) are responsible for this area and approves policy adaptations.

Attracting and retaining top talent and promoting work-life balance

We focus on secure employment by tailoring our practices to align with local regulatory and contractual standards. Moreover, we equip our leaders with the tools to support employee well-being, especially during demanding periods.

We monitor and evaluate the effectiveness of our initiatives to promote and maintain a balanced work-life balance for our people, including the assessment of leadership training programs through Netcompany Academy. In addition, we keep our people engaged and motivated by providing interesting projects, responsibilities, development opportunities, social activities and employee benefits.

Providing equal development opportunities for everyone

Training is fundamental in creating positive training and skills development impacts. External training and certifications are provided when needed. Via Netcompany Academy, we offer a range of courses tailored to employees' job roles to positively contribute to their personal and professional growth, covering our entities in Denmark, the Netherlands, Norway, Poland, the United Kingdom, and Vietnam. These courses cover project management, communication skills, technical skills, leadership development, and more, enabling our people to develop their skills continually. In close collaboration with the business, Group Human Resources continuously evaluates and updates existing courses while developing new ones to ensure that our workforce has the necessary skills. We measure the effectiveness of each course through internal surveys that assess relevance and instructor performance.

We provide instructor-led training, webinars, e-learning programs, certification courses, workshops, and conferences for our entities in Greece, Belgium, Luxembourg, Romania, and South Africa. These initiatives enhance our organisational skillset, and our training procedures align with the ISO 29993:2017 Standard. To facilitate the procedures, we use a cloud-based Learning Management System (LMS) and MOOC providers. We perform annual training needs analyses to ensure the efficacy of these training programs.

Equity is central to us. Our performance and promotion process aims to evaluate all employees based on their performance, mitigating biases. Human Resources works closely with the management group to ensure they understand and navigate this process effectively. In 2023, we developed a Social strategy to strengthen our DEI approach, covering our entities in Denmark, the Netherlands, Norway, Poland, the United Kingdom, and Vietnam.

Cultivating an engaged workforce

We foster open dialogue through Employee Resource Groups (ERGs) and works councils, creating a safe culture for employees to share concerns without fear of discrimination or harassment. Reference is made to the Engaging with our people paragraph. Our Chief People Officer (CPO) and Chief Operating Officer (COO) actively oversee ERGs and their progress.

We enhance communication channels, gathering employee input through ERGs, work councils, and beginning 2024 through social surveys. In 2023, we streamlined ERG governance, granting ERGs improved access to decision-makers and action-takers, making the process more efficient. This simplification removes multiple layers in establishing new initiatives, measuring our initiatives' effectiveness, and refining strategies based on feedback.

Our leadership development programmes, such as the New Manager Seminar, as part of Netcompany Academy, underscore leaders' roles in preventing these issues. Our Code of Conduct Policy outlines reporting procedures. We conduct individual investigations, respecting victims' consent, and take customised actions for each case, ensuring swift resolution.

In July 2023, we improved access controls in our Human Resources system, further limiting access to personal data across our entities in Denmark, the Netherlands, Norway, Poland, the United Kingdom, and Vietnam. We educate our workforce on GDPR and HR procedures, including training for hiring managers. Our Privacy Policy is regularly evaluated, and Group Legal ensures compliance with applicable legislation. Our Security Policy allows employees to report security issues, including personal data privacy concerns and our people are annually obligated to perform mandatory security awareness training.

Furthermore, our Greek entity adheres to GDPR through regular training sessions, focusing on both data protection and security awareness, which are mandatory for all employees upon hiring. These training programs are administered and monitored through our Learning Management System, ensuring accountability.

We perform an annual review of access controls and rights pertaining to company systems and tools. This ensures exclusive accessibility to authorised personnel.

We maintain an ongoing dialogue regarding our internal practices across Shared Services. This ensures that diverse perspectives from various departments are carefully considered when implementing procedures. This collaborative approach allows us to incorporate various viewpoints, promoting an effective decision-making process. Actively engaging stakeholders enables us to tackle potential challenges and seize opportunities with greater insight.

Characteristics of our people

We are committed to mirroring the diversity of the societies we serve by promoting inclusivity across various projects and roles. Diversity, equity and inclusion are strategic drivers in attracting, managing, and developing our people.

Gender distribution

While IT historically has been a male-dominated field, we work to welcome an increasing number of women in traditional IT education, the broad industry, and our organisation. Our policies are designed to ensure equal promotion opportunities and remuneration for all employees, regardless of gender. Additionally, we organise events and initiatives to promote gender diversity and inclusivity.

When it comes to reporting on gender distribution, we engage with advisors to align our reporting with best practices. Legal constraints in some of our operating countries, and limitations imposed by reporting obligations to public institutions have confined our reporting to the two legal sexes, male and female, which align with current regulatory frameworks. Initiated in 2023, we offer employees to voluntarily specify their preferred gender pronouns in their email signatures, enhancing individual identity recognition. This option is available for our people in Netcompany Group.

Number of employees (headcount) by gender excl. freelancers	**2023***	**2022**
Male	4,917	4,552
Female	1,829	1,607
Other	0	0
Not reported	0	0
Total employees	**6,746**	**6,159**

In 2023, we saw an increase in our total workforce. Our entities in Denmark, the Netherlands,

2023 highlights

Women in tech

In honour of International Women's Day (IWD), we actively engaged in multiple initiatives promoting women. Our involvement included participation in the 2023 'Summit on Gender Equality in Computing' and active participation in events like 'Women in Digital', 'Women in Tech Summit', and hosting an empowering 'Tech Talk' for women. Furthermore, we proudly sponsored the IWD event organised by Women Techmakers. The events were performed in our entities in Vietnam and Greece.

Furthermore, throughout the year, we actively engaged in various initiatives aimed at addressing the gender gap, supporting female-led networks, and offering career guidance in the tech industry. Our participation included key events such as Women in Tech, Women in Tech Summit, SheCodes Hackathon, Girl Code Meetup, and Ahead Partnership – Girltech. These initiatives were held across our entities in the Netherlands, Norway, Poland, the United Kingdom, and Vietnam.

Women in Netcompany

We focus on language-neutrality in job ads and event descriptions to promote diversity and inclusion. We also host Women in Netcompany events to strengthen internal networks, facilitated through Employee Resource Groups (ERGs), allowing for effective feedback on female-focused initiatives. The events were held in our entities in Denmark, the Netherlands, Norway, Poland, the United Kingdom, Vietnam, and Netcompany-Intrasoft.

* Sustainability key figure subject to limited assurance

Norway, Poland, the United Kingdom, and Vietnam saw historically lowered growth due to moderate business opportunities in these markets, while we observed growth in our other entities. Likewise, we observed a positive trend in the development in female representation compared to 2022, which aligns with our ambition for 2023, indicating that we continue to progress toward increasing our representation of women.

A cross-reference is made to Note 7 in the financial statements as the most representative figure for total employees, which is presented in terms of average employees.

§ Accounting principles

The total headcount of employees at Netcompany Group is computed by aggregating the employee count across all countries of operation while excluding freelancers and contractors. This calculation is based on an average taken over the reporting period from January 1, 2023, to December 31, 2023. The KPI for the total employee count has been revised from previous reporting, which was previously reported on FTEs. The 2022 figure has been restated according to the accounting principles described above.

"Gender distribution" is defined as the headcount of employees whose legally recognised gender is female or male. The "Gender distribution" at Netcompany Group is computed by summing the total aggregated headcount of both women and men, respectively, across all countries of operation while excluding freelancers and contractors. This calculation is based on an average taken over the reporting period from January 1, 2023, to December 31, 2023. The KPI for gender distribution has been revised from previous reporting, which previously only reported on the share of women. The 2022 figure has been restated according to the accounting principles described above.

* Sustainability key figure subject to limited assurance

Number of employees in Management by gender	Headcount 2023*	Share 2023*	Headcount 2022	Share 2022
Male	978	81.7%	867	83.6%
Female	219	18.3%	170	16.4%
Total employees	**1,198**	**100%**	**1,036**	**100%**

Reporting on gender distribution in management applies to the entire group, including foreign subsidiaries, and should therefore not be associated with Netcompany Group A/S' statutory disclosure on gender distribution in management, cf. §99b of the Danish Financial Statements Act.

Gender distribution in management

In 2023, we saw a rise in people on the management level due to our yearly promotions and a lower turnover rate than historically. Likewise, we observed a positive trend in the development in percentage of women in management, which aligns with our ambition for 2023, indicating that we continue to progress toward increasing our representation of women.

§ Accounting principles

Management is defined as three levels below the administrative management and supervisory bodies: Partners, principles and managers in Denmark, the Netherlands, Norway, Poland, United Kingdom and Vietnam. Management is defined as two levels below the administrative management and supervisory bodies: Directors and managers in Netcompany-Intrasoft.

Gender distribution at Netcompany Group is computed by summing the total aggregated headcount of both women and men in the Management, respectively, excluding freelancers and contractors. These aggregated numbers in headcount are divided by the total combined headcount for women and men in the management to calculate the distribution share for each gender, respectively. This calculation is based on an average taken over the reporting period from January 1, 2023, to December 31, 2023. The KPI for gender distribution has been revised from previous reporting, which previously only reported on the share of women – managers, principals and partners. The 2022 figure has been restated according to the accounting principles described above.

Geographic distribution

We want to support a culture where all our people treat each other and all stakeholders with mutual respect and feel free to be their authentic selves, regardless of their social identity. We maintain a zero-tolerance stance on any discrimination, harassment or bullying, regardless of personal characteristics, such as age, culture, nationality, ethnicity, gender, physical ability, political or religious beliefs, sexual orientation, or other attributes. These standards are explicitly described in our Anti-Harassment and Sexual Harassment Policy, which is presented to all new employees during their onboarding programme.

Operating entities	Number of employees (Headcount)
Belgium	329
Cyprus	3
Denmark	2,384
Greece	2,091
Jordan	48
Kenya[1]	1
Luxembourg	123
Netherlands, The	180
Norway	355
Poland	330
Romania	6
South Africa	11
United Arab Emirates	5
United Kingdom, The	598
United States of America	2
Vietnam	282

[1] The Kenyan entity was sold in February 2023

§ Accounting principles

The geographic distribution of employees is computed by aggregating the total headcount of employees within the specific geographical locations where our operating entities are located.

This calculation is based on an average taken over the reporting period from January 1, 2023, to December 31, 2023.

Employment characteristics

The majority of our workforce consists of permanent employees, a deliberate choice to provide secure and stable employment for our team. This strategy is fundamental to attracting, retaining, and motivating top talent and maintaining a valuable pool of knowledge, experience, and talent crucial for our long-term success. Retaining our skilled workforce ensures continuity and preserves institutional knowledge, enhancing the quality and efficiency of our operations. Temporary employees are an integral part of our business, especially in Belgium and Luxembourg, where they constitute a significant portion of our workforce. We do not offer non-guaranteed hour contracts as this does not align with our business model.

§ Accounting principles

“Permanent employees” is defined as the headcount of employees with an employment contract, whether or not they have a fixed end date. This includes student assistants and trainees but excludes freelancers and contractors. The number of “Permanent employees” at Netcompany Group is computed by aggregating the permanent employee count. This calculation is based on an average taken over the reporting period from January 1, 2023, to December 31, 2023.

“Temporary employees” is defined as the headcount of employees whose employment is contingent upon the conclusion of a specific project or has a predetermined time limit. This includes interns but excludes freelancers and contractors. The number of “Temporary employees“ at Netcompany Group is computed by aggregating the temporary employee count. The calculation is based on an average taken over the reporting period from January 1, 2023, to December 31, 2023.

“Non-guaranteed hours employees” is defined as the headcount of employees employed with no contractual assurance of a minimum or set number of working hours. The number of “Non-guaranteed hours employees” at Netcompany Group is computed by aggregating the non-guaranteed hours employee count. This calculation is based on an average taken over the reporting period from January 1, 2023, to December 31, 2023.

Gender	Number of employees (Headcount)*	Number of permanent employees (Headcount)	Number of temporary employees (Headcount)	Number of non-guaranteed hours employees (Headcount)
Male	4,917	4,069	849	0
Female	1,829	1,643	186	0
Total employees	**6,746**	**5,711**	**1,035**	**0**

* Sustainability key figure subject to limited assurance

Employee turnover

Employee turnover	2023	2022
Rate	19.0%	23.8%
Number of employees	1,285	1,464

In 2023, we experienced a reduction in the overall turnover rate from 2022 to 2023. The turnover rate in 2022 was high compared to historical data, particularly in the first six months. In 2023, the turnover rate returned to a level resembling patterns seen in earlier years, demonstrating a positive trajectory from a lower baseline.

§ Accounting principles

“Employee turnover” is defined as the cumulative headcount of employees who have departed from Netcompany Group, whereas the “Employee turnover rate” is defined as the proportion of employees who have left Netcompany Group expressed as a percentage.

The total number of employees who left Netcompany Group is computed by aggregating departures across all countries of operation from January 1 to December 31, 2023, excluding freelancers and contractors. To determine the percentage of departing employees, the total is divided by the average number of employees during the same period, aligning with the annual reporting method.

Employee distribution

We embrace age diversity within our workforce as it facilitates knowledge transfer, professional growth, and effective problem-solving, and ensures that we harness collective experiences. By combining the strengths of different age groups, we drive innovation and growth – individually and as a business.

Age distribution	Number of employees (Headcount)
<30	2,746
>30;<50	3,349
>50	651

In 2023, our age distribution underlines our commitment to hiring young talents and providing them with opportunities to develop further in their career.

§ Accounting principles

The age distribution of employees is computed by aggregating the total headcount of employees under 30 (29 or younger), employees between 30 and 50 (30 to 49), and employees aged 50 or above, excluding freelancers and contractors. This calculation is based on an average taken over the reporting period from January 1, 2023, to December 31, 2023.

Sickness

In 2023, the average sickness rate stood at 3.1%* (2022: 3.4%). In 2023, we experienced a decline in absence rates. Initiatives focusing on increased on-site presence, teamwork, and well-being have provided an overall healthier hybrid workplace balance.

We maintain ongoing internal monitoring of sickness absence levels, along with other key indicators, as part of our commitment to safeguarding the well-being and safety of our employees.

§ Accounting principles

Sickness absence is calculated by dividing the total sickness hours in Netcompany Group by the aggregated norm working hours. This calculation is based on data from January 1 to December 31, and includes all employees in headcounts within Netcompany Group, excluding freelancers and contractors. The 2022 figure has been restated according to the accounting principles described above.

Annual total remuneration ratio

To ensure a transparent and meaningful insight into the highest earning employee pay ratio at Netcompany, our reporting is based on the remuneration of the highest earning employee compared to employees in Netcompany Group (as opposed to Netcompany Group A/S as this employs only the Executive Management).

The highest earning employee remuneration package is composed and proposed by the Remuneration Committee and approved by the Board of Directors and is in accordance with our Remuneration Policy as approved at the Annual General Meeting 2023.

In 2023, the total remuneration ratio is 1:26* (2022: 1:21%). In 2023, the highest earning employee was the Chief Financial Officer (CFO) earning DKK 10.9m, which is a significant increase from previous years. The increase was due to extraordinary remuneration in form of a Matching Shares Programme (MSP) resulting in an increase of DKK 6.2m. Comparably in 2022, the highest earning employee was the Chief Operating Officer (COO) earning DKK 8.3m.

Please refer to our Remuneration Report for further details on remuneration.

§ Accounting principles

The total remuneration ratio is calculated by dividing the highest-earning employee's total annual salary by the median annual salary for employees in Netcompany, with the annual salary being defined as taxable income plus any employer and employee-paid pension contributions.

A list of every employee's monthly gross salary for October is created to calculate the median salary. The employee with the median salary is then selected and calculated in full, where every taxable salary element plus pension contributions are included. If the selected employee has irregular salary elements during the year (January 1 to December 31), another employee with the same monthly gross salary is selected instead.

Customer satisfaction (Net Promoter Score)

In our commitment to fostering valuable and impactful partnerships, we conduct an annual Customer Satisfaction Survey using the Net Promoter Score (NPS) system.

	2023*	2022
NPS	+36	+55

Compared to 2022 the customer base included for the 2023 NPS calculation has been substantially increased reflecting the customer base for the Group and ensuring consistency going forward. Despite the lower score in 2023 compared to 2022, NPS for the Group at +36 is still considered as highly satisfactory.

§ Accounting principles

Customer satisfaction (NPS) score is assessed based on survey feedback from a random sample representative of 50 customers across Netcompany Denmark, Netcompany Netherlands, Netcompany Norway, Netcompany UK and Netcompany-Intrasoft. The number of participating customers from each entity is selected according to 1) turnover distribution between markets and 2) customer type distribution in each market, i.e., private and public (including EU), based on the customers with the highest turnover over the period of January 1, 2023, to September 31, 2023. One to two respondents representing each customer are pointed out by the responsible customer-owner, so the NPS score is based on respondents who have a relationship with Netcompany and are active in the common engagement.

When calculating the overall NPS score for customers where two respondents have answered the NPS survey, we calculate the average score of the two scores and round up to the nearest whole number. The response rate is 79% (2022: 69%). The final NPS score is calculated by subtracting the percentage of detractors from the percentage of promoters.

Our social efforts

We foster a social community that spans teams, borders, and delivery units. Our social clubs and communities serve as the heart of our social activities, offering various events for everyone to enjoy. We cater to various interests, from sports like football and laser tag to cultural nights and ceramics workshops. Our social clubs welcome event ideas from anyone, and everyone is encouraged to join. We recognise the importance of social connections in retaining and attracting top talent, and our diverse range of social events offers newcomers' and our more seasoned people alike the opportunity to connect with peers and build valuable networks across the organisation. This applies to our entities in Denmark, Greece (Thessaloniki), the Netherlands, Norway, Poland, the United Kingdom, and Vietnam.

Promoting employee well-being

We provide a range of initiatives to support both physical and mental health. We offer our people the chance to participate in various sports clubs, encouraging an active lifestyle. Our annual Fitness Challenge is open to all, regardless of fitness levels, allowing colleagues to engage in sports activities across borders and within their teams in our entities Denmark, the Netherlands, Norway, Poland, the United Kingdom, and Vietnam. In our Greek entity, we provide an online platform support room, offering on-demand mental health support.

* Sustainability key figure subject to limited assurance

Governance

G Corporate culture

Our Code of Conduct (CoC) describes the corporate culture of trust, loyalty, and integrity that we are committed to promote and uphold, as well as the ethical values which we choose to follow in Netcompany.

Our CoC applies to the Board of Directors, the Executive Management and all employees of Netcompany Group A/S including subsidiaries. In addition, our CoC applies to anyone who conducts business for, or on behalf of, Netcompany including any supplier, contractor, external business partner, and other party directly linked to the operations, products, or services of Netcompany, or employee of such, or similar.

The CoC is based on internationally recognised ethical principles, guidelines, and conventions e.g., the OECD Guidelines for Multilateral Enterprises, UN Guiding Principles on Business and Human Rights, UN Declaration of Human Rights and the Convention on the Rights of the Child, ILO Conventions, and applicable laws and regulations, e.g., the EU Corporate Sustainability Reporting Directive and the EU Taxonomy.

We are in the process of implementing a due diligence process in accordance with OECD Due Diligence Guidance for Responsible Business Conduct and applicable laws and regulations, e.g., the EU Corporate Sustainability Due Diligence Directive throughout the Group, and we expect our business partners to adhere to the same standards.

Our CoC is publicly available and communicated internally to ensure that our principles are embedded throughout the Group. Reference is made to the Minimum Safeguards section.

In addition to our CoC, we have implemented a variety of corporate policies that sets the outline for a good corporate culture and ensures Netcompany follows applicable legal requirements and corporate governance recommendation. These policies include, among other, an Anti-Bribery- and Anti-Corruption Policy, Tax Policy, Investor Policy, Remuneration Policy, Data Ethics Policy, Diversity, Equity, and Inclusion Policy, and our Whistleblower Policy.

Where relevant in this report, selected policies are described in detail. Anyone who becomes aware of an actual or potential violation of our CoC, a Netcompany policy, or the law, is encouraged to speak up and various channels are available to use. Depending on the concern, we encourage e.g., employees to start by discussing the matter with the closest manager or addressing the concern to Group Legal. This section is part of our reporting on 99a in the Danish Financial Statements Act.

Training
Netcompany's employees are trained to ensure that all employees follow Netcompany's core values and standards as set out in the Code of Conduct.

As part of the onboarding process for every new employee, a training session with focus on Netcompany's Code of Conduct (CoC) is mandated for all on their first day. This includes an immersive training to ensure that every individual is well-versed in our ethical guidelines, business standards, and policies.

Every employee embarks on a training journey tailored to familiarise them with our principles and practices. Within one week of joining Netcompany, all employees are required to declare their understanding and acknowledgment of our policies and confirm to have read and understood them. This declaration is facilitated through a systematic procedure wherein individuals fill in and submit a receipt through our internal portal. Employees are encouraged to ask questions or reach out to the relevant departments if any questions arise. The employees are tested in regard to their understanding of the mandatory policies.

Our Anti Bribery- and Anti-Corruption Policy states that each principal and all relevant employees will receive relevant training and new employees will be briefed on the Anti-Bribery- and Anti-Corruption Policy as a part of the welcome orientation. At a minimum, key employees will receive mandatory training, including compliance with anti-corruption laws, regulations, or standard conducts relevant for the company's field of business.

Whistleblowing
We are subject to legal requirements under national law, standards, and recommendations in regard to the protection of whistleblowers and at all times adhere to such. We implemented a whistleblower system prior to the EU Whistleblower Directive coming into force, and subsequently we adjusted our whistleblower system to comply with the directive and national implementation where applicable.

We have an independent and autonomous whistleblower system that allows reporting of serious offences, other serious matters or matters which are illegal pursuant to EU law within a number of specific areas as defined in the EU Whistleblower Directive with full anonymity. All persons related to Netcompany, both external and internal, such as employees, members of the Executive Management and Board of Directors, auditors, lawyers, suppliers and other business partners of Netcompany may use the whistleblower system to report violations. Our independent and autonomous whistleblower system is ensured by having reports and system maintained by our external law firm which oversees and ensures proper handling of any reports.

In 2023, five reports were submitted via the whistleblower system. Four of the reports were assessed to be in scope by the external law firm, and appropriate action was taken. We take whistleblowing cases very seriously, so employees and partners are made aware of good conduct and that they can report any incidents through the whistleblower portal. The total number of reports are provided by our external law firm at the end of the financial year.

All reports of possible violations as set out in our Whistleblower Policy and Whistleblower Procedure, made in good faith will be responded to in a respectful, professional manner, as promptly and confidentially as possible, and we will ensure the possibility to make reports with full anonymity. We will respond with no unfavourable treatment or unfavourable consequences as a reaction to a report and as required by applicable law.

Anti-bribery and anti-corruption
We actively work to prevent corruption and bribery in all business undertakings. In 2018, we adopted an Anti-Bribery and Anti-Corruption Policy that complements our CoC, setting high ethical standards and ensuring compliance with relevant laws. This policy provides clear guidelines on offering or receiving gifts and hospitality to ensure they do not serve as attempts to improperly influence decisions and that all actions are transparent.

As part of our reporting on the Danish Financial Statements Act section 99a, we have implemented organisational procedures to maintain constant oversight over company expenses. The main risks are identified as gestures in relation to gifts and hospitality, e.g. benefits, experiences, and meals etc. exchanged between our people and customers, business relations, and public officials. An integral part of these procedures is our approval system. Every gesture, if offered or received, necessitates approval from a designated superior. This not only ensures that every transaction aligns with our principles but also aids in creating an environment of accountability and transparency. The policy serves a dual purpose: On one hand, it assists our people in ensuring that their actions always mirror the values of Netcompany. On the other hand, it protects our employees from any potential unfounded accusations of unethical conduct.

Any allegations or incidents indicating potential violations of our Anti-Bribery and Anti-Corruption Policy as well as any actions subject to the anti-corruption and anti-bribery laws, will be promptly investigated by Group Legal if reported internally or, if reported through our whistleblowing system, in accordance with our procedure for such whistleblower reports.

If any violations are confirmed, they are all promptly addressed, and corrective measures are undertaken. Furthermore, all outcomes, findings, and decisions relating to such investigations are systematically reported to the relevant individual or department within the administrative, management, and supervisory bodies.

In 2023, we have not had any incidents, convictions, or fines for violation of anti-corruption and anti-bribery laws, or any breaches of procedures and standards in relation to anti-bribery and anti-corruption. Furthermore, we have not had any legal proceedings regarding corruption or bribery brought against us or our employees, and it not aware of any incidents in our value chain where we are directly involved.

Data ethics

With the following reporting on our Data Ethics Policy, Netcompany and our applicable subsidiaries comply with the requirements under section 99d of the Danish Financial Statements Act.

We implemented our Data Ethics Policy in 2020 and have continued to report on our Data Ethics Policy since then. Our policy is based on three key principles: security, integrity, and trust. Our Data Ethics Policy is based on applicable legislation, standards, and recommendations, and we aim to revise our policy whenever necessary e.g., in connection with new guidelines and legislation relevant for the handling of data or our role as an IT service provider.

Working as an IT service provider we encounter many types of data, including personal data. In our own organisation we mainly process data about our employees and job applicants, provided by the employees and job applicants themselves. In our capacity as a supplier, we process data on behalf of our customers, for example in connection with the maintenance and hosting of their systems. We prioritise data ethics and best IT practices in all our operations. We operate with the “least privilege” principle, granting users only the access necessary for their tasks and monitors such access controls continuously. This approach minimises the potential for data misuse and forms the foundation of our stringent access control measures. Employees who have access to a customer’s data is always visible and transparent for the customer.

The data we process about our employees and job applicants includes regular personal data, such as names, addresses and phone numbers. We may also process special categories of personal data, for example, health information. The data we process on behalf of our customers relates to their production data, which in some cases may also include both regular and special categories of personal data. Customer data is only used for the customer’s purpose, and we ensure that proper safeguards are in place to avoid unauthorised access to and use of data.

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

We run internal audit controls to secure compliance with both information security and data protection requirements as well as proper documentation, and all our employees are regularly trained in the Netcompany Methodology. In addition to these measures, we have all data securely stored at two different data centres to ensure that data availability is always upheld in the unlikely event of technical failures. Audits enable us to identify and address potential vulnerabilities promptly, ensuring our systems stay updated with the latest security standards.

We use artificial intelligence (AI) and machine learning in some of our solutions, but never in a context where such services are used for either profiling, automated decision making or similar. Machine learning is instead used for the purpose of reducing energy consumption and climate impact.

Our work to ensure diversity throughout the organisation is also part of our data ethical considerations in that it may help prevent unintentional biases in both the development of our own IT solutions and when advising our customers about the development of theirs.

Whether we process personal data or other types of data, we always apply our standards for data ethics to the way we work, making sure that our processing activities and security measures match the requirements for the data we are handling.

Political influence and lobbying activities

We support many causes which for some may be considered a politically influencing or lobbying activity e.g., participating in discussions at national and EU level in relation to digitalisation, female- and children’s rights, and other applicable industry subjects related to our sector. We aim to be fully transparent in relation to political influence and lobbying activities and Netcompany is registered in the EU Transparency Register under the identification number 381394742467-81.

No member of the Board of Directors, the Executive Management, or the Board Committees, has held a comparable position in public administration in the two years preceding their appointment.

Fair payment practices

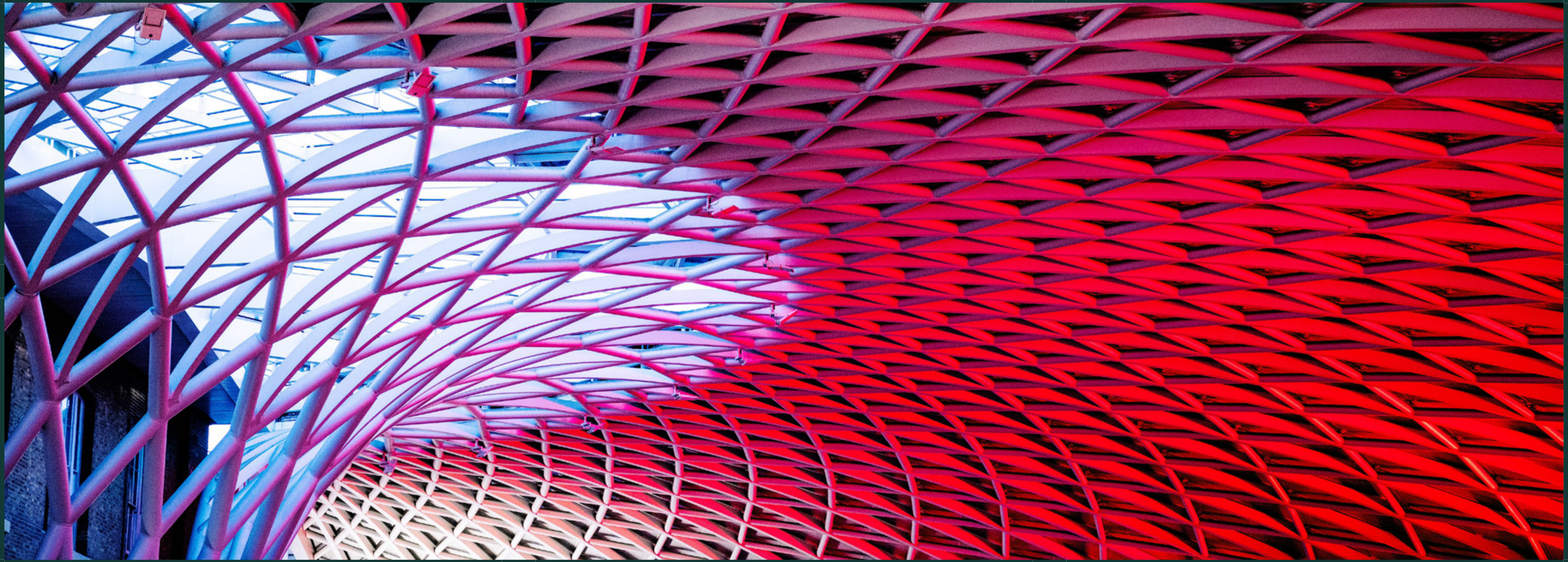
We support fair payment practices and discourage the use of an undertaking’s size to take advantage of suppliers, especially SMEs. Our standard payment practice is to pay invoices as agreed upon with each individual supplier in accordance with applicable sector and geographical standards.

The majority of the invoices directed to Netcompany is paid within 30-60 days of receipt of proper invoice, except for a minority of the invoices, where customs set out otherwise and always in accordance with agreement with the suppliers.

We have not had any legal proceedings in relation to outstanding late payments.

Chapter 04

Financial review



Financial performance

DKK million	2023 (reported)	2023 (constant)	2022	Change (reported)	Change (constant)
Revenue	6,078.4	6,135.7	5,544.6	9.6%	10.7%
Cost of service	-4,375.5	-4,415.1	-3,772.2	16.0%	17.0%
Gross profit	**1,703.0**	**1,720.6**	**1,772.5**	**-3.9%**	**-2.9%**
Gross profit margin	28.0%	28.0%	32.0%	-4.0pp	-3.9pp
Sales and marketing costs	-54.7	-52.6	-41.0	33.5%	28.3%
Administrative costs	-935.5	-945.7	-763.9	22.5%	23.8%
Adjusted EBITA	**712.7**	**722.2**	**967.6**	**-26.3%**	**-25.4%**
Adjusted EBITA margin	11.7%	11.8%	17.5%	-5.7pp	-5.7pp
Special items	-0.5	-0.5	0.0	N/A	N/A
Other operating income	0.0	0.0	5.9	-100.1%	-100.0%
EBITA	**712.2**	**721.7**	**973.5**	**-26.8%**	**-25.9%**
EBITA margin	11.7%	11.8%	17.6%	-5.8pp	-5.8pp
Amortisation	-134.2	-134.3	-134.1	0.1%	0.2%
Operating profit (EBIT)	**578.0**	**587.4**	**839.4**	**-31.1%**	**-30.0%**
Operating profit margin	9.5%	9.6%	15.1%	-5.6pp	-5.6pp
Net financials	-138.0	-138.5	-69.9	97.4%	98.1%
Fair value adjustments of contingent consideration	0.0	0.0	-7.9	-100.0%	-100.0%
Income / loss from investment in joint venture	-7.9	-7.9	-5.9	33.9%	33.9%
Income / loss, investment in associates	0.2	0.2	0.8	25.0%	25.0%
Profit before tax	**432.3**	**441.3**	**756.5**	**-42.9%**	**-41.7%**
Tax	-128.2	-128.4	-153.8	-16.6%	-16.5%
Effective tax rate	29.7%	29.1%	20.3%	9.3pp	8.8pp
Profit	**304.0**	**312.9**	**602.8**	**-49.6%**	**-48.1%**

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

Netcompany Group

In 2023 Netcompany grew revenue for the Group by 9.6% (constant 10.7%) to DKK 6,078.4m. Uncertainty in the macroeconomic environment and the general geopolitical unrest seen throughout 2023 impacted our revenue growth negatively as the uncertainty led to longer decision processes and hence a slowdown in pipeline conversion, particular in the Danish private market.

Revenue generated outside Denmark accounted for 52.8% of the Group revenue, as a result of strong performance in the international operation of the Group, which grew by 20.2%.

The public segment including EU grew by 14.3%, which was driven by strong performance in the Netherlands, UK and Netcompany-Intrasoft. Growth in the Netherlands was driven by improved utilisation and better pricing, however coming from a low base, while growth in the UK was mainly based on projects with HMRC and NHS. Growth in the public segment in Netcompany-Intrasoft was accelerated due to projects under the Resilience and Recovery Facility, which increased significantly during the year.

The private segment were in line with 2022, driven by strong performance in Norway and

Netcompany-Intrasoft and offset by the development in Denmark. However, improvements started to emerge at the end of 2023 in the Danish private sector with projects from our pipeline finally being initiated.

In addition, the participation in the Crowns Commercial Service's Digital and Legacy Application Services (DALAS) framework in UK and expected new legislation in Denmark also support improved activity in the public segment going into 2024.

In 2023, we attracted more than 1,500 new employees to the Group, and client facing FTEs grew by 11.5%, which was slightly above revenue growth and driven by hirings in the international operation of the Group. At the same time, the level of non-client facing employees decreased to 6.4% compared to 6.6% in 2022. End of 2023, we had more than 7,700 highly talented employees.

To maintain an efficient pyramid structure, particularly in Denmark, the level of involuntary churn increased during the year. To ensure the proper structure on a long-term basis, an additional initiative was executed towards the end of the year, allowing for hirings of talented graduates that will ensure the preservation of an efficient pyramid structure during 2024 and onwards.

Gross profit margin was 28%, which was 4 percentage points lower compared to 2022. The decrease was mainly caused by a lower utilisation in Denmark, but also impacted by increased business development in UK in regard to tender writing on the DALAS framework.

Sales and marketing costs were 33.5% higher than in 2022 at DKK 54.7m as a result of a generally higher level of marketing spend in line with the enhanced Go-To-Market approach. In 2023, our refined product and platform approach had a determining impact on our participation in the DALAS framework agreement.

Administrative costs increased by 22.5% to DKK 935.5m – a total increase of DKK 171.7m of which increase in depreciation accounted for DKK 55.7m mainly related to new leases in Copenhagen and Athens, and DKK 18.1m was due to the termination of our previous headquarters in Copenhagen. In addition, costs related to the Go-To-Market strategy impacted the administrative costs by DKK 35m, in line with expectations.

As a consequence of the lower gross profit margin and increased administrative costs including sales and marketing, adjusted EBITDA margin decreased by 5.1 percentage points to 14.8% compared to 20% in 2022. Before severance payments, adjusted EBITDA margin was 15.1%.

During 2023, no other operating income or loss was recognised compared to an income of DKK 5.9m in 2022.

Amortisation amounted to DKK 134.2m in 2023, which was on level with 2022. During the year, some self-developed platforms were completed and started to be amortised, however, this was offset by some intangibles recognised at the acquisition of Netcompany Norway and Netcompany-Intrasoft being fully amortised during the year.

Net financials were negative DKK 138m compared to DKK 77.8m in 2022, and mainly increased due to increase in the global interest rate level when compared to last year. Increase in interest rate impacted negatively by DKK 46.7m despite DKK 300m being repaid on Group loan.

In addition, negative DKK 7.7m from investment in joint ventures and associates was recognised in 2023 compared to negative DKK 5.1m in 2022.

Tax on profit for the year was DKK 128.2m yielding an effective tax rate of 29.7% compared to 20.3% in 2022. The increase was mainly caused by non-deductible interest in Netcompany Denmark and completion of tax audit in Netcompany-Intrasoft regarding 2017-2020 resulting in an additional tax expense.

Net profit for the year was DKK 304m compared to DKK 602.8m in 2022, equal to a decrease of 49.6% mainly driven by a decrease in margin and increased financial costs.

Compliance review

At the beginning of 2023, the Danish Business Authorities completed their compliance review of Netcompany Group A/S' Annual Reports for 2020 and 2021. Due to the outcome of the compliance review, the accounting policies for business combinations have been adjusted, resulting in impacts on goodwill, earn-out obligation, and equity. The combined impact was not considered material and was updated with effect from 1 January 2023. For further details, please refer to Note 1.

Parent Company

The Parent company's objective is as a holding company to hold share, directly or indirectly. The assessment of the performance within the Parents investments was satisfying and in accordance with expectations. The Parent's income statement for 2023 resulted in a loss of DKK 71.9m compared to a loss of DKK 40.1m in 2022. The financial position at 31 December 2023 showed an equity of DKK 1,189.2m and total assets of DKK 5,003m compared to DKK 1,269.7m and DKK 5,242.8m last year.

Future-proofing the Dutch Ministry of Finance

A new treasury banking system enables the Dutch Ministry of Finance to handle funds, deposits, loans, and documents swiftly and effectively.

Treasury banking is a service of the Ministry of Finance used by ministries and agencies of the government, local governments, and institutions that perform a statutory or public task and receive funds for this from the government or through a statutory levy.

The previous Treasury Banking system was outdated and relied a lot on manual processes.

Following an international tender, we were awarded an up to 15-year contract with the Ministry of Finance in April 2020 to build and further develop a new future proof application.

Currently, it is the Ministries' biggest IT project, spanning 1,600 participating institutions and approximately 5,000 users. The project went live on 6 November 2023. The new IT system aims to provide better service for all users of treasury banking as well as enable employees at the Ministry to perform their tasks in a fast, easy, and efficient manner.

Besides a new treasury banking system and a new employee portal, the project provides a self-service portal for participants to gain an up-to-date overview of all existing products with an option to request new products or modifications to existing ones. Services include current account, overdraft, a deposit facility, a loan facility, guarantee, and mutual settlement option via current account.

~1,600

participating institutions and approximately 5,000 users

Financial guidance

In 2023, we delivered growth and earnings in line with our expectations. For 2024 we expect to keep growing and improving margin, in line with our midterm financial targets for 2026.

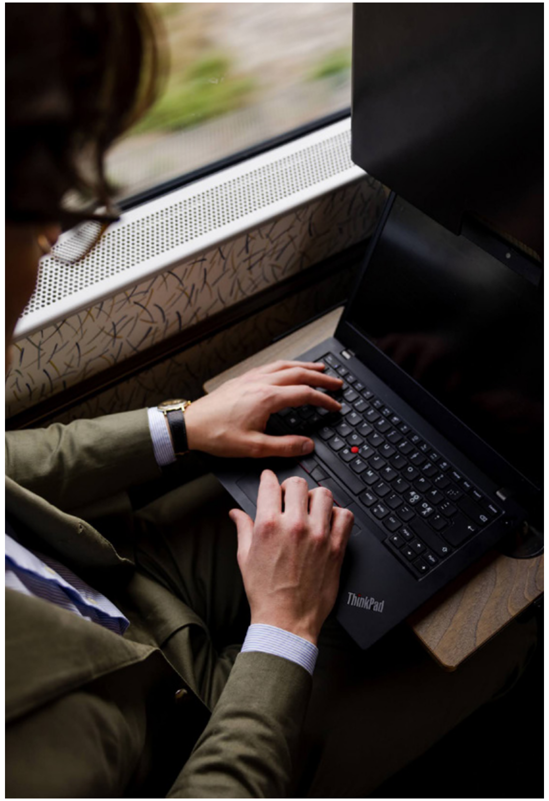
Financial performance against original guidance

Entering 2023, we highlighted the potential spillover effects from the uncertain macro- and geopolitical environments on our financial performance. Unfortunately, those risks prevailed and impacted our revenue and margin for the year.

Group revenue grew 10.7% – well within our original guidance of 8%-12% revenue growth for the year and slightly better than the narrowed guidance of 8%-10% revenue growth, which was communicated in connection with our Q3 2023 report. The growth was driven by strong performance in the international part of the Group. Offsetting some of that growth was the performance in the Danish operation that ended up realising revenue in line with 2022, caused by the negative impact from macro- and geopolitical environments, particular in the Danish private segment.

The changed revenue mix – with more growth from the international part of the Group and no growth from the Danish part of the Group – had a negative impact on margins, as higher margin revenue was substituted with lower margin revenue. In addition, the ongoing right-sizing of the employee pyramid structure in Denmark, the costs related to the enhanced Go-To-Market approach and the move into new headquarters in both Denmark and Greece diluted the margin further in the Group. Finally, the Danish and Norwegian operation realised lower than anticipated utilisation ratios which also had a negative impact on margins.

As a result, adjusted EBITDA margin in constant currencies ended at 14.9% - in line with the original guided range of 15% to 18% and the narrowed guidance towards the lower end of the guided range, given in connection with the Q3 2023 report. Provision for severance payment realised in Q4 2023 amounted to DKK 14.2m and impacted margin negatively by 0.2 percentage points. EBITDA margin before severance payments was consequently 15.1%.



Financial metrics in constant currencies	Target 2024	Actual performance 2023	Updated target Q3 2023	Original Target 2023
Group revenue growth, organic	7-10%	10.7%	8-10%	8-12%
Group adjusted EBITDA margin	15-18%	14.9%	lower end of 15-18%	15-18%

Expected revenue growth in 2024

7-10%

Guidance for 2024

Our financial guidance for the Group for 2024 is based on an assumption that macro and geo-political uncertainty to some extent continues. However, we do not expect that uncertainty will continue to pause decision processes in the private segment in Denmark as experienced in 2023. We also expect a higher level of activity in the public sector in Denmark in 2024, driven by legislative changes and new tenders.

For Netcompany-Intrasoft we do not expect the same level of revenue growth in 2024 as realised in 2023, as most of the growth in the previous year was driven by a significant ramp up in projects under the Recovery and Resilience Facility in Greece. While these are expected to be at a continued high level in 2024, they are not expected to drive significant revenue growth.

As communicated during 2023, the projects under the DALAS framework in the UK are expected to be yielding revenue from the end of June and onwards. Revenue growth in the UK will thus be back-end loaded in 2024.

For Norway and the Netherlands revenue growth is expected to build up gradually during the year with some acceleration to be expected during Q1 2024 in Norway following the win of the Avinor contract.

The proportion of license revenue as a percentage of total revenue is expected to be at around the same level in 2024 as realised in 2023.

Based on these assumptions we expect revenue to grow between 7% and 10% in 2024.

During 2023, a number of activities related to right-sizing of the pyramid structure in particular in Denmark was carried out and to a large extent completed. Combined with an expected higher level of activity and more projects being initiated, this is likely to impact margins positively. In addition, the increase in costs related to the enhanced Go-To-Market initiatives incurred in 2023 will be at similar absolute level in 2024 and thus not have a dilute impact on margins in 2024. The costs related to moving into new headquarters in 2023 in Copenhagen and Athens will not have a negative impact on margins in 2024 as they had in 2023.

Consequently, we expect adjusted EBITDA margin of between 15% and 18% in 2024.

Expected adjusted EBITDA margin in 2024

15-18%

Midterm financial targets

Our midterm financial targets to be reached by the end of 2026 with revenue of at least DKK 8.5bn and adjusted EBITDA margin of more than 20% are maintained. The target to redistribute DKK 2bn to shareholders – mainly as share buybacks – is also maintained. Hence, we expect to buy back shares for at least DKK 500m in 2024 of which the first tranche of DKK 150m will be initiated after the release of the Annual Report for 2023 and completed before reporting the Q1 2024 results in May 2024.

Adjusted EBITDA margin guidance midterm 2026

Organic revenue growth towards 2026

Operating entity	Annual growth 2024-2026
Denmark	7-12%
Intrasoft	5-10%
United Kingdom	10-30%
Norway	20-30%
Netherlands	20-30%

Transforming the UK government's systems and platforms

»DALAS is a milestone in the UK government's progressive journey towards a more digital society, through the application of modern, flexible digital technologies.«

Richard Davies, UK Managing Partner at Netcompany.

Crown Commercial Service's (CCS) Digital and Legacy Application Services (DALAS) framework, owned and managed by CCS, assists in migrating away from legacy applications and adopting more flexible technology strategies across various UK government departments, including His Majesty's Revenue and Customs (HMRC).

The UK government's journey to digitise public services and reduce reliance on legacy technologies includes the UK's tax, payments, and customs authority, HM Revenue and Customs (HMRC). With existing contracts expiring from September 2023, HMRC, alongside other central government departments, is set to modernise its application services through the CCS-owned DALAS framework.

Specifically, HMRC, having been involved in the initial inception of the DALAS framework in collaboration with Crown Commercial Service, aims to use DALAS to increase agility, reduce risk, and ensure a quicker route to market.

Having been involved in the initial inception of the DALAS framework in collaboration with Crown Commercial Service, HM Revenue and Customs aims to use DALAS to increase agility, reduce risk, and ensure quicker route to market.

As part of the UK government's drive to digitise public services, whilst reducing the dependency upon legacy technologies, Netcompany under the DALAS framework, will aid in the transformation of the services provided by HMRC and other government entities, with an estimated value of £1.1bn over the next four years.

HMRC serves 45 million citizens and more than 5 million business taxpayers and has one of Europe's largest and most complex IT estates. It is also at the heart of enabling frictionless trade in the UK for international partners, with more than 600 systems, 800 terabytes of data, 1,000 IT changes a month and a 24/7 IT operation.

About Crown Commercial Service
Crown Commercial Service (CCS) is an Executive Agency of the Cabinet Office, supporting the public sector to achieve maximum commercial value when procuring common goods and services.

To find out more about CCS, visit:
crowncommercial.gov.uk.
Follow on X: @gov_procurement
LinkedIn: linkedin.com/company/2827044

Operating entities

Denmark

Netcompany Denmark realised revenue on level with 2022, due to decreased revenue in private segment, however, slightly offset by increase in the public segment.

Revenue growth	-0.2%
Gross profit margin	37.2%
Adj. EBITDA margin	22.2%
Client facing FTEs	2,837

Intrasoft

Netcompany-Intrasoft grew by 20.6% driven by strong performance in both public and private segment, and delivered margin on level with last year.

Revenue growth	20.6%
Gross profit margin	19.9%
Adj. EBITDA margin	11.0%
Client facing FTEs	3,228

United Kingdom

Netcompany UK grew revenue by 21.9% mainly driven by strong performance in public segment and increased tender writing, which however impacted margin negatively.

Revenue growth	21.9%
Gross profit margin	25.1%
Adj. EBITDA margin	13.4%
Client facing FTEs	613

Norway

Netcompany Norway increased revenue by 25.8% driven by both public and private revenue. Margin improved and the entity is expected to become profitable within 2024.

Revenue growth	25.8%
Gross profit margin	15.2%
Adj. EBITDA margin	-1.3%
Client facing FTEs	355

Netherlands

Netcompany Netherlands grew revenue by 44.7% solely driven by the public segment, while margin improved significantly due to better pricing on new projects.

Revenue growth	44.7%
Gross profit margin	21.4%
Adj. EBITDA margin	2.7%
Client facing FTEs	162

Netcompany Denmark

Revenue in the Danish business amounted to DKK 2,872m in 2023, which was on level with 2022 at DKK 2,877.2m. Revenue in the public segment grew 4.9% which was offset by the results in the private segment, where revenue declined 7.3% in 2023.

The revenue growth generated in the public segment was solely made by selling more to existing clients on existing framework agreements, and unlike other years no new legislative initiatives or new tenders were introduced during the year. This is expected to change in 2024. In the private segment the continued macroeconomic uncertainty that prevailed throughout most of 2023 combined with the high level of geopolitical unrest led to longer decision processes leading to slower conversion of pipeline case impacting revenue growth negatively. However, activity picked up towards the end of 2023 with pipeline cases being converted into projects.

The Danish business unit realised a gross profit margin of 37.2% in 2023 compared to 42.8% in 2022, mainly caused by a lower average utilisation in 2023 as a consequence of the slowdown in pipeline conversion in the private segment. In addition, the right-sizing of the pyramid structure activities conducted throughout the year impacted margins negatively due to long notice periods observed with the employees being managed out. As a consequence the composition of

2023 in constant currencies DKK million	**Denmark**	**Intrasoft**	**United Kingdom**	**Norway**	**Netherlands**	**Total**
Revenue from external customers	2,872.0	2,089.2	658.4	367.4	148.6	6,135.7
Gross profit	**1,069.2**	**416.6**	**165.4**	**55.7**	**31.8**	**1,738.8**
Gross profit margin	37.2%	19.9%	25.1%	15.2%	21.4%	28.3%
Local admin costs	-431.7	-186.5	-77.5	-60.4	-27.8	-784.0
Adjusted EBITDA before allocated cost from HQ	**637.5**	**230.1**	**87.9**	**-4.7**	**4.0**	**954.8**
Adjusted EBITDA margin before allocated cost from HQ	22.2%	11.0%	13.4%	-1.3%	2.7%	15.6%
Allocated costs from HQ	-30.1	0.0	-7.2	-3.7	-2.0	-43.0
Special items, allocated	-0.3	0.0	-0.1	0.0	0.0	-0.5
Depreciation	-105.6	-56.5	-12.7	-8.7	-6.1	-189.6
Amortisation	-64.5	-44.9	-13.8	-7.2	-3.9	-134.3
EBIT	**437.0**	**128.7**	**54.2**	**-24.4**	**-8.0**	**587.4**
Client facing FTEs	**2,837**	**3,228**	**613**	**355**	**162**	**7,195**

2022 in reported currencies DKK million	**Denmark**	**Intrasoft**	**United Kingdom**	**Norway**	**Netherlands**	**Total**
Revenue from external customers	2,877.2	1,732.7	540.1	292.0	102.7	5,544.6
Gross profit	**1,231.4**	**351.3**	**155.6**	**41.6**	**16.8**	**1,796.7**
Gross profit margin	42.8%	20.3%	28.8%	14.2%	16.3%	32.4%
Local admin costs	-362.5	-145.3	-62.6	-54.2	-28.4	-653.2
Adjusted EBITDA before allocated cost from HQ	**868.9**	**206.0**	**93.0**	**-12.6**	**-11.6**	**1,143.5**
Adjusted EBITDA margin before allocated cost from HQ	30.2%	11.9%	17.2%	-4.3%	-11.3%	20.6%
Allocated costs from HQ	-27.0	0.0	-5.8	-3.0	-1.4	-37.3
Depreciation	-75.4	-38.9	-11.5	-7.4	-5.5	-138.6
Amortisation	-77.4	-28.6	-15.6	-8.5	-4.0	-134.1
Other operating income	0.0	5.9	0.0	0.0	0.0	5.9
EBIT	**689.0**	**144.4**	**60.0**	**-31.5**	**-22.6**	**839.4**
Client facing FTEs	**2,659**	**2,856**	**505**	**297**	**137**	**6,453**

employee churn changed in Denmark in 2023, with a significantly higher proportion of churn being involuntary as opposed to voluntary. Client facing FTEs increased by 6.7% compared to 2022, as the right-sizing of the pyramid structure started to materialise in the second half of 2023.

Adjusted EBITDA margin was 22.2% compared to 30.2% in 2022. The lower margin was an effect of higher level of forced churn, lower utilisation, moving costs related to the new corporate headquarters in Denmark and costs related to the enhanced Go-To-Market strategy.

Depreciation increased by DKK 30.2m to DKK 105.6m in 2023, as right of use assets increased following the move into the new corporate headquarters in Copenhagen during the year. Consequently, depreciation related to leases was DKK 58.8m in 2023 compared to DKK 32.4m in 2022. In addition, termination of the previous headquarters impacted depreciation by DKK 18.1m.

Netcompany-Intrasoft

Revenue in Netcompany-Intrasoft grew by 20.6% to DKK 2,089.2m compared to DKK 1,732.7m in 2022. The growth was driven by strong performance in the public segment including EU, which combined grew 22.1% and the private segment, which grew 16.3%. During 2023, the number of projects under the Resilience and Recovery Facility (RRF) accelerated and Netcompany-Intrasoft has continued to win new tenders under the RRF. The high level of projects under the RRF are expected to be maintained throughout 2024 and 2025, but it is unlikely that the level of projects will increase in absolute monetary volume from the current high level. Unlike in Denmark, the private segment in Netcompany-Intrasoft realised strong growth based on a strong Greek economy.

In 2023, revenue from licenses increased by 41.3%, which was a result of new contracts, that included elements of software licenses mainly related to the products ERMIS, PERSEUS and DX4B.

In the same period, client facing FTEs grew 13%.

Adjusted EBITDA margin was 11% in 2023 compared to 11.9% in 2022. The lower margin was a result of one-off items realised in 2022. Adjusted for these margin in 2022 would have been 11.3%.

Depreciation increased by DKK 17.6m to DKK 56.5m in 2023 due to increased depreciation related to the new local headquarters in Greece.

Netcompany UK

Revenue in Netcompany UK grew by 21.9% in 2023 to DKK 658.4m compared to DKK 540.1m in 2022. The continued revenue growth in UK was driven by strong growth in the public sector that grew 29.8% and growth in the private sector by 4.2%. In the second half of 2023, Netcompany was selected as a supplier for the Crowns Commercial Service's Digital and Legacy Application Services (DALAS), a framework agreement for four years. This is expected to support our continued expansion in UK.

The selection to participate on the DALAS framework was a result of significant tender writing activities which had a dilutive impact on utilisation and hence revenue growth and margins. Consequently, gross profit margin decreased to 25.1% for the full year compared to 28.8% in 2022 despite better margins in the first half of the year.

Client facing FTEs grew 21.4% in line with revenue.

Adjusted EBITDA margin was 13.4% in 2023, which was 3.9 percentage points lower compared to 2022, as a result of decrease in gross profit margin.

Netcompany Norway

Revenue in the Norwegian business unit amounted to DKK 367.4m and grew by 25.8% compared to 2022. The revenue from the private segment increased by 42.4% driven by one large customer, while revenue from the public segment increased by 14.7%. Both were driven by improved utilisation compared to previous year.

Gross profit margin was 15.2% compared to 14.2% in 2022. The improved utilisation was the main reason for the improved margin.

Adjusted EBITDA margin was negative 1.3% and improved by 3 percentage points compared to 2022. However, better project execution and higher utilisation is expected to make Netcompany profitable in Norway within 2024.

Netcompany Netherlands

Revenue in Netcompany Netherlands grew by 44.7% in 2023 to DKK 148.6m compared to DKK 102.7m in 2022. The continued strong revenue growth in the Dutch business unit was solely driven by the public sector as this is the only segment served in Netcompany Netherlands. Compared to revenue, client facing FTEs grew 18.5% in 2023.

Gross profit margin improved from 16.3% in 2022 to 21.4% in 2023 as a result of the completion of legacy projects with low margins, new projects delivered on fixed fee terms with strong project teams and better pricing in general on new projects.

Adjusted EBITDA margin improved significantly by 14 percentage points and was positive at 2.7% compared to negative 11.3% in 2022. The increase in margin was driven by better gross profit margin and a continued focus on tight management of local administrative costs.

Revenue visibility

Revenue visibility improved by 17.3% from DKK 4,179.9m for 2023 to DKK 4,904.1m for 2024.

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 2024 amounts to DKK 4,904.1m, of which contractual committed revenue amounts to DKK 4,566.1m and non-contractual committed engagements amount to DKK 338m.

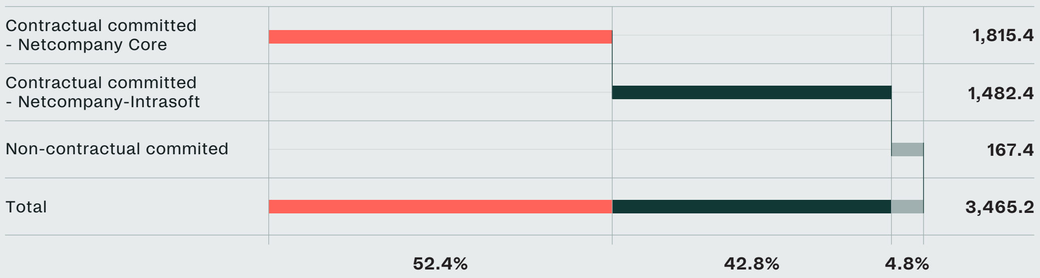
Revenue visibility improved by 17.3% from DKK 4,179.9m for 2023 to DKK 4,904.1m for 2024.

Revenue visibility for 2024 in the public segment amounts to DKK 3,465.2m, an increase of 19.9% compared to last year, of which contractual committed revenue amounts to DKK 3,297.8m and non-contractual committed engagements amount to DKK 167.4m.

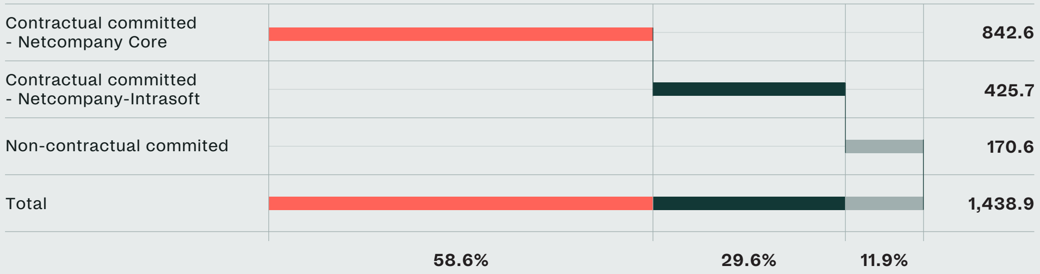
Revenue visibility for 2024 in the private segment amounts to DKK 1,438.9m, an increase of 11.6% compared to last year, of which contractual committed revenue amounts to DKK 1,268.3m and non-contractual committed engagements amount to DKK 170.6m.

In 2024, DKK 1,908.1m is expected to be released from the Netcompany-Intrasoft order backlog, mainly within EU institutions, and additional DKK 5,081.7m is expected to be released in the period from 2025 to 2031, also mainly within EU institutions.

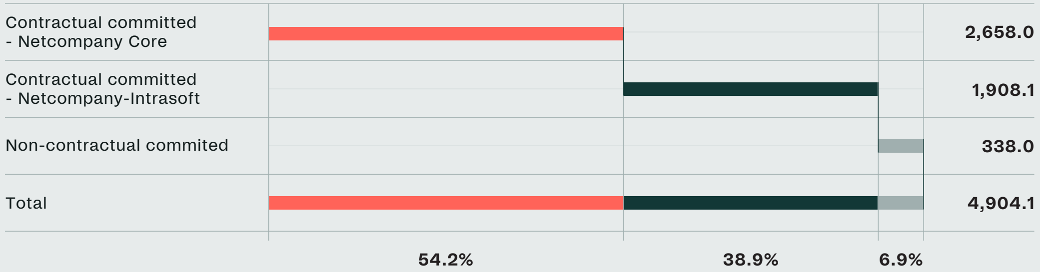
Public segment DKK million



Private segment DKK million



Total segment DKK million



Capital

Working capital
The combined value of work in progress, prebilled invoices, and trade receivables increased by 9.6% equal to revenue growth in 2023. As a percentage of revenue, the combined work in progress, prebilled invoices, and trade receivables was 32.3%, which was on level with 2022 and despite a different revenue mix. In 2023, a larger part of revenue came from projects under the Recovery and Resilience Facility, which are collected later in the project than private projects in the Danish business unit are. Once invoiced as trade receivables, days sales outstanding slightly increased from 73 days in 2022 to 76 days in 2023.

Free cash flow and cash conversion
We generated a free cash flow of DKK 552.1m, corresponding to a decrease of 8.4% compared to 2022, mainly driven by decreased margin, increase in interest expenses and acquisition of fixed assets related to investments in new HQ in Denmark and in Greece. However, our cash conversion ratio increased to 135.1% in 2023 compared to 85.2% in 2022.

Investments and capitalisation
At the beginning of 2023, the remaining consideration for Netcompany Netherlands was transferred as shares. In addition, we acquired 20% of Festina Finance A/S in the second half of 2023 and paid DKK 106.5m.

In 2023, capitalised costs increased to DKK 107.9m compared to DKK 98m in 2022, caused by continual development on our acquired and internally developed software.

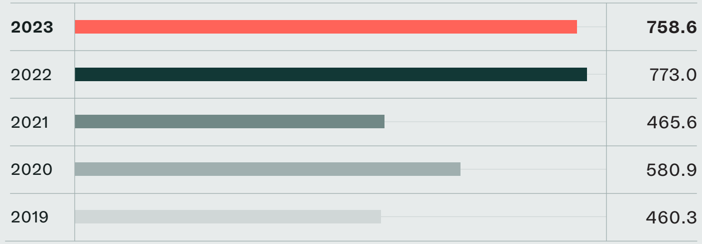
Funding and capital structure
The existing Group facility agreement consisting of committed facilities of DKK 2,800m and an additional facility of DKK 2,000m, available only for new acquisitions, were prolonged in 2023, and now run to 2026. The facility can be prolonged by an additional year.

At 31 December 2023, DKK 1,580m of the Group facility were utilised on borrowings and DKK 37.5m on guarantees, while DKK 106.5m of the additional facility was utilised for the acquisition of Festina Finance A/S, leaving a total of DKK 3,076m available in unutilised funding of which DKK 1,182.5m can be utilised for normal operation if needed with no additional costs or covenants.

In addition, Netcompany-Intrasoft have local facilities of DKK 54m and further utilised DKK 489.7m on local guarantees.

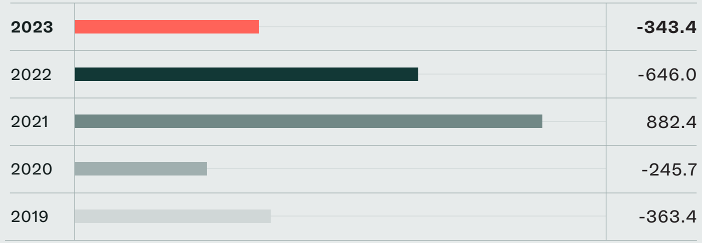
The debt ratio based on adjusted EBITDA remained unchanged at 1.4x when comparing end of 2022 to end of 2023.

Cash flow from operating activities DKK million



Cash flow from investing activities DKK million

Cash flow from financing activities DKK million



Managing disruptions in real-time at Copenhagen Airport

With AIRHART, an innovative real-time data platform, Copenhagen Airport drastically improves its operation and effectiveness across the ecosystem.

Copenhagen Airport's stated objective is to increase capacity from 30 to 40 million passengers per year. To reach that objective, Copenhagen Airport has decided to consolidate a wide array of old legacy systems unto a single, modern real-time platform: AIRHART.

AIRHART launched without delays in June 2023 and replaced the airport's old Airport Operational Data Base (AODB) with a total airport management eco-system (AOP).

Initially focused on airside operations, certain elements of security, baggage and passenger handling, crowd control, and information systems, AIRHART will result in an improved passenger travel experience, reduced CO2 emissions, and more sustainable airport operations. The platform significantly reduces the need for manual inputs, increases operational effectiveness, and improves maintenance and disruption prediction.

Future versions of the platform will predict and recommend actions to employees based on real-time data to minimise disruptions and proactively address delays and other unforeseen events.

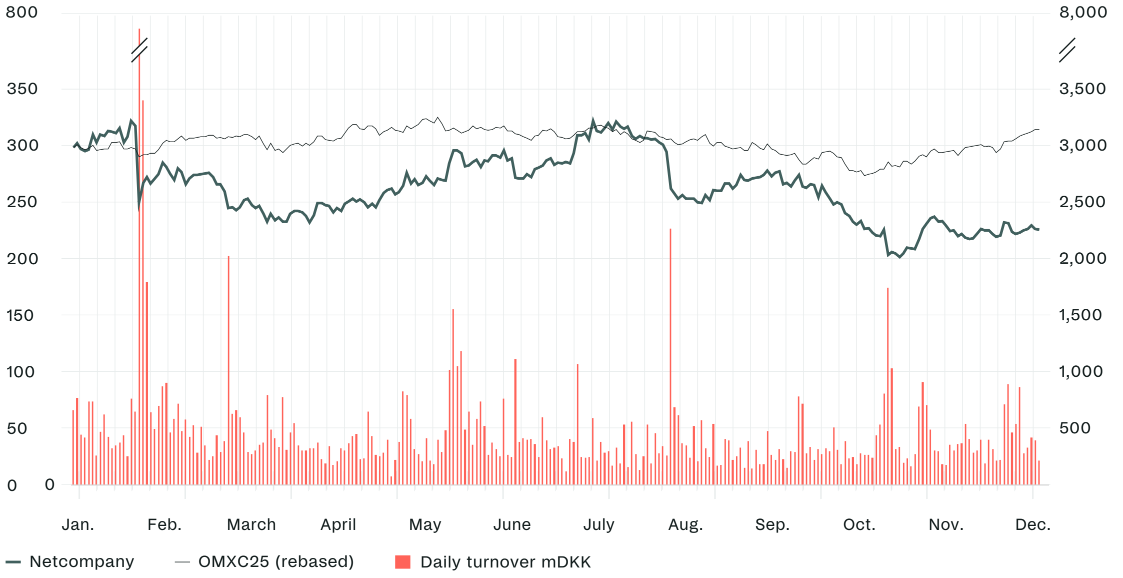
AIRHART is utilised daily by over 4,000 employees through a uniform user interface, working as a single source of truth and operation for all aspects of airport operations. The successful launch of the platform consolidates Copenhagen Airport as one of the most forward-thinking airports in the world – and one of the most digitised airports in the world.

»It is a significant advantage to have all data and information consolidated into one system, to which we and our numerous partners in the airport have shared access. With AIRHART, we can continue our efforts to maintain our position as one of the most digitised airports, operated in the most efficient manner. We have just implemented the first phase of AIRHART at Copenhagen Airport. It has been very successful, and we look forward to using this platform to manage summer traffic.«

Christian Poulsen, CEO of Copenhagen Airport

Shareholder information

We will initiate share buyback programmes in 2024 of at least DKK 500m to reach our midterm target of DKK 2bn in total cash redistribution by the end of 2026.



Share related keys figures	2023	2022
Share price		
Price at year-end (DKK million)	226	294
Price high (DKK million)	325	730
Price low (DKK million)	198	279
Market value at year-end (DKK million)	11,280	14,710
No. of shares at year-end (m)	50.0	50.0
No. of circulating shares at year-end (m)	49.6	49.1
Distribution to shareholders		
Buyback of shares (DKK million)	0.0	100.8
Total distribution to shareholders (DKK million)	0.0	100.8
Shareholder return at year-end		
Share price change (%)	-23.3	-58.2
Dividend return (%)	0.0	0.0
Total shareholder return (%)	-23.3	-58.2
Share valuation at year-end		
Equity per share (DKK)	76.6	70.5
Price/book value (times)	2.9	4.2
Earnings per share		
Earnings per share (DKK)	6.13	12.26
Diluted Earnings per share (DKK)	6.09	12.15

The share

The Netcompany shares were priced at DKK 225.6 (DKK 294.2) per share at 31 December 2023, equal to a market capitalisation of DKK 11,280m (DKK 14,710m). The share price decreased by 23.3% during 2023, compared to the Nasdaq Copenhagen blue chip index (OMXC25 CAP), which increased by 5.2%.

Share capital and treasury shares

Our share capital is DKK 50m divided into 50 million shares. At the beginning of 2023, we held 901,359 treasury shares, and 70,516 treasury shares were used to remunerate partners and principals, as the third long-term incentive programme vested in January 2023. During the year, additional 9,916 shares were transferred to forced leavers participating in the long-term incentive programme.

In February, 436,322 treasury shares related to the final consideration for the acquisition of Netcompany Netherlands in 2019 were finally transferred.

As part of the acquisition of Intrasoft International S.A, an agreement was made for a senior executive to convert the received cash element of the purchase price into Netcompany shares with a four-year timely lock-up period not related to employment, the entailing certain possibilities to sell shares in predefined tranches from 2022 to 2025 at the prevailing share price of the time of the transaction. The last option was exercised in relation to this tranche and executed on 3 July 2023. Netcompany has in that capacity acquired 44,539 treasury shares directly from the senior executive.

At 31 December 2023, we held a total of 429,144 treasury shares equivalent to 0.9% of the share capital.

The treasury shares will continuously be used to remunerate partners and principals through the long-term incentive plan or in connection with M&A transactions where applicable. Additional information on the holdings of Netcompany shares and restricted stock units by the members of the Board of Directors and the Executive Management is disclosed in the Remuneration Report and in note 7 of the financial statements.

Increase of share capital

In the period until 2 March 2028, the Board of Directors is authorised to increase the company's share capital with pre-emption rights for the company's existing shareholders by up to a nominal amount of DKK 5m. However, the Board of Directors may not exercise this authorisation for an amount higher than 10% of the outstanding share capital at the time of exercise of the authorisation. The capital increase may take place at a subscription price set by the Board of Directors and shall be affected by cash payment, 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 2023, we had around 32,000 (25,000) registered shareholders. Around 40% (44%) of the registered share capital was held by shareholders based outside of Denmark and around 10% (10%) of the company's share capital was held by the company's Executive Management. Furthermore, around 41% (40%) of the company's shares is estimated to be held by pension funds.

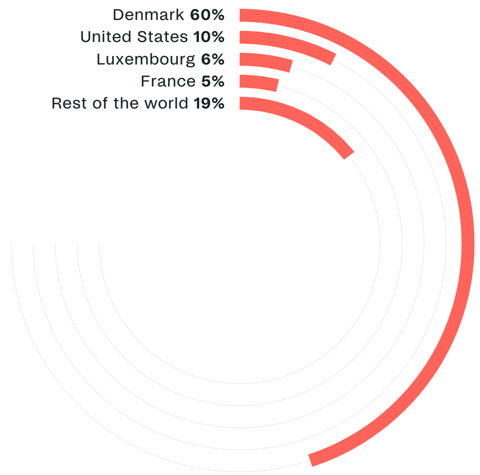
In pursuance of section 55 of the Danish Companies Act, the following investors have reported holdings of more than 5% of Netcompany's share capital at 31 December 2023:

- AC NC Holding ApS: 10.3%

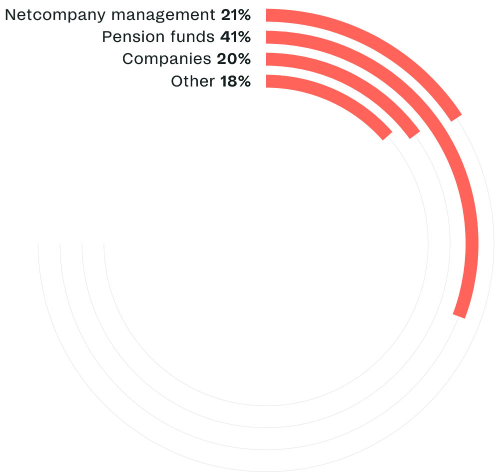
Share-based incentive schemes/ restricted stock units and matching shares

In total, 322,421 (211,754) restricted stock units (RSUs) and 37,920 (nil) matching shares in relation to the share-based incentive schemes were issued at 31 December 2023, of which 87,577 (54,313) were granted to the Executive Management and 272,764 (157,441) were granted to Other Key Management Personnel and Other employees. The fair value of the granted shares was DKK 122.1m (DKK 98.3m). The cost related hereto is expensed over the vesting period. A total amount of DKK 42.6m (DKK 24.9m) was recognised as staff costs in the income statement in 2023.

Shareholder structure
(by geography)



Shareholder structure
(by category)



Dividends and share buyback

To maintain a satisfactory debt level ratio no dividends are currently proposed for the year 2023. In 2024, we expect to utilise free cashflow to deleverage and initiate share buyback programmes to reach our midterm target and reach DKK 2bn in total cash redistribution by the end of 2026.

Investor relations

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

For more information

See our recommendations on corporate governance at: https://www.netcompany.com/Investor/Announcements

Financial calendar 2024

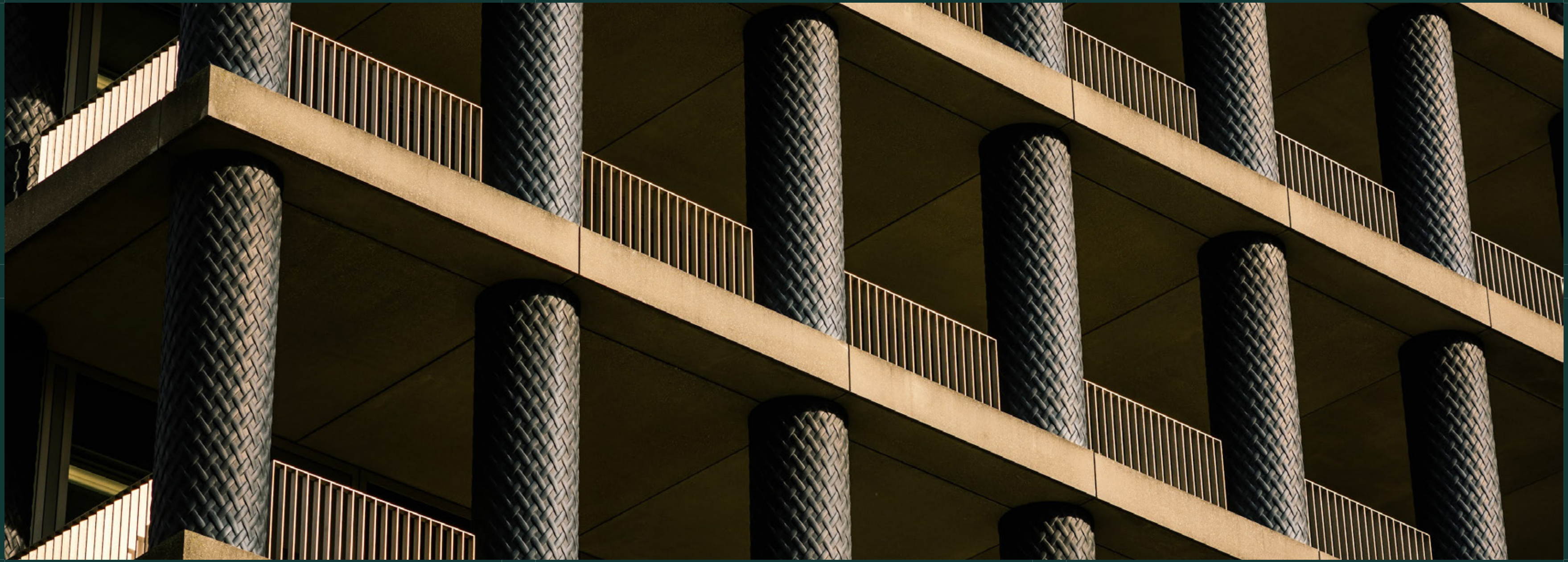
17 January 2024	Deadline for shareholders to submit proposals for the agenda of the Annual General Meeting 2024
25 January 2024	Annual Report for the financial year 2023
29 February 2024	Annual General Meeting 2024
3 May 2024	Interim report for the first 3 months of 2024
14 August 2024	Interim report for the first 6 months of 2024
31 October 2024	Interim report for the first 9 months of 2024

Share data

Stock exchange	Nasdaq Copenhagen A/S
Index	OMXC Large Cap
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

Chapter 5

Financial statements



Content

Notes to the consolidated financial statements

Statement of comprehensive income for the Group for 2023

DKK million	Notes	2023	2022
Revenue	3	6,078.4	5,544.6
Cost of services	4	-4,375.5	-3,772.2
Gross profit		**1,703.0**	**1,772.5**
Sales and marketing costs	5	-54.7	-41.0
Administrative costs	6	-935.5	-763.9
Special items	8	-0.5	0.0
Other operating income / loss	9	0.0	5.9
EBITA (non-IFRS)		**712.2**	**973.5**
Amortisation	10	-134.2	-134.1
Operating profit (EBIT)		**578.0**	**839.4**
Financial income	11	25.2	30.3
Financial expenses	11	-163.3	-100.3
Fair value adjustment of contingent consideration		0.0	-7.9
Income / loss from investment in joint venture	19	-7.9	-5.9
Income / loss from investment in associates	20	0.2	0.8
Profit before tax		**432.3**	**756.5**
Tax on profit for the year	12	-128.2	-153.8
Profit for the year		**304.0**	**602.8**
Of which			
Non-controlling interest		0.5	-0.6
Netcompany Group A/S' share		303.5	603.4
Earnings per share (DKK)	14	6.13	12.26
Diluted earnings per share (DKK)	14	6.09	12.15

DKK million	Notes	2023	2022
Other comprehensive income Items that may be reclassified subsequently to profit or loss:			
Exchange rate adjustments on translating foreign subsidiaries		6.7	-8.0
Other comprehensive income Items that may not be reclassified to profit or loss:			
Actuarial profit / loss on defined benefit plans	28	1.1	0.4
Other operating income / loss		**7.8**	**-7.6**
Of which			
Non-controlling interest		-0.2	0.2
Netcompany Group A/S' share		7.9	-7.8
Comprehensive income for the year		**311.8**	**595.1**
Of which			
Non-controlling interest		0.4	-0.4
Netcompany Group A/S' share		311.4	595.6

Statement of financial position of the Group at 31 December 2023

DKK million	Notes	2023	2022
Goodwill	15	3,252.0	3,372.5
Other intangible assets	16	481.1	507.4
Intangible assets		**3,733.1**	**3,879.9**
Investment properties	17	2.5	2.5
Other tangible assets	18	944.4	329.7
Tangible assets		**946.9**	**332.2**
Investment in joint venture	19	89.5	97.4
Investment in associates	20	114.6	8.0
Other securities and investments	21	1.1	1.3
Other receivables		54.5	54.9
Deferred tax assets	12	41.8	32.7
Financial assets		**301.5**	**194.4**
Non-current assets		**4,981.4**	**4,406.4**
Trade receivables	23	1,261.8	1,112.0
Receivables from joint venture		8.1	10.0
Receivables from associates		12.7	16.4
Contract work in progress	24	1,263.9	1,114.5
Other receivables		61.9	38.3
Prepayments		122.0	124.4
Tax receivable	12	0.0	36.0
Receivables		**2,730.3**	**2,451.5**
Cash	25	**448.1**	**336.0**
Current assets		**3,178.4**	**2,787.5**
Assets		**8,159.8**	**7,193.9**

DKK million	Notes	2023	2022
Share capital	26	50.0	50.0
Treasury shares		-193.1	-313.3
Share-based remuneration		67.2	54.2
Exchange rate adjustments on translating subsidiaries		5.2	-1.6
Retained earnings		3,892.7	3,731.0
Other reserves		1.5	0.4
Equity attributable to Netcompany Group A/S		**3,823.5**	**3,520.7**
Non-controlling interests		6.5	6.2
Equity		**3,830.1**	**3,526.9**
Borrowings	27	1,586.9	1,872.4
Pension obligations	28	19.0	13.8
Lease liability		761.8	180.5
Deferred tax liability	12	69.0	111.0
Non-current liabilities		**2,436.7**	**2,177.6**
Borrowings	27	146.9	47.3
Pension obligations	28	1.7	5.8
Lease liability		114.7	85.4
Prebilled invoices	24	561.3	433.5
Trade payables		340.0	265.2
Other payables	29	670.9	640.6
Provisions	30	16.7	11.6
Income tax payable	12	40.9	0.0
Current liabilities		**1,893.1**	**1,489.4**
Liabilities		**4,329.8**	**3,667.0**
Equity and liabilities		**8,159.8**	**7,193.9**

Statement of changes in equity for the Group for 2023

DKK million	Share capital	Treasury shares	Share-based remuneration	Exchange rate adjustments on translating subsidiaries	Retained earnings	Other reserves	Total equity, Netcompany Group A/S	Non-controlling interests	Total equity
Equity at 1 January 2023	**50.0**	**-313.3**	**54.2**	**-1.6**	**3,731.0**	**0.4**	**3,520.7**	**6.2**	**3,526.9**
Adjustment related to previous years (note 1)	0.0	0.0	118.4	0.0	-120.4	0.0	-2.1	0.0	-2.1
Adjusted equity at 1 January 2023	**50.0**	**-313.3**	**172.6**	**-1.6**	**3,610.5**	**0.4**	**3,518.6**	**6.2**	**3,524.8**
Profit for the year	0.0	0.0	0.0	0.0	303.5	0.0	303.5	0.5	304.0
Other comprehensive income / loss for the year	0.0	0.0	0.0	6.9	0.0	1.1	7.9	-0.2	7.8
Total comprehensive income	**0.0**	**0.0**	**0.0**	**6.9**	**303.5**	**1.1**	**311.4**	**0.4**	**311.8**
Treasury shares acquired in the year	0.0	-12.8	0.0	0.0	-18.8	0.0	-31.5	0.0	-31.5
Treasury shares used in business combinations	0.0	111.1	-118.4	0.0	-9.8	0.0	-17.1	0.0	-17.1
Share-based remuneration for the year (note 7)	0.0	0.0	42.6	0.0	0.0	0.0	42.6	0.0	42.6
Settlement of share-based remuneration	0.0	21.9	-29.6	0.0	7.3	0.0	-0.5	0.0	-0.5
Total transactions with owners	**0.0**	**120.2**	**-105.4**	**0.0**	**-21.3**	**0.0**	**-6.5**	**0.0**	**-6.5**
Equity at 31 December 2023	**50.0**	**-193.1**	**67.2**	**5.2**	**3,892.7**	**1.5**	**3,823.5**	**6.5**	**3,830.1**

Equity at 1 January 2022	**50.0**	**-241.4**	**70.2**	**6.6**	**3,145.8**	**0.0**	**3,031.1**	**6.8**	**3,037.9**
Profit for the year	0.0	0.0	0.0	0.0	603.4	0.0	603.4	-0.6	602.8
Other comprehensive income / loss for the year	0.0	0.0	0.0	-8.2	0.0	0.4	-7.8	0.2	-7.6
Total comprehensive income	**0.0**	**0.0**	**0.0**	**-8.2**	**603.4**	**0.4**	**595.6**	**-0.4**	**595.1**
Treasury shares acquired in the year	0.0	-111.5	0.0	0.0	-20.0	0.0	-131.5	0.0	-131.5
Treasury shares used in business combinations	0.0	0.2	0.0	0.0	0.4	0.0	0.6	0.0	0.6
Share-based remuneration for the year (note 7)	0.0	0.0	24.9	0.0	0.0	0.0	24.9	0.0	24.9
Settlement of share-based remuneration	0.0	39.4	-40.9	0.0	1.4	0.0	0.0	0.0	0.0
Movement of non-controlling interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	-0.2
Total transactions with owners	**0.0**	**-71.9**	**-16.0**	**0.0**	**-18.2**	**0.0**	**-106.0**	**-0.2**	**-106.3**
Equity at 31 December 2022	**50.0**	**-313.3**	**54.2**	**-1.6**	**3,731.0**	**0.4**	**3,520.7**	**6.2**	**3,526.9**

Cash flow statement for the Group for 2023

DKK million	Notes	2023	2022
Operating profit (EBIT)		578.0	839.4
Depreciation and amortisation	10	322.7	272.7
Non-cash	31	44.2	14.4
Working capital changes	32	26.7	-59.3
		971.6	**1,067.1**
Income taxes paid		-103.3	-234.1
Financial income received		7.6	7.3
Financial expenses paid		-117.3	-67.3
Cash flows from operating activities		**758.6**	**773.0**
Cash outflow on acquisition of subsidiaries		0.0	-50.0
Investment in joint venture and associates	19,20	-106.3	0.0
Capitalisation of intangible assets	16	-107.9	-98.0
Acquisition of intangible assets	37	0.0	-20.0
Acquisition of fixed assets		-98.5	-52.2
Disposals of fixed assets		4.9	0.5
Additions / disposals of deposits		4.5	-28.9
Other investments/divestment		0.6	4.4
Cash flows from investing activities		**-302.8**	**-244.3**
Purchase of treasury shares		-32.0	-131.5
Proceeds from borrowings		127.5	2,182.8
Repayment of borrowings		-314.3	-2,610.0
Repayment of leasing debt		-124.5	-87.3
Cash flows from financing activities		**-343.4**	**-646.0**
Increase in cash and cash equivalents		**112.4**	**-117.3**
Cash and cash equivalents at 1 January		336.0	458.8
Effect of exchange rate changes on the balance of cash held in foreign currencies		-0.4	-5.4
Cash and cash equivalents at 31 December	25	**448.1**	**336.0**

Reconciliation of liabilities arising from financing activities DKK million	**Borrowings (note 27)**	**Leasing**	**Total**
Opening balance 1 January 2023	**1,919.7**	**265.9**	**2185.6**
Leasing (non-cash)	0.0	735.1	735.1
Proceeds from borrowings	127.5	0.0	127.5
Repayments	-314.3	-124.5	-438.8
Loan costs on refinancing	-2.2	0.0	-2.2
Amortisation of loan costs (non-cash)	3.0	0.0	3
Exchange rate adjustments	0.1	0.0	0.1
Closing balance 31 December 2023	**1,733.8**	**876.5**	**2,610.3**

Reconciliation of liabilities arising from financing activities DKK million	**Borrowings (note 27)**	**Leasing**	**Total**
Opening balance 1 January 2022	**2,350.3**	**246.6**	**2,596.9**
Leasing (non-cash)	0.0	106.6	106.6
Proceeds from borrowings	2,182.8	0.0	2,182.8
Repayments	-2,610.0	-87.3	-2,697.4
Loan costs on refinancing	-9.5	0.0	-9.5
Amortisation of loan costs (non-cash)	6.1	0.0	6,1
Exchange rate adjustments	0.0	0.0	0.0
Closing balance 31 December 2022	**1,919.7**	**265.9**	**2,185.6**

Section 1

Basis of preparation

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

In this section

Note 1 Material accounting policies

Netcompany Group A/S presents the financial statements in accordance with the IFRS accounting standards as adopted by the EU and additional Danish disclosure requirements for financial statements applicable to the 2023 financial year.

Netcompany Group A/S is an entity with its registered office in Denmark.

The financial statements are presented in DKK (million), 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.

On 15 February 2023, the Danish Business Authorities completed their compliance review of Netcompany Group A/S' Annual Reports for 2020 and 2021 as disclosed in the Annual Report for 2022.

Due to the outcome of the compliance review, the accounting policies for business combinations has been adjusted resulting in a reduction of goodwill of DKK 120.4m, a reduction of earn-out obligation of DKK 118.4m and a net impact on the equity of DKK 2.1m including the impact from remuneration to be treated as share-based payment. Cash flow is not affected by the adjustment to the accounting policies.

The impact is not considered material for previous periods of financial reporting and has been updated with effect from 1 January 2023 with no changes to comparison figures.

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.

Transactions and non-controlling interest

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

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

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

Applying materiality

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

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

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Note 1 Material accounting policies (continued)

Property, plant and equipment, intangible assets, and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When consolidating subsidiaries that use a different currency than DKK into the consolidated financial statements, the income statement items are converted using the average exchange rates. Exchange differences arising out of the translation of foreign subsidiaries' balance sheet items at the beginning of the year using the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised in other comprehensive income.

Revenue recognition

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

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

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

Revenue from sale of licenses is assessed on a contract-by-contract basis and recognised either at a point in time or over time on basis of the alternative use for the group and that the customer gets the right to use the Groups intellectual property as it exists, when the license is granted.

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

Payment terms are agreed on an individual basis, and are typically paid throughout the project according to agreed milestones affecting development of contract work in progress and prebilled invoice balances.

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

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

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit adjusted for non-cash operating items, working capital changes as well as financial income received and financial expenses and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition of subsidiaries and joint ventures, activities and fixed asset investments and proceeds from the sale of property, plant and equipment. In the parent financial statements, investing activities also include receipt of dividends from subsidiaries.

Cash flows from financing activities comprise cash from changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, instalments on interest bearing debt, payments relating to leasing obligations and dividend payments to shareholders.

Cash and cash equivalents comprise cash.

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

Note 1 Material accounting policies (continued)

Significant judgements, estimates and assumptions

When applying the accounting policies, Management has to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that cannot be directly derived from other sources. Such estimates and assumptions are based on historical experience and other relevant factors that are believed to be reasonable under the circumstances. The actual results may deviate from these estimates under different assumptions or conditions.

Estimates and the underlying assumptions are reassessed on a regular basis. Any changes in the accounting estimates are recognised in the accounting period in which the change was made as well as in future accounting periods if the change affects the period in which it was made as well as subsequent accounting periods.

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

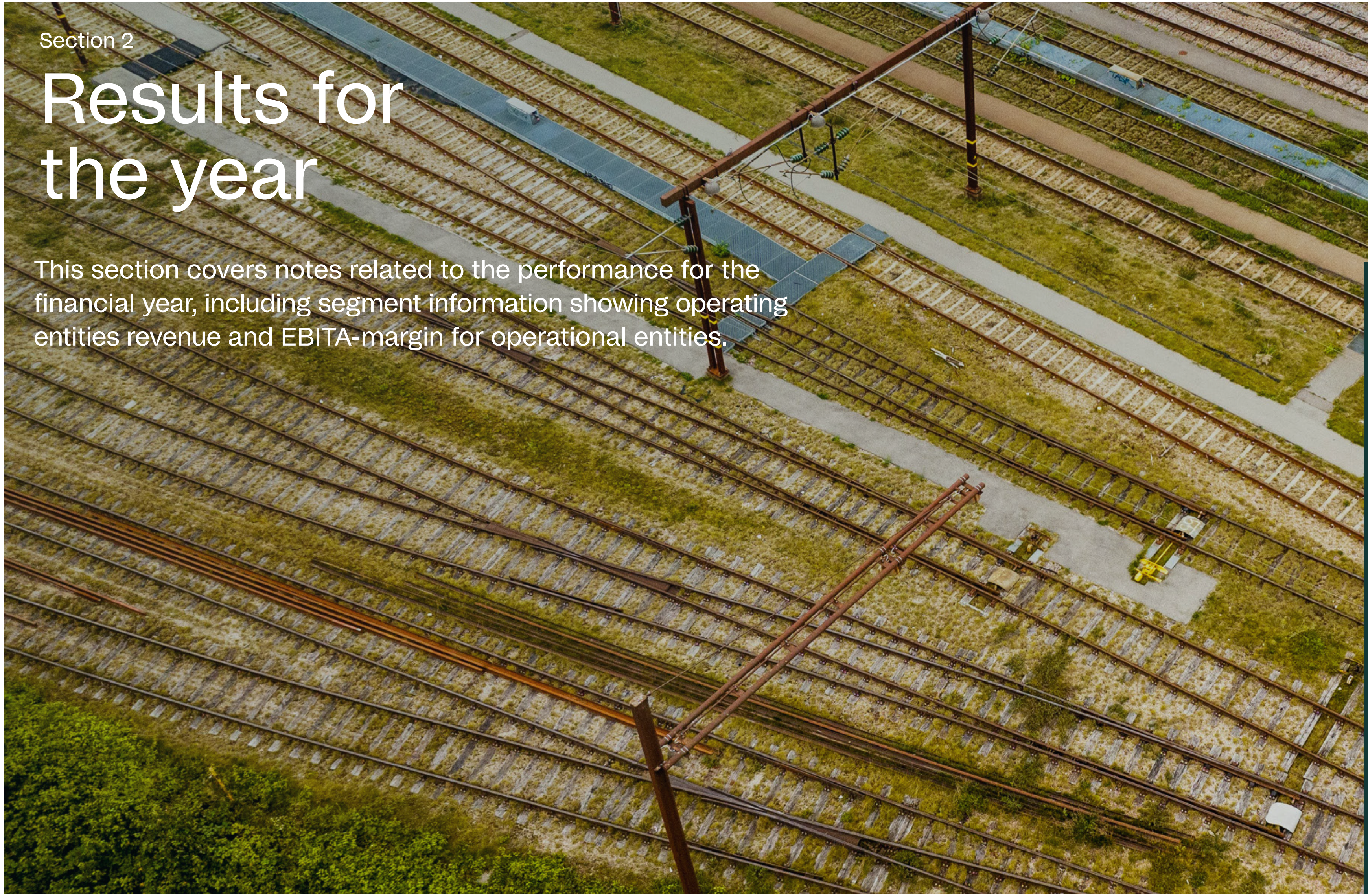
Note		Key accounting estimates and judgements	Nature of accounting impact	Impact of accounting
Note 8	Special items	Judgement from management in separating special items	Judgement	■
Note 15	Goodwill	Assumptions used in value-in-use calculations for impairment testing	Estimate	■ ■ ■
Note 16	Other intangible assets	Assumptions used in value-in-use calculations for impairment testing	Estimate	■ ■ ■
Note 18	Other tangible assets	Estimate of useful lives on right of use assets	Estimate	■
Note 19	Investment in joint venture	Judgement from management in classification as joint venture based on contractual and operational relationship between the parties	Judgement	■
Note 24	Contract work in progress	Estimates used in determining performance obligations	Estimate	■ ■
Note 24	Contract work in progress	Estimates used in determining the percentage of completion	Estimate	■ ■ ■
Note 28	Pension obligations	External and independent actuaries used for estimating the obligation	Estimate	■
Note 30	Provisions	Assumption for provisions	Estimate	■ ■

Note 2 Effect of the change in accounting policies

Netcompany Group has adopted relevant new or amended standards (IFRS accounting standards) and interpretation (IFRIC) as adopted by the EU and which are effective for the financial year 1 January – 31 December 2023.

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments have had an impact on Netcompany Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in Netcompany Group's Annual Report in 2023.

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



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 for operational entities.

In this section

Note 3

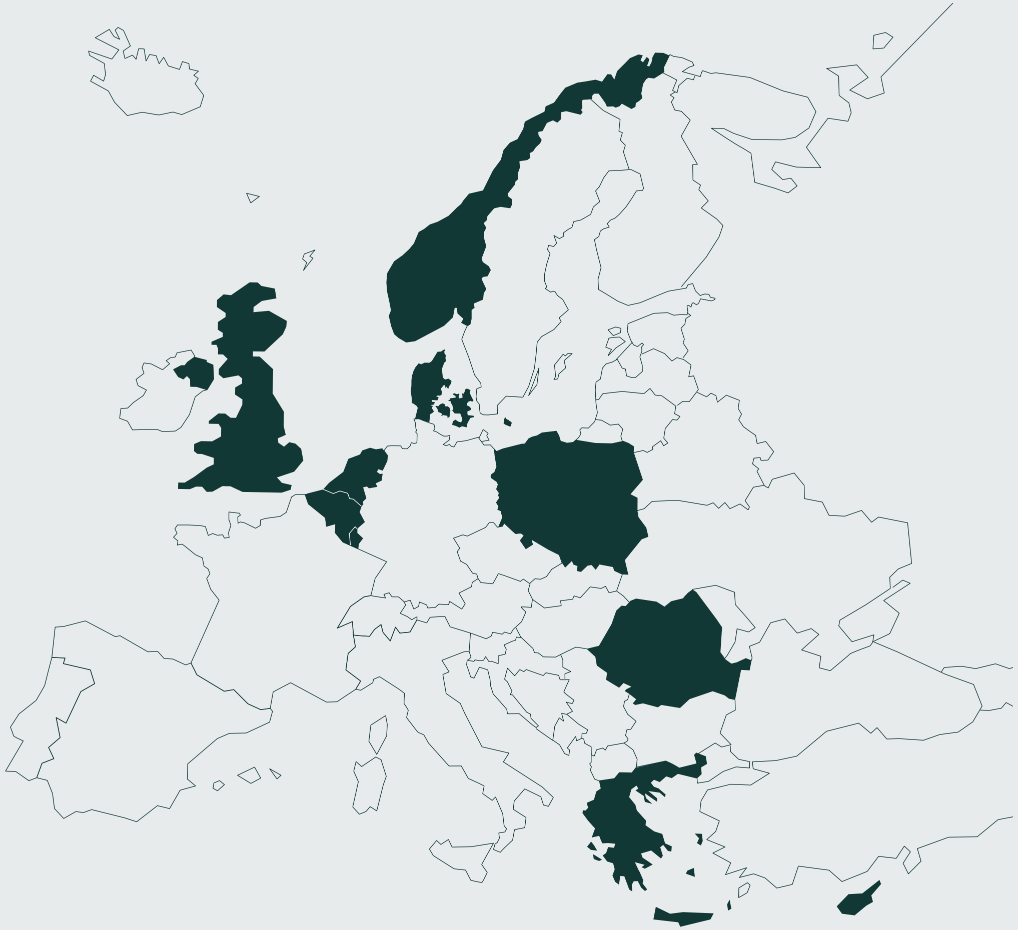
Segment information

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

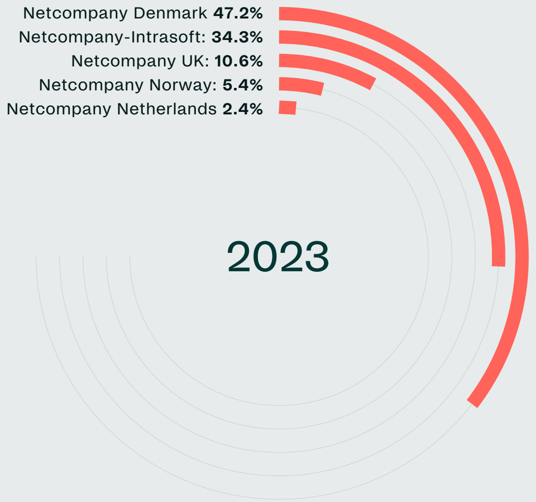
Netcompany considers Executive Management to be the operating decision-making body, as all significant decisions regarding business development are taken in that forum.

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

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



Revenue per business segment
%



2023
DKK million
▲ 9.6%
6,078.4

2022
DKK million
▲ 52.7%
5,544.6

Note 3 Segment information (continued)

Revenue types (DKK million)	**Public 2023**	**Private 2023**	**Total 2023**	**Public 2022**	**Private 2022**	**Total 2022**
Development	1,116.1	931.8	2,047.8	1,505.7	1,134.5	2,640.2
Maintenance	2,938.7	1,029.4	3,968.2	2,061.1	815.0	2,876.1
Licenses	53.7	8.7	62.4	28.1	0.2	28.3
Revenue by type, total	**4,108.5**	**1,969.9**	**6,078.4**	**3,594.9**	**1,949.7**	**5,544.6**

Timing of revenue recognition	**Public 2023**	**Private 2023**	**Total 2023**	**Public 2022**	**Private 2022**	**Total 2022**
Over time	4,054.8	1,961.2	6,016.0	3,566.8	1,949.5	5,516.3
Point in time	53.7	8.7	62.4	28.1	0.2	28.3
Revenue by timing, total	**4,108.5**	**1,969.9**	**6,078.4**	**3,594.9**	**1,949.7**	**5,544.6**

Revenue types (DKK million)	**Public 2023**	**Private 2023**	**Total 2023**	**Public 2022**	**Private 2022**	**Total 2022**
Revenue	4,108.5	1,969.9	6,078.4	3,594.9	1,949.7	5,544.6
Cost of services	-3,014.7	-1,360.8	-4,375.5	-2,561.0	-1,211.2	-3,772.2
Gross profit	**1,093.8**	**609.2**	**1,703.0**	**1,033.9**	**738.5**	**1,772.5**
Sales and marketing costs	-36.2	-18.5	-54.7	-27.1	-13.9	-41.0
Administrative costs	-621.2	-314.3	-935.5	-509.9	-253.9	-763.9
Adjusted EBITA (non-IFRS)	**436.3**	**276.3**	**712.7**	**496.9**	**470.7**	**967.6**
Adjusted EBITA margin (non-IFRS)	*10.6%*	*14.1%*	*11.7%*	*13.8%*	*24.1%*	*17.5%*
Special items	-0.3	-0.2	-0.5	0.0	0.0	0.0
Other operating income / loss	0.0	0.0	0.0	0.0	5.9	5.9
EBITA (non-IFRS)	**436.1**	**276.2**	**712.2**	**496.9**	**476.6**	**973.5**
EBITA margin (non-IFRS)	*10.6%*	*14.0%*	*11.7%*	*13.8%*	*24.4%*	*17.6%*

Note 3

Segment information (continued)

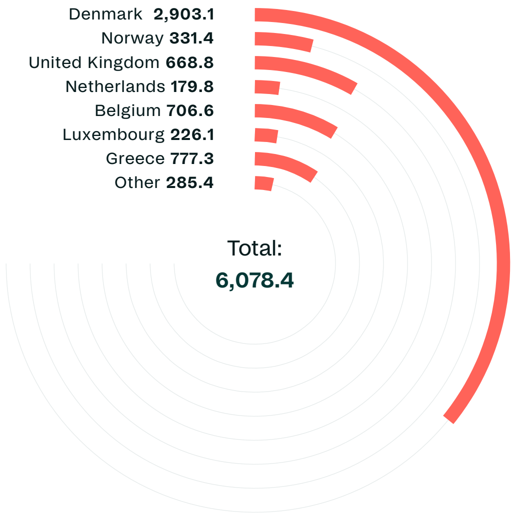
Public segment	Netcompany Denmark		Netcompany-Intrasoft		Netcompany United Kingdom		Netcompany Norway		Netcompany Netherlands	
Public segment information related to operating entities (DKK million)	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Revenue	1,756.8	1,674.5	1,549.9	1,271.1	475.8	373.5	178.0	175.1	148.0	100.7
Cost of service	-1,153.6	-1,035.8	-1,245.1	-1,015.9	-361.9	-275.7	-137.7	-149.1	-116.4	-84.4
Gross profit	**603.2**	**638.7**	**304.8**	**255.2**	**113.9**	**97.8**	**40.3**	**26.0**	**31.6**	**16.3**
Gross profit margin	*34.3%*	*38.1%*	*19.7%*	*20.1%*	*23.9%*	*26.2%*	*22.6%*	*14.8%*	*21.4%*	*16.2%*
Administrative and sales costs	-322.8	-250.3	-175.9	-137.6	-65.1	-53.7	-31.9	-38.3	-33.9	-33.4
Adjusted EBITA before allocated HQ costs (non-IFRS)	**280.4**	**388.4**	**128.9**	**117.5**	**48.8**	**44.2**	**8.4**	**-12.3**	**-2.3**	**-17.1**
Adjusted EBITA margin before allocated cost from HQ (non-IFRS)	*16.0%*	*23.2%*	*8.3%*	*9.2%*	*10.3%*	*11.8%*	*4.7%*	*-7.0%*	*-1.5%*	*-17.0%*
Allocated costs from HQ	-18.7	-16.2	0.0	0.0	-5.3	-4.2	-1.9	-2.0	-2.0	-1.4
Special items	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITA (non-IFRS)	**261.5**	**372.2**	**128.9**	**117.5**	**43.4**	**39.9**	**6.5**	**-14.3**	**-4.2**	**-18.5**
EBITA margin (non-IFRS)	*14.9%*	*22.2%*	*8.3%*	*9.2%*	*9.1%*	*10.7%*	*3.6%*	*-8.1%*	*-2.9%*	*-18.4%*

Note 3 Segment information (continued)

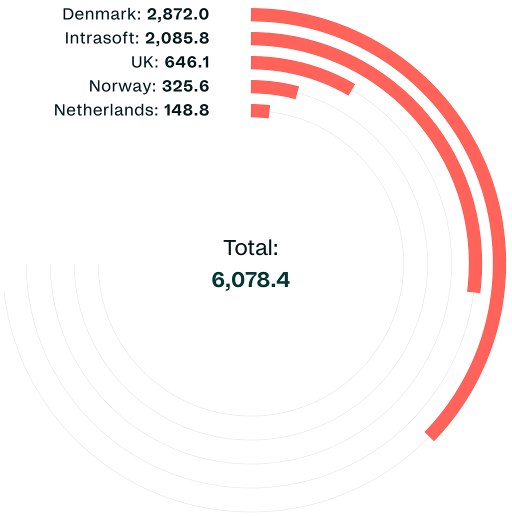
Private segment	Netcompany Denmark		Netcompany-Intrasoft		Netcompany United Kingdom		Netcompany Norway		Netcompany Netherlands	
Private segment information related to operating entities (DKK million)	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Revenue	1,115.2	1,202.7	536.0	461.6	170.4	166.5	147.5	117.0	0.8	2.0
Cost of service	-668.0	-633.5	-425.9	-366.0	-122.6	-108.7	-143.6	-101.4	-0.7	-1.5
Gross profit	**447.2**	**569.2**	**110.1**	**95.5**	**47.8**	**57.8**	**3.9**	**15.6**	**0.1**	**0.5**
Gross profit margin	*40.1%*	*47.3%*	*20.5%*	*20.7%*	*28.1%*	*34.7%*	*2.6%*	*13.3%*	*16.7%*	*24.0%*
Administrative and sales costs	-197.6	-164.1	-65.6	-45.9	-23.6	-20.5	-30.8	-23.2	-0.1	-0.5
Adjusted EBITA before allocated HQ costs (non-IFRS)	**249.6**	**405.0**	**44.5**	**49.6**	**24.2**	**37.3**	**-26.9**	**-7.7**	**0.0**	**0.0**
Adjusted EBITA margin before allocated cost from HQ (non-IFRS)	*22.4%*	*33.7%*	*8.3%*	*10.7%*	*14.2%*	*22.4%*	*-18.2%*	*-6.5%*	*1.3%*	*0.3%*
Allocated costs from HQ	-11.4	-10.9	0.0	0.0	-1.9	-1.6	-1.8	-1.1	0.0	0.0
Special items	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	0.0	0.0	0.0	5.9	0.0	0.0	0.0	0.0	0.0	0.0
EBITA (non-IFRS)	**238.1**	**394.2**	**44.5**	**55.5**	**22.3**	**35.7**	**-28.7**	**-8.8**	**0.0**	**0.0**
EBITA margin (non-IFRS)	*21.4%*	*32.8%*	*8.3%*	*12.0%*	*13.1%*	*21.4%*	*-19.4%*	*-7.5%*	*0.4%*	*-0.9%*

Note 3 Segment information (continued)

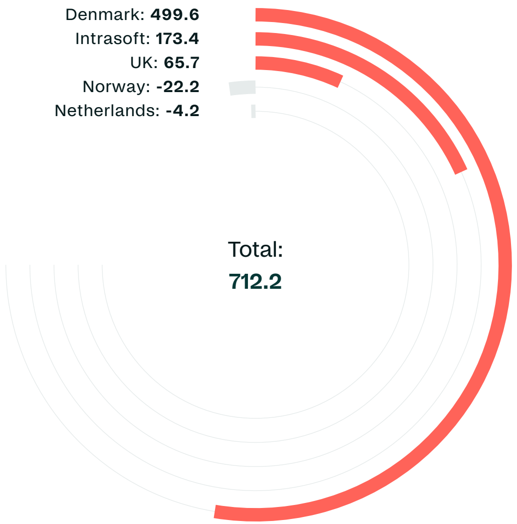
Revenue per geographical entity 2023
DKK million



Revenue per operating entity 2023
DKK million



EBITA (non-IFRS) per operating entity 2023
DKK million



Intangible assets 2023
DKK million

Denmark	1,934.6
Norway	118.7
United Kingdom	214.7
Netherlands	35.4
Belgium	0.0
Luxembourg	1,429.7
Greece	0.0
Other	0.0
Total	3,733.1

Tangible assets 2023
DKK million

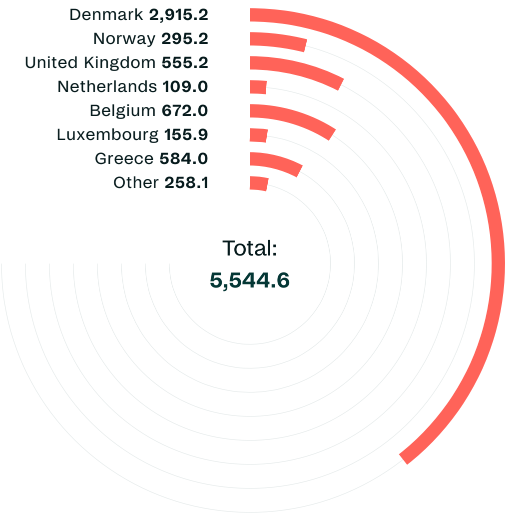
Denmark	515.1
Norway	43.4
United Kingdom	7.3
Netherlands	16.9
Belgium	30.5
Luxembourg	12.5
Greece	259.8
Other	61.5
Total	946.9

Financial assets 2023
DKK million

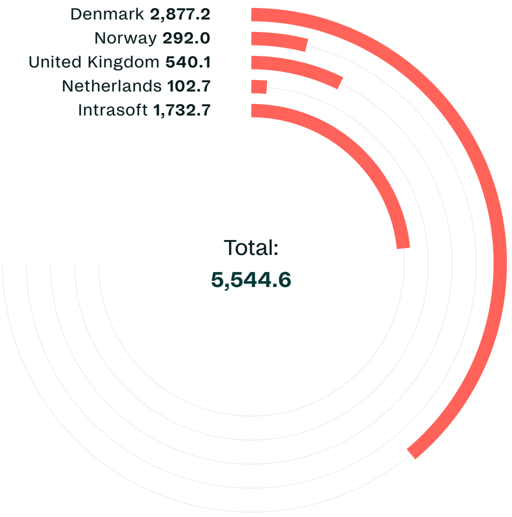
Denmark	225.0
Norway	21.4
United Kingdom	9.0
Netherlands	13.4
Belgium	0.0
Luxembourg	5.8
Greece	8.4
Other	18.4
Total	301.5

Note 3 Segment information (continued)

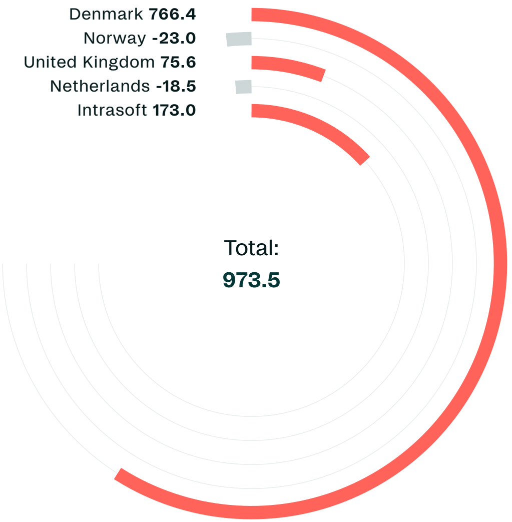
Revenue per geographical entity 2022
DKK million



Revenue per operating entity 2022
DKK million



EBITA (non-IFRS) per operating entity 2022
DKK million



Intangible assets 2022
DKK million

Denmark	1,920.0
Norway	126.0
United Kingdom	214.7
Netherlands	157.1
Belgium	0.0
Luxembourg	1,462.1
Greece	0.0
Other	0.0
Total	3,879.9

Tangible assets 2022
DKK million

Denmark	90.7
Norway	45.8
United Kingdom	17.3
Netherlands	21.7
Belgium	37.4
Luxembourg	12.9
Greece	34.4
Other	71.9
Total	332.2

Financial assets 2022
DKK million

Denmark	137.1
Norway	12.7
United Kingdom	8.1
Netherlands	14.6
Belgium	0.0
Luxembourg	4.6
Greece	4.0
Other	13.2
Total	194.4

Note 4 Cost of services

DKK million	2023	2022
Project costs	1,163.6	983.2
Staff costs (note 7)	3,193.6	2,764.9
Depreciation (note 10)	18.2	24.1
Total cost of services	**4,375.5**	**3,772.2**

§ 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 generate revenue for the year. Costs of services are expensed as the projects progress.

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

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

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

Netcompany has not received grants related to capitalised assets.

Note 5 Sales and marketing costs

DKK million	2023	2022
Sales and marketing costs	30.7	29.8
Staff costs (note 7)	24.0	11.2
Total sales and marketing costs	**54.7**	**41.0**

§ 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 million	2023	2022
Administrative costs	425.9	369.4
Staff costs (note 7)	339.5	280.0
Depreciation (note 10)	170.2	114.5
Total administrative costs	**935.5**	**763.9**

§ 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 million	2023	2022
Salaries and wages	3,214.3	2,755.2
Pension contributions	39.5	33.3
Other social security costs	248.0	219.6
Other staff costs	55.3	48.0
Total staff costs	**3,557.1**	**3,056.1**
Presented as follows in income statement:		
Costs of services	3,193.6	2,764.9
Sales and marketing costs	24.0	11.2
Administrative costs	339.5	280.0
Total staff costs in income statement	**3,557.1**	**3,056.1**
Staff costs reimbursed under government grants	11.3	15.4
Capitalised staff costs	101.1	87.4
Total staff costs	**3,669.5**	**3,158.8**

Average employees

2023 7,684

2022 6,906

§ Accounting principles

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

Note 7 Staff costs and remuneration (continued)

DKK million	2023	2022
Remuneration to the Board of Directors		
Bo Rygaard	1.4	1.4
Juha Christensen	1.0	1.0
Åsa Riisberg	0.8	0.8
Susan Cooklin	0.6	0.5
Bart Walterus	0.5	0.0
Scanes Bentley	0.1	0.7
Hege Skryseth	0.1	0.6
Total remuneration to the Board of Directors	**4.5**	**5.0**
Remuneration to the Executive Management		
André Rogaczewski	7.3	5.6
Claus Jørgensen	7.4	5.6
Thomas Johansen	4.0	3.0
Total short term remuneration	**18.7**	**14.2**
André Rogaczewski	0.7	0.8
Claus Jørgensen	0.7	0.8
Thomas Johansen	2.2	0.4
Total share-based remuneration expensed	**3.6**	**2.0**
Total remuneration to the Executive Management	**22.2**	**16.1**
Remuneration to Other Key Management Personnel		
Short term remuneration	17.9	17.6
Pension contribution	0.0	0.0
Long term remuneration	3.2	1.3
Total Remuneration to Other Key Management Personnel	**21.1**	**18.9**
Total Remuneration to Executive Management and Other Key Management Personnel	**43.3**	**35.1**

Remuneration to Executive Management and Board of Directors is recognised as administrative costs. For further description of Remuneration to the Executive Management and Board of Directors, please refer to the Remuneration Report.

During 2023, 232,292 RSUs (91,393 RSUs) were granted of which 40,385 (20,516) were granted to Executive Management and 191,907 (70,877) were granted to Other Key Management Personnel and Other employees. Other Key Management Personnel consists of country managing partners.

In addition, 24,000 matching shares were granted in 2023 to Executive Management, while 13,920 matching shares were granted to Other Key Management Personnel and Other employees.

The fair value of total outstanding granted shares was DKK 122.1 million (DKK 98.3 million) measured at grant value. The cost associated herewith is expensed over the vesting period with DKK 42.6 million in 2023 (DKK 24.9 million). The Group has the right to choose between cash settlement and equity settlement when programmes are vested.

The number of RSUs granted is determined by the stock price on the grant day, measured against the value of grant for each person. The number of matching shares granted is based on the shares purchased and continuously held by the participants throughout the programme.
All granted shares and RSUs are subject to continued employment, and only RSUs granted to Executive Management are conditional to performance.

The share-based incentive programme based on RSUs will continue in 2024.

DKK million	2023	2022
Share-based remuneration expenses		
Executive Management	3.6	2.0
Other Key Management Personnel	3.2	1.3
Employees	35.9	21.7
Total share-based remuneration expenses	**42.6**	**24.9**

Note 7 Staff costs and remuneration (continued)

Granted Netcompany shares allocated	Outstanding 1 Jan 2023	Issued	Lapsed	Transferred	Outstanding 31 Dec 2023	Grant value at 31 Dec 2023	Market value at 31 Dec 2023	Vesting date
	No.	No.	No.	No.	No.	DKK million	DKK million	
RSUs for Executive Management, 2020	17,429	0	0	-17,429	0	0.0	0.0	
RSUs for Executive Management, 2021	16,368	0	-11,162	0	5,206	3.0	1.2	31 December 2023
RSUs for Executive Management, 2022	20,516	0	0	0	20,516	9.9	4.6	31 December 2024
RSUs for Executive Management, 2023	0	40,385	-2,530	0	37,855	9.7	8.5	31 December 2025
Matching shares for Executive Management, 2023	0	24,000	0	0	24,000	6.2	5.4	31 Dec. 2025-2027
RSUs for Employees[1], 2020	51,255	0	0	-51,255	0	0.0	0.0	
RSUs for Employees[1], 2021	39,403	0	-4,290	-1,831	33,282	19.2	7.5	31 December 2023
RSUs for Employees[1], 2022	66,783	0	-6,101	-6,238	54,444	26.2	12.3	31 December 2024
RSUs for Employees[1], 2023	0	191,907	-17,110	-3,679	171,118	44.3	38.6	31 December 2025
Matching shares for Employees[1], 2023	0	13,920	0	0	13,920	3.6	3.1	31 December 2025
Total allocated shares	**211,754**	**270,212**	**-41,193**	**-80,432**	**360,341**	**122.1**	**81.3**	

Granted Netcompany shares allocated	Outstanding 1 Jan 2022	Issued	Lapsed	Transferred	Outstanding 31 Dec 2022	Grant value at 31 Dec 2022	Market value at 31 Dec 2022	Vesting date
	No.	No.	No.	No.	No.	DKK million	DKK million	
RSUs for Executive Management, 2018	3,261	0	0	-3,261	0	0.0	0.0	
RSUs for Executive Management, 2019	37,263	0	0	-37,263	0	0.0	0.0	
RSUs for Executive Management, 2020	26,161	0	-8,732	0	17,429	6.1	5.1	31 December 2022
RSUs for Executive Management, 2021	16,368	0	0	0	16,368	9.4	4.8	31 December 2023
RSUs for Executive Management, 2022	0	20,516	0	0	20,516	9.9	6.0	31 December 2024
RSUs for Employees[1], 2018	102,263	0	0	-102,263	0	0.0	0.0	
RSUs for Employees[1], 2019	56,188	0	0	-56,188	0	0.0	0.0	
RSUs for Employees[1], 2020	67,131	0	-4,051	-11,825	51,255	18.0	15.1	31 December 2022
RSUs for Employees[1], 2021	42,535	0	-2,104	-1,028	39,403	22.7	11.6	31 December 2023
RSUs for Employees[1], 2022	0	70,877	-3,771	-323	66,783	32.1	19.6	31 December 2024
Total allocated shares	**351,170**	**91,393**	**-18,658**	**-212,151**	**211,754**	**98.3**	**62.3**	

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

Note 8 Special items

DKK million	2023	2022
Costs related to M&A	-0.5	0.0
Total special items	**-0.5**	**0.0**

§ Accounting principles

Special items are costs or income recorded in the income statement, which cannot directly be attributed to the Group's ordinary activities.

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

Significant judgements

Key assumptions involve judgement from Management in identifying and separating special income or expense items from other items in the income statement. These items are carefully considered in order to ensure correct presentation.

Note 9 Other operating income / loss

DKK million	2023	2022
Rental income	0.3	0.3
Gain / losses on disposals	0.0	5.0
Other income / loss	-0.3	0.6
Total other operating income	**0.0**	**5.9**

§ Accounting principles

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

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

Note 10 Depreciation and amortisation

DKK million	2023	2022
Depreciation		
Leasehold improvements	24.1	14.2
Equipment	31.6	34.2
Right of use assets	132.8	90.2
Total depreciation	**188.5**	**138.6**
Amortisation		
Technology and software	51.8	31.2
Trademark	20.3	20.3
Order back-log	13.9	17.1
Customer relationships	48.2	65.5
Total amortisation	**134.2**	**134.1**

Depreciation and amortisation presented as follows in the income statement: DKK million	2023	2022
Cost of services	18.2	24.1
Administrative costs	170.2	114.5
Amortisation	134.2	134.1
Total depreciation and amortisation	**322.7**	**272.7**

§ Accounting principles

Please refer to notes 16 & 18.

Note 11 Financial income and expenses

DKK million	2023	2022
Financial income		
Exchange rate adjustments	21.9	27.3
Other interest income	3.4	3.0
Total Financial income	**25.2**	**30.3**
Financial expenses		
Interest expense, borrowings	88.5	41.8
Interest, leasing	25.3	7.1
Exchange rate adjustments	30.7	34.7
Other finance charges	18.7	16.6
Total Financial expenses	**163.3**	**100.3**

§ Accounting principles

Financial income and expenses comprise interest income and expenses, currency gains and losses, amortisation of loan costs.

Note 12

Tax

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

Tax policy

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

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

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

Tax risk management

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

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

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

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

Read more

www.netcompany.com/Investor/Governance

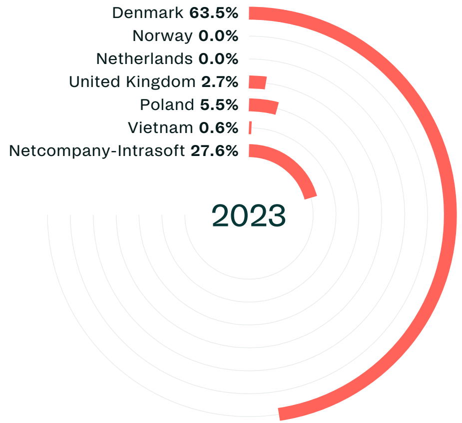
Tax contribution

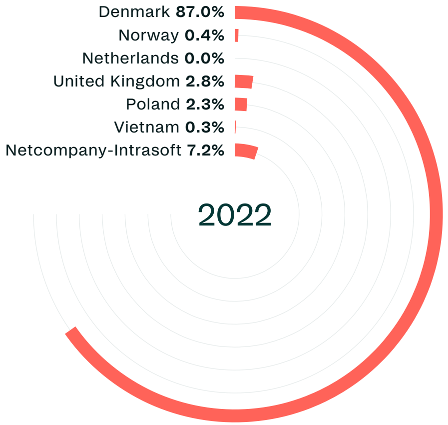
Tax contribution illustrated includes taxes on company profits.

For full overview of Netcompany's total tax contribution including personal taxes and service taxes please refer to the Sustainabilty section.

Paid profit taxes

(%)





Note 12 Tax (continued)

Current Tax (DKK million)	**2023**	**2022**
Current tax	157.6	194.2
Prior year	16.1	-1.6
Change in deferred tax	-45.4	-38.8
Total tax for year	**128.2**	**153.8**
Profit before tax	432.3	756.5
Tax at a rate of 22%	95.1	166.4
Tax-based value of non-deductible expenses	22.4	6.7
Tax-based value of non-taxable income	-5.8	-14.4
Changes to previous years	16.1	-1.6
Changes in tax rates	0.6	2.3
Effect of different tax rates in foreign subsidiaries	0.0	-5.6
Total tax for year	**128.2**	**153.8**
Effective tax rate[1]	**29.7%**	**20.3%**

Current tax has been presented as follows in the statement of financial position (DKK million)	**2023**	**2022**
Tax receivable	0.0	36.0
Tax payable	-40.9	0.0
Total tax receivable / payable, net	**-40.9**	**36.0**

Tax receivable and tax payable (DKK million)	**2023**	**2022**
Tax receivable / payable at 1 January, net	**36.0**	**-5.2**
Foreign exchange adjustments	-0.1	0.0
Changes to previous years	-22.4	1.2
Payments relating to prior years	-0.5	30.4
Current tax for the year	-157.6	-194.2
Payments relating to the current year	103.9	203.7
Total tax receivable / payable, net	**-40.9**	**36.0**

Deferred tax has been presented as follows in the statement of financial position (DKK million)	**2023**	**2022**
Deferred tax asset	41.8	32.7
Deferred tax liability	-69.0	-111.0
Total deferred tax	**-27.2**	**-78.2**

Deferred tax (DKK million)	**2023**	**2022**
Non-current assets	9.2	-93.6
Work in progress	-97.6	-28.7
Other current assets	32.6	25.0
Non-current liabilities	3.6	-1.9
Current liabilities	25.0	21.0
Total deferred tax	**-27.2**	**-78.2**

Note 12

Tax (continued)

Deferred tax (assets / liabilities): (DKK million)	Property, plant & equipment	Right of use assets	Intangible assets	Work in progress	Other current assets	Non-current liabilities	Current liabilities	Share-based payments	Total
Opening balance 1 January 2023	**11.3**	**-5.8**	**-99.2**	**-28.7**	**25.0**	**-1.9**	**8.7**	**12.2**	**-78.2**
Recognised in profit / loss	0.2	6.1	95.8	-69.0	2.1	5.6	2.2	2.3	45.4
Effect of currency exchange adjustments	0.6	0.1	0.0	0.0	5.5	0.0	-0.6	0.1	5.6
Closing balance 31 December 2023	**12.1**	**0.4**	**-3.3**	**-97.6**	**32.6**	**3.6**	**10.3**	**14.7**	**-27.2**

Deferred tax (assets / liabilities): (DKK million)	Property, plant & equipment	Right of use assets	Intangible assets	Work in progress	Other current assets	Non-current liabilities	Current liabilities	Share-based payments	Total
Opening balance 1 January 2022	**9.1**	**0.3**	**-119.3**	**-28.9**	**8.1**	**-1.9**	**0.8**	**14.9**	**-116.9**
Recognised in profit / loss	2.2	-6.1	20.1	0.2	17.1	0.0	8.0	-2.6	38.8
Effect of currency exchange adjustments	0.0	0.0	0.0	0.0	-0.2	0.0	0.0	0.0	-0.2
Closing balance 31 December 2022	**11.3**	**-5.8**	**-99.2**	**-28.7**	**25.0**	**-1.9**	**8.7**	**12.2**	**-78.2**

§ Accounting principles

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. However, this legislation does not apply to the Group as it has not had a consolidated revenue of more than EUR 750 million for two out of the last four years. Due to revenue expectations, an overall assessment was made, which concluded that this will not have any material impact on the Group.

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 or 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 by comparing to future budgets whether sufficient taxable income is likely to arise in the future for the deferred tax asset to be used.

Note 13 Income statement classified by function

Income Statement (DKK million)	**2023**	**2022**
Revenue	6,078.4	5,544.6
Cost of services, incl. depreciation and amortisation	-4,427.2	-3,803.3
Gross profit	**1,651.2**	**1,741.3**
Sales and marketing costs	-54.7	-41.0
Administrative costs, incl. depreciation, amortisation and special items	-1,018.5	-866.8
Other operating income	0.0	5.9
Operating profit (EBIT)	**578.0**	**839.4**
Financial income	25.2	30.3
Financial expenses	-163.3	-100.3
Fair value adjustment of contingent consideration	0.0	-7.9
Income / loss from investment in joint venture	-7.9	-5.9
Income / loss from investment in associates	0.2	0.8
Profit before tax	**432.3**	**756.5**
Tax on the profit	-128.2	-153.8
Net profit for the year	**304.0**	**602.8**

Depreciation and amortisation have been presented as follows in the above income statement: (DKK million)	**2023**	**2022**
Cost of services	-70.0	-55.3
Administrative costs	-252.7	-217.4
Depreciation and amortisation	**-322.7**	**-272.7**

Note 14 Earnings per share

DKK million	**2023**	**2022**
Profit	303.5	603.4
Average number of shares	50.0	50.0
Average number of treasury shares	0.5	0.8
Average number of shares in circulation	49.5	49.2
Average number of outstanding granted shares	0.3	0.5
Average number of diluted shares in circulation	49.8	49.7

Earnings per share (DKK)

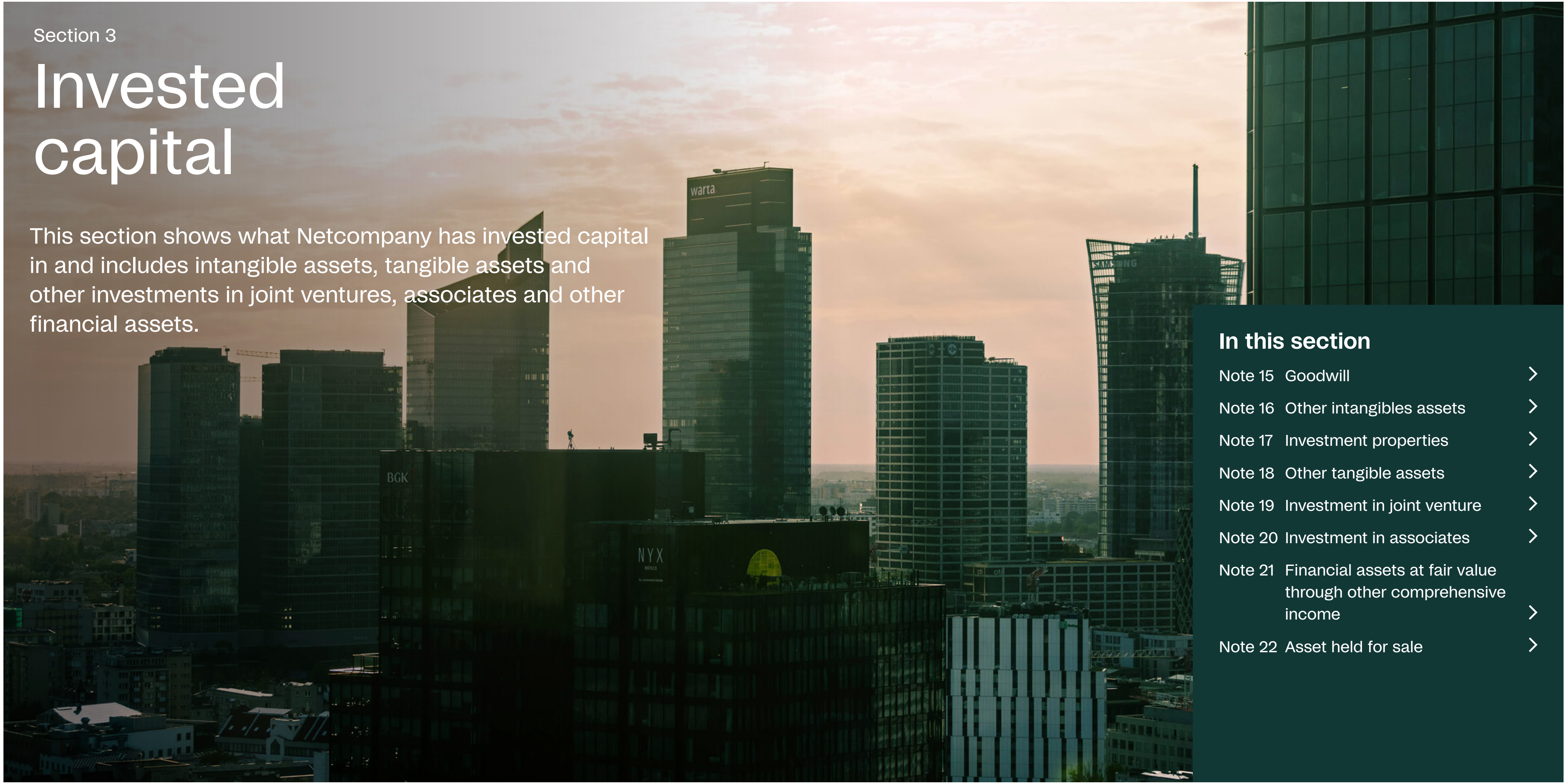
2023 6.13

2022 12.26

Diluted earnings per share (DKK)

2023 6.09

2022 12.15



Section 3

Invested capital

This section shows what Netcompany has invested capital in and includes intangible assets, tangible assets and other investments in joint ventures, associates and other financial assets.

In this section

Note 15 Goodwill

DKK million	2023	2022
Cost at 1 January	**3,372.5**	**3,372.5**
Adjustment related to previous year	-120.4	0.0
Cost at 31 December	**3,252.0**	**3,372.5**
Impairment at 1 January	0.0	0.0
Impairment at 31 December	0.0	0.0
Carrying amount at 31 December	**3,252.0**	**3,372.5**

Discount rates and growth rates in terminal period used as assumptions	2023	2022
Discount rate before tax:		
Netcompany A/S[1]	9.7%	8.8%
Netcompany Norway AS	12.1%	9.9%
Netcompany UK Ltd.[2]	12.0%	11.9%
Netcompany Netherlands B.V.	13.2%	12.0%
Netcompany-Intrasoft S.A.	11.5%	11.6%
Growth rate in terminal period	**2.0%**	**2.0%**

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

DKK million	2023	2022
Goodwill allocated to cash-generating units		
Netcompany A/S[1]	1,775.3	1,775.3
Netcompany Norway AS	118.7	118.7
Netcompany UK Ltd.[2]	214.7	214.7
Netcompany Netherlands B.V.	34.9	155.4
Netcompany-Intrasoft S.A.	1,108.4	1,108.4
Total goodwill allocated	**3,252.0**	**3,372.5**
Other intangibles allocated to cash-generating units		
Netcompany A/S[1]	159.3	144.7
Netcompany Norway AS	0.0	7.3
Netcompany Netherlands B.V.	0.5	1.7
Netcompany-Intrasoft S.A.	321.3	353.7
Total other intangibles allocated	**481.1**	**507.4**

Due to the outcome of the Danish Business Authorities compliance review, the accounting policies for business combinations have been adjusted resulting in a reduction of goodwill of DKK 120.4m. For further details please refer to note 1.

Impairment test

The tests performed at the end of 2023 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 2023. The most significant assumptions are related to discount rates, 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 2024 and forecasts for the following years incorporating the assumptions used in financial budgets, including the expected impact from business synergies. For all CGUs, the forecast period comprises of five years.

Cash flow projections beyond the five year forecast have been extrapolated using a steady 2.0% annual 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.

Note 15

Goodwill (continued)

Sensitivity analysis

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

Netcompany shares were priced at DKK 225.6 per share at 31 December 2023, equal to a market capitalisation of DKK 11,280 million, which was 23.3% lower than market capitalisation at 31 December 2022. Market capitalisation at DKK 11,280m exceeds equity value of DKK 3,830.1m by DKK 7,450m equal to 195%.

§ Accounting principles

Goodwill

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

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

Impairment

Goodwill acquired through business combinations are impairment tested at least annually and when circumstances indicate that the carrying amount may be impaired. The tests are performed at the lowest level of the CGUs representing different business acquisitions. The carrying amount of intangible assets with definite useful life is examined at the balance sheet date in order to determine whether there is any indication of impairment. If this is the case, the recoverable amount of the asset is determined in order to determine the need for any write-down and the extent thereof.

If the asset does not generate cash flow independently of other assets, the recoverable amount is determined for the smallest CGUs of which the asset forms part.

The recoverable amount is determined as the higher of the asset's or the CGU's fair value, net of selling costs, and the value in use.

To determine the value in use, estimated future cash flows are discounted to net present value by applying a discount rate that reflects current market assessments of the time value of money and the particular risks related to the CGU, and for which no adjustments have been made in such estimated future cash flows.

If the recoverable amount of the asset is lower than the carrying amount, the carrying amount is written down to the recoverable amount. For CGUs, the write-down for impairment is allocated so that goodwill is written down first, and then any remaining impairment loss is allocated on the other assets of the unit, however, the individual asset may not be written down to an amount below its fair value net of any expected selling costs.

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

≈ Significant estimates

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

The determination of the recoverable amount of a CGU to which goodwill is allocated requires significant Management judgement in determining the various assumptions, such as cash flow projections, discount rate and terminal growth rates. The sensitivity of the estimated measurement of these assumptions, combined or individually, can be significant. Furthermore, the use of different estimates or assumptions when determining the fair value of such assets may result in different values and could result in impairment in future periods.

Note 16 Other intangible assets

DKK million	Development projects under construction	Technology and software	Trademark	Order back-log	Customer relationships	Total other intangible assets
Cost at 1 January 2023	**2.6**	**228.2**	**203.3**	**44.7**	**358.6**	**837.4**
Additions	30.0	78.0	0.0	0.0	0.0	107.9
Transfers	-1.6	1.6	0.0	0.0	0.0	0.0
Disposals	0.0	-0.2	0.0	0.0	0.0	-0.2
Exchange rate adjustments	0.0	0.1	0.0	0.0	0.0	0.1
Cost at 31 December 2023	**31.0**	**307.5**	**203.3**	**44.7**	**358.6**	**945.1**
Amortisation at 1 January 2023	**0.0**	**-47.2**	**-72.0**	**-25.1**	**-185.7**	**-330.0**
Amortisation for the year	0.0	-51.8	-20.3	-13.9	-48.2	-134.2
Disposals	0.0	0.2	0.0	0.0	0.0	0.2
Exchange rate adjustments	0.0	-0.1	0.0	0.0	0.0	-0.1
Amortisation at 31 December 2023	**0.0**	**-98.8**	**-92.2**	**-39.1**	**-233.9**	**-464.1**
Carrying amount at 31 December 2023	**31.0**	**208.7**	**111.1**	**5.6**	**124.7**	**481.1**

DKK million	Development projects under construction	Technology and software	Trademark	Order back-log	Customer relationships	Total other intangible assets
Cost at 1 January 2022	**0.0**	**113.3**	**203.3**	**44.7**	**358.6**	**719.9**
Additions	17.6	100.2	0.0	0.0	0.0	117.8
Transfers	-15.0	15.0	0.0	0.0	0.0	0.0
Disposals	0.0	-0.3	0.0	0.0	0.0	-0.3
Cost at 31 December 2022	**2.6**	**228.2**	**203.3**	**44.7**	**358.6**	**837.4**
Amortisation at 1 January 2022	**0.0**	**-16.3**	**-51.7**	**-8.0**	**-120.2**	**-196.2**
Amortisation for the year	0.0	-31.2	-20.3	-17.1	-65.5	-134.1
Disposals	0.0	0.3	0.0	0.0	0.0	0.3
Amortisation at 31 December 2022	**0.0**	**-47.2**	**-72.0**	**-25.1**	**-185.7**	**-330.0**
Carrying amount at 31 December 2022	**2.6**	**181.0**	**131.3**	**19.6**	**173.0**	**507.4**

The impairment tests performed at the end of 2023 estimated the recoverable amounts to be higher than the carrying amount of all CGUs and therefore no impairment loss has been recognised in 2023. No indications of impairment are present.

§ Accounting principles

Development projects under construction

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

Technology and software

Additions under technology and software relates to acquired technology or costs of developed software transferred from development projects under construction. The transfer is performed when the developed project qualifies for recognition as an asset.

Useful lives of developed software are finite and amortised on a straight-line basis over their estimated useful lives:

- Software: 3-5 years

Note 16

Other intangible assets (continued)

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

Other intangible assets

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

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

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

Useful lives have been estimated for each acquired company and identified intangible assets.

Impairment

Other intangibles acquired through business combinations and development projects under construction are impairment tested at least annually and when circumstances indicate that the carrying amount may be impaired. The tests are performed at the lowest level of the CGUs representing different business acquisitions. For further accounting principles regarding impairment and impairment tests, please refer to accounting principles in note 15 Goodwill.

≈ Significant estimates

The determination of the recoverable amount of a CGU to which other intangible assets is allocated requires significant Management judgement in determining the various assumptions, such as cash flow projections, discount rate and terminal growth rates. The sensitivity of the estimated measurement of these assumptions, combined or individually, can be significant.

Furthermore, the use of different estimates or assumptions when determining the fair value of such assets may result in different values and could result in impairment in future periods.

Note 17

Investment properties

DKK million	2023	2022
Cost at 1 January	2.5	2.5
Cost at 31 December	2.5	2.5
Carrying amount at 31 December	2.5	2.5

§ Accounting principles

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

The land classified as investment property is not depreciated.

Note 18 Other tangible assets

DKK million	Leasehold improve-ments	Equipment	Right of use assets	Total
Cost at 1 January 2023	**67.4**	**166.3**	**391.6**	**625.3**
Remeasurements	0.0	0.0	44.2	44.2
Additions	55.9	42.6	663.8	762.4
Disposals	-19.9	-36.6	-88.1	-144.6
Exchange rate adjustments	0.1	0.7	0.8	1.7
Cost at 31 December 2023	**103.6**	**173.0**	**1,012.4**	**1,289.0**
Depreciation at 1 January 2023	**-32.8**	**-117.8**	**-145.0**	**-295.7**
Depreciation for the year	-24.1	-31.6	-132.8	-188.5
Disposals	18.8	36.5	86.1	141.4
Exchange rate adjustments	0.0	-0.3	-1.6	-1.8
Depreciation at 31 December 2023	**-38.1**	**-113.3**	**-193.2**	**-344.6**
Carrying amount at 31 December 2023	**65.4**	**59.8**	**819.2**	**944.4**

DKK million	Leasehold improve-ments	Equipment	Right of use assets	Total
Cost at 1 January 2022	**49.7**	**137.4**	**331.4**	**518.5**
Corrections	0.2	-0.2	0.0	0.0
Remeasurements	0.0	0.0	-2.5	-2.5
Additions	19.7	32.0	109.0	160.7
Disposals	-1.8	-3.5	-39.6	-44.9
Exchange rate adjustments	-0.5	0.7	-6.6	-6.4
Cost at 31 December 2022	**67.4**	**166.3**	**391.6**	**625.3**
Depreciation at 1 January 2022	**-20.3**	**-87.1**	**-96.7**	**-204.1**
Corrections	-0.2	0.2	0.5	0.5
Depreciation for the year	-14.2	-34.2	-90.2	-138.6
Disposals	1.8	3.1	39.1	44.0
Exchange rate adjustments	0.1	0.1	2.3	2.5
Depreciation at 31 December 2022	**-32.8**	**-117.8**	**-145.0**	**-295.7**
Carrying amount at 31 December 2022	**34.6**	**48.5**	**246.7**	**329.7**

Short term / low-value right of use assets
The Group has entered leasing contracts considered as short term or low-value asset leases. Total expenses relating to short term and low-value asset leases recognised in the income statement amounts to DKK 7.1 million and DKK 2.5 million, (DKK 6.5 million and DKK 1.3 million) respectively. All other lease contracts are recognised on the statement of financial position according to IFRS 16.

Future cash outflow from lease contracts
The Group has entered into leasing contracts in 2023 starting in 2024. The future cash flow for these lease contracts amount to DKK 2.8 million (DKK 603.9 million) mainly relate to leased vehicles in 2023.

Subleases
The Group has recognised DKK 1 million (DKK 0 million) income from subleased right of use assets in 2023.

§ Accounting principles

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

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

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the estimated useful lives of the assets:

- Equipment: 3-5 years
- Leasehold improvements: 5-7 years

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

Note 18

Other tangible assets (continued)

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

Right of use assets

Right of use assets comprise of leased offices, cars and office machines. Right of use assets are measured at cost less accumulated depreciation and impairment losses adjusted for any remeasurements of the lease liability where initial cost is equal to the initial amount of the related lease liability.

Depreciation is straight-line on the basis of the underlying contracts which are 1-12 years.

≈ Significant estimates

When lease contracts related to right of use asset leases do not deem a fixed period or when a minimum period has been reached, the determination of the expected future periods requires significant management estimate. The sensitivity of such estimations can be significant and may result in changes to right of use assets and lease liabilities.

Note 19

Investment in joint venture

DKK million	**2023**	**2022**
Cost at 1 January	130.0	130.0
Cost at 31 December	**130.0**	**130.0**
Revaluation at 1 January	-32.6	-26.8
Net profit / loss for the year	-8.9	2.7
Calculated elimination of unrealised internal profit	1.1	-8.6
Revaluations at 31 December	**-40.5**	**-32.6**
Carrying amount at 31 December	**89.5**	**97.4**

DKK million	**Form of enterprise**	**Ownership**	**Equity 2023[1]**	**Result 2023[1]**
Smarter Airports A/S, Copenhagen, Denmark	A/S	50%	238.6	-17.9

[1] The final and audited financial figures for 2023 are not yet published by Smarter Airports.

Note 19

Investment in joint venture (continued)

Financial information for Smarter Airports DKK million[2]	**2023**	**2022**
Revenue	21.5	2.5
Amortisation	-24.3	-3.0
Financial income	0.1	0.0
Financial expenses	-0.9	-0.2
Profit before tax	-22.9	6.9
Tax on profit of the year	5.0	-1.5
Total comprehensive income / loss	-17.9	5.4
Non-current assets	260.3	259.2
Current assets	12.9	8.0
Cash and cash equivalents	2.3	3.8
Non-current liabilities	27.0	0.0
Current liabilities	7.6	10.7
Net assets	**238.6**	**256.5**

2 The information disclosed reflects the amounts presented in Smarter Airports A/S and not Netcompany's share of those amounts. 2023 figures are not audited and thereby not finalised.

Reconciliation of investments DKK million	**2023**	**2022**
Profit after tax (proportional share)	-8.9	**2.7**
Net assets (proportional share)	**119.3**	**128.2**
Calculated elimination of unrealised internal profit		
Previous years	-30.9	-22.2
Current year	1.1	-8.6
Carrying amount at 31 December	**89.5**	**97.4**

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

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

§ Accounting principles

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

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

No indications of impairment were present at balance sheet date.

Impairment test and investments

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

Significant judgements

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

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

Note 20 Investment in associates

Investment DKK million	2023	2022
Cost at 1 January	5.7	5.7
Additions	106.3	0.0
Cost at 31 December	**112.0**	**5.7**
Revaluation at 1 January	2.3	1.5
Net profit / loss for the year	0.2	0.8
Amortisation on technology and customer relationship	-0.1	0.0
Revaluations at 31 December	**2.5**	**2.3**
Carrying amount at 31 December	**114.6**	**8.0**

	Principal place of business	Ownership
Festina Finance A/S	Copenhagen, Denmark	20%
Advanced Transport Telematics S.A.	Athens, Greece	50%
Incelligent I.K.E.	Athens, Greece	20%

Local financial information DKK million	2023	2023	2022
	Festina Finance[1]	Other	Other
Revenue	145.1	28.1	30.9
Profit after tax	8.2	2.1	2.7
Other comprehensive income	0.0	0.2	0.1
Total comprehensive income	8.2	2.3	1.6
Non-current assets	5.4	3.4	16.1
Current assets	122.7	14.2	45.7
Non-current liabilities	0.0	25.5	33.0
Current liabilities	65.0	7.3	14.4
Net assets/Equity	**63.1**	**16.5**	**12.5**

[1] The information disclosed reflects the unaudited amounts presented in local reporting and not Netcompany's share of those amounts.

Reconciliation of investments DKK million	2023	2023	2022
	Festina Finance	Other	Other
Profit after tax (proportional share)	-0.9	1.1	**0.8**
Net assets (proportional share)	**12.6**	**9.1**	**8.0**
Identified assets at acquisition (revalued)			0.0
Goodwill	75.2	0.0	0.0
Technology	14.4	0.0	0.0
Customer relationship	8.1	0.0	0.0
Deferred tax	-5.0	0.0	0.0
Carrying amount at 31 December	**105.4**	**9.1**	**8.0**

In September 2023, Netcompany acquired 20 percent stake in Festina Finance A/S, with the purpose to form a strategic partnership enhancing Netcompany's service offerings in the Financial Service Industry.

§ Accounting principles

Associates are entities in which Netcompany has significant influence but not controls.

All associates are recognised using the equity method so that the carrying amount of an associate constitutes the Group's proportional share of the net assets of the enterprise adjusted for re-assesments or any adjustments or amortisation related to purchase price allocations.

Profit after tax of associates have been recognised as a separate line in the statement of comprehensive income.

Impairment test and investments

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

No indications of impairment were present at balance sheet date.

Note 21

Financial assets at fair value through other comprehensive income

Unlisted securities DKK million	**2023**	**2022**
Edap-Etep Kritis	0.1	0.1
Akropolis Park	0.0	0.0
Marathon II Aedakes	0.6	0.4
Odyssey Partners S.C.A. SICAR	0.5	0.8
Stelstath	0.0	0.0
Netcompany-Intrasoft Zambia Limited	0.0	0.0
Total unlisted securities	**1.1**	**1.3**
Gains/losses recognised in other comprehensive income	0.0	0.0

§ Accounting principles

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

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

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

Note 22

Asset held for sale

No assets were held for sale at 31 December 2023, and the asset held for sale in 2021 was successfully sold in 2022, and recognised as gains/loss of DKK 0.1 million in other operating income.

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

§ Accounting principles

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

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

Section 4

Working capital & Capital structure

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

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

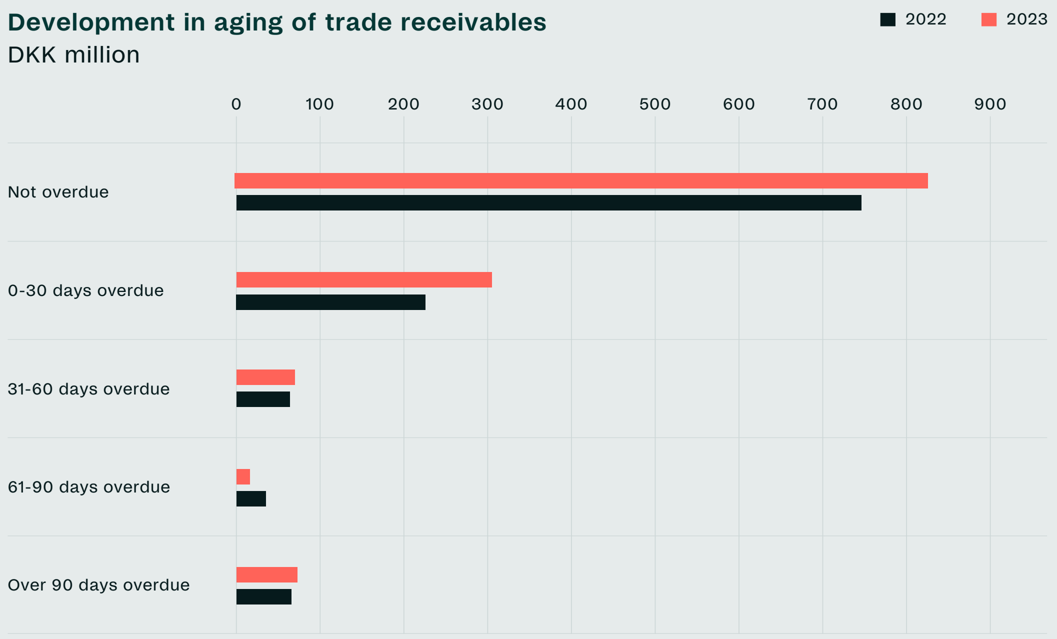
In this section

Note 23 Trade receivables

DKK million	2023	2022
Trade receivables	**1,261.8**	**1,112.0**

Aging of trade receivables DKK million	2023	2022
Aging of receivables that are not impaired		
Trade receivables, not overdue	826.2	746.5
Trade receivables, 0-30 days overdue	302.9	224.0
Trade receivables, 31-60 days overdue	67.8	61.4
Trade receivables, 61-90 days overdue	13.4	33.4
Trade receivables, over 90 days overdue	70.7	63.2
Total trade receivables excl. expected credit loss	**1,280.9**	**1,128.5**
Expected credit loss	-19.1	-16.6
Total trade receivables	**1,261.8**	**1,112.0**

Development in aging of trade receivables
DKK million



The carrying amount of the trade receivables is assumed to approximate the fair value. For description of credit risk please refer to note 33.

At 31 December 2023, the Group has recognised expected credit loss of DKK 19.1 million (DKK 16.6 million) and credit losses of DKK 2.9 million have incurred during the year (DKK 0.7 million).

§ Accounting principles

Trade receivables include receivables from sales. Trade receivables are measured at fair value on initial recognition and subsequently at amortised cost, usually equalling nominal value less any expected credit losses.

Note 24 Contract work in progress

2023
DKK million

Selling price of work performed	3,950.7
Invoiced amount	-3,248.0
Total contract work in progress	702.6

2022
DKK million

Selling price of work performed	3,811.9
Invoiced amount	-3,130.9
Total contract work in progress	681.0

2023
Net value – calculated on a contract-per-contract basis – is presented in the statement of financial position as follows:
DKK million

Contract work in progress	1,263.9
Prebilled invoices	-561.3
Total contract work in progress	702.6

2022
Net value – calculated on a contract-per-contract basis – is presented in the statement of financial position as follows:
DKK million

Contract work in progress	1,114.5
Prebilled invoices	-433.4
Total contract work in progress	681.0

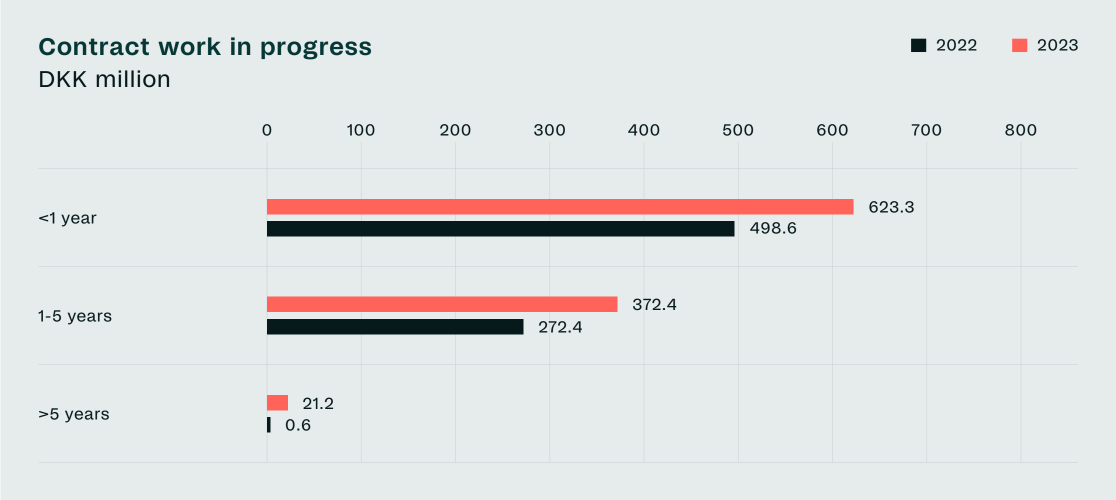
At 31 December 2023, the Group has recognised a provision for project risks of DKK 0.6 million (DKK 4.8 million). Please refer to note 30.

Revenue recognised
Revenue recognised in the financial year that was included in the contract portfolio at the beginning of the year amounts to DKK 684.7 million (DKK 589.7 million).

The recognition of revenue is 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 2023 and 2022 has not been impacted by any significant changes to the revenue recognised in previous years.

Note 24 Contract work in progress (continued)



Future performance obligations

Future performance obligations derive solely from fixed price contracts. Future performance obligations represent contractual values less revenue recognised at 31 December 2023 for the Group's fixed price projects at year end. As of 31 December 2023, the Group has future performance obligations of DKK 1,016.9 million on open fixed price projects out of a total of DKK 4,967.6 million (DKK 771.6 million out of a total of DKK 4,583.5 million).

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

§ Accounting principles

Contract work in progress consists of client related assets and liabilities

Contract work in progress is measured at the selling price of the work carried out less prepayments received at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources. For some projects where the consumption of resources cannot be applied as a basis, the ratio between completed and total sub-activities of the individual projects have been applied. If the selling price of a project cannot be reliably determined, it is measured at the lower of the costs incurred and net realisable value. If prepayments received exceed the selling price on a contract-by-contract basis, the excess amount is recognised as a liability in "Prebilled invoices".

Contract work in progress consist of fixed price project, time and material and licenses. Contract work in progress is identified on a contract by contract assessment and recognised either at a point in time or over time. Fixed price projects are measured as percentage of completion and is recognised over time. Revenue from time-and-material contracts is recognised over time as hours are delivered and direct expenses have incurred. Licenses are recognised either over time or on point in time depending on the nature of the license sold.

≈ Significant estimates

Contract work in progress for fixed priced contracts is measured at the selling price of work completed at the balance sheet date, and the selling price is calculated on the basis of contracted income and the determined stage of completion. Stage of completion is determined making estimates of future hours and other project costs including subcontractors. The Group reviews its contract portfolio on a regular basis.

If circumstances arise that change the original estimates of the selling price of the contracts or costs, revisions to estimates are made. These revisions may result in increases or decreases in estimated revenues or costs, and such revisions are reflected in the income statement in the period in which the circumstances giving rise to the revisions become known by the Group.

Significant judgements

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

Note 25 Cash and cash equivalents

DKK million	2023	2022
Deposits at banks	448.1	336.0
Total cash and cash equivalents	**448.1**	**336.0**

§ 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 that are held for the purpose of meeting short-term cash commitments. Therefore, cash and cash equivalents are not considered to be subject to specific credit risks.

Note 26 Share capital

	2023	2022
Number of shares	**50,000,000**	**50,000,000**
Number of votes	**50,000,000**	**50,000,000**

Netcompany treasury shares	2023		2022	
	No.	%	No.	%
Number of treasury shares 1 January	**901,359**	**1.8%**	**827,110**	**1.7%**
Purchase of treasury shares	44,539	0.1%	287,189	0.6%
Transfers related to acquisitions	-436,322	-0.9%	-789	0.0%
Transfers related to RSU programme	-80,432	-0.2%	-212,151	-0.4%
Number of treasury shares 31 December	**429,144**	**0.9%**	**901,359**	**1.8%**

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 OMXC LargeCap in denominations of DKK 1. No shares confer any special rights upon any shareholder. No shares are subject to restrictions on transferability or voting rights.

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

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

§ Accounting principles

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

Note 27

Borrowings

DKK million	2023	2022
Non-current liabilities[1]	1,586.9	1,872.4
Current liabilities	146.9	47.3
Total borrowings	**1,733.8**	**1,919.7**

1 According to the Group loan agreement, Netcompany has the opportunity to voluntarily make instalments at the Group's discretion before the loan initially matures in 2026.

DKK million	Currency	Maturity	Type of interest	Amortised loan cost	Nominal value	Carrying amount
Bank loan	DKK	2026+1	Floating	6.7	1,580.0	1,573.3
Bank loan	DKK	2024	Floating	0.1	106.5	106.4
Bank loan	EUR	2024	Floating	0.0	37.3	37.3
Bank loan	USD	2024	Floating	0.0	16.8	16.8
2023				**6.8**	**1,740.6**	**1,733.8**

DKK million	Currency	Maturity	Type of interest	Amortised loan cost	Nominal value	Carrying amount
Bank loan	DKK	2025+1+1	Floating	7.6	1,880.0	1,872.4
Bank loan	EUR	2023	Floating	0.0	37.2	37.2
Bank loan	USD	2023	Floating	0.0	10.1	10.1
2022				**7.6**	**1,927.3**	**1,919.7**

In 2022, Netcompany entered into a new Group facility agreement with a maturity in 2025 and in April 2023, the loan was prolonged by one year and now runs to 2026. The Group has the opportunity to postpone with another year in addition. During 2023, Netcompany voluntarily repaid DKK 300 million of facilities presented as non-current facilities in 2022.

For further details on loan details please refer to note 33.

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

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

§ Accounting principles

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

Note 28

Pension obligations

Present value of obligation DKK million	**2023**	**2022**
Carrying amount at 1 January	**19.6**	**18.2**
Interest on obligation	0.4	0.1
Service costs	2.0	2.2
Recognised in the income statement	**2.5**	**2.4**
Actuarial gains and losses from change in financial assumptions	-1.7	-0.7
Actuarial gains and losses from experience	0.6	0.3
Recognised in other comprehensive income	**-1.1**	**-0.4**
Exchange rate adjustment	-0.3	-0.6
Other changes	**-0.3**	**-0.6**
Carrying amount at 31 December	**20.7**	**19.6**

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

§ Accounting principles

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

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

Actuarial assumptions applied	**2023**	**2022**
Discount rate	3.9%	2.2%
Future salary increases	3.0%	3.0%

Sensitivity analysis DKK million	**2023**	**2022**
Defined benefit pension obligation	20.7	19.6
Discount rate		
Increase of 0.5 percentage point	20.0	18.6
Decrease of 0.5 percentage point	20.9	19.5
Salary increase		
Increase of 0.5 percentage point	20.9	19.5
Decrease of 0.5 percentage point	20.1	18.7

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

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

≈ Significant estimates

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

Note 29

Other payables

Actuarial assumptions applied DKK million	**2023**	**2022**
Wages and salaries, payroll taxes, social security costs, etc.	131.2	87.4
Holiday pay obligation	112.2	97.0
VAT and duties	129.7	111.0
Contingent consideration	0.0	101.3
Holdback related to acquisition	10.2	10.2
Other costs payable	287.6	233.7
Total other payable	**670.9**	**640.6**

The contingent consideration regarding the acquisition of Netcompany Netherlands B.V. in 2019 were based on performance until 2022 and paid in shares in February 2023.

§ Accounting principles

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

Note 30

Provisions

DKK million	**2023**	**2022**
Other provisions at 1 January	11.6	**8.8**
Movement in the year	5.2	2.7
Other provisions at 31 December	**16.7**	**11.6**

Based on the current project portfolio including monitoring of deliveries on projects, the Group has recognised a provision of DKK 16.7 million (DKK 11.6 million), covering legal claims and project related risks.

§ Accounting principles

Provisions represent potential commitments for onerous contracts or legal claims. An onerous contract is considered to exist when the Group has a contract under which the unavoidable costs of meeting the obligation under the contract exceed the economic benefits to be received from the contract, hence the recognised provision represents the Group's best estimate of the unavoidable loss to complete its contract obligations for the related contracts. Legal claims cover legal demands or assertion related to existing as well as already delivered projects.

≈ Significant estimates

As part of its regular review of the contract portfolio, the Group may identify contracts where the completion of a contract most likely will result in a negative contribution. In these circumstances, the Group will record a provision to cover the unavoidable loss. The estimates of the provision may be subject to significant Management judgement and uncertainty depending on project complexity and on whether there are any disputes with customers in relation to project performance, claims and counter claims, contract interpretation and alike.

Note 31
Non-cash items

DKK million	2023	2022
Unrealised interest	-5.1	-2.7
Exchange rate adjustments on translating foreign subsidiaries	6.7	-8.0
Share based remuneration recognised in Income Statement	42.6	25.1
Total non cash items	**44.2**	**14.4**

Note 32
Working capital changes

DKK million	2023	2022
Change in receivables	-300.8	-225.5
Change in payables	327.5	166.2
Total working capital changes	**26.7**	**-59.3**

Note 33

Financial risks and financial instruments

DKK million	2023	2022
Categories of financial instruments		
Trade receivables	1,261.8	1,112.0
Other receivables	61.9	38.3
Financial assets measured at amortised cost	**1,323.7**	**1,150.2**
Other securities and investments	1.1	1.3
Cash	448.1	336.0
Financial assets measured at fair value through the statement of comprehensive income	**449.2**	**337.4**
Trade payables	340.0	265.2
Other payables excl. contingent consideration	670.9	539.3
Borrowings	1,733.8	1,919.7
Lease liabilities	876.5	265.9
Financial liabilities measured at amortised cost	**3,621.2**	**2,990.1**
Pension obligations	20.7	19.6
Contingent consideration	0.0	101.3
Financial liabilities measured at fair value	**20.7**	**120.9**

During 2022, the Group completed the scheduled refinancing of the Group bank debt and entered a sustainable linked loan, with improved terms and margins. In April 2023, the loan was prolonged by one year and now runs to 2026. The Group have the opportunity to postpone with another year in addition. For further details please refer to note 32.

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.

DKK million	2023	2022
Revolver facilities	2,800.0	2,800.0
Acquisition facility	2,000.0	2,000.0
Total combined Group Facility	**4,800.0**	**4,800.0**
Utilisation of Group loan		
Borrowings	1,580.0	1,880.0
Additional facility used for acquisitions	106.5	0.0
Guarantees	37.5	148.9
Total utilisation of Group Loan	**1,724.0**	**2,028.9**
CIBOR/IBOR at 31 December	3.89%	2.43%
Margins based on leverage		
Minimum margin	0.80%	0.80%
Maximum margin	1.90%	1.90%
Margins based on ESG KPIs		
Minimum margin	-0.05%	-0.05%
Maximum margin	0.05%	0.05%
Total interest rate on utilised Group loan at 31 December	**5.24%**	**3.83%**
Total interest rate on utilised acquisition facility at 31 December	**4.62%**	**0%**
Local facilities not included in Group loan		
Local bank debt	54.0	47.3
Local guarantees	489.7	342.2
Combined Group facilities	**2,854.0**	**2,847.3**
Combined Group guarantees	**527.2**	**491.0**

Note 33 Financial risks and financial instruments (continued)

Liquidity risks
The Group attempts to maximise the flexibility and minimise risks. At 31 December 2023, the Group has unutilised credit facilities of a total of DKK 1,182.5 million (DKK 771.1 million) excluding an acquisition facility of DKK 1,893.5 million (DKK 2,000 million).

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

The combined committed facilities constitute a total amount of DKK 2,854 million (DKK 2,847.3 million), whereof DKK 1,634 million (1,927.3 million) has been utilised on borrowings and DKK 37.5 million (DKK 148 million) on guarantees.

In addition, the Group loan contains an optional facility of DKK 2,000 million (DKK 2,000 million) limited to acquisitions. DKK 106.5m of the optional facility was utilised during 2023 for acquisition of Festina Finance A/S. The facility carried floating interest at IBOR + 0.70%.

In 2023, the Group main loan carried floating interest between IBOR + 0.75% and IBOR + 1.95% (IBOR + 0.75% and IBOR + 1.95%) depending on the financial leverage. End of 2023, margin was 1.35% on the Group main loan, based on 1.4% in leverage and reduced 0.5% by ESG KPIs.

Current interest rate on the Group main loan equals to yearly bank loan interest expenses of DKK 82.8 million (DKK 71.9 million) based on the current IBOR and current utilisation. The increase compared to 2022 follows the increase in IBOR.

If the margin on the Group main loan changes ‘one additional step up’, due to changes in leverage, a new margin of 1.6% will be applicable equal to bank loan interest expenses of DKK 85.9 million yearly, which corresponds to an additional increase in financial expenses of DKK 3.2 million.

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

Credit risks
In 2023, the Group realised credit loss of DKK 2.9 million (DKK 0.7 million). Based on the customer composition and past history with limited credit losses, the credit risk is assessed to be limited and at 31 December 2023, the Group made a provision of DKK 19.1 million (DKK 16.6 million) for expected credit losses.

Currency risks
The Group is to a limited extent exposed to foreign currency risks. The main part of the Group’s transactions is in Danish kroner and Euro, which implies limited foreign exchange risk due to the ultimate parent company’s functional and reporting currency being in DKK.

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

The main bank loans are in DKK. The Group has not entered any hedging contracts regarding exchange rate risks during 2023 or 2022.

The Group’s Policy is to hedge any exchange risk net exposure, that would yield a +2/-2 percentage points EBIT margin impact from a +10%/-10% change in the given currency.

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

Note 34 Financial liabilities – maturity analysis

Financial liabilities <1 year
DKK million

	2023	2022
Borrowings	146.9	47.3
Pension obligations	1.7	5.8
Lease liabilities	114.7	85.4
Trade payables	340.0	265.2
Other payables	670.9	640.5
Total	1,274.2	1,044.3

Financial liabilities 1-5 year
DKK million

	2023	2022
Borrowings	1,586.9	1,872.4
Pension obligations	5.0	4.1
Lease liabilities	331.3	140.9
Trade payables	0.0	0.0
Other payables	0.0	0.0
Total	1,923.2	2,017.3

Financial liabilities >5 years
DKK million

	2023	2022
Borrowings	0.0	0.0
Pension obligations	14.0	9.7
Lease liabilities	430.5	39.7
Trade payables	0.0	0.0
Other payables	0.0	0.0
Total	444.5	49.3

■ 2023 ■ 2022

The Group's contractual maturity for its non-derivative financial liabilities, with agreed payment periods are shown above. The maturity analysis is based on undiscounted cash flows, and excluding interest payment.

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

Part of other payables in 2022 related to the contingent consideration. For a description of the contingent consideration, please refer to note 29.

Note 35 Fair value hierarchy

Level 3 DKK million	**2023**	**2022**
Other securities and investments	1.1	1.3
Total financial assets	**1.1**	**1.3**
Pension obligation	20.7	19.6
Contingent consideration	0.0	101.3
Total financial liabilities	**20.7**	**120.9**

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

Level 1: Observable market prices for identical instruments

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

Level 3: Valuation techniques primarily based on unobservable prices

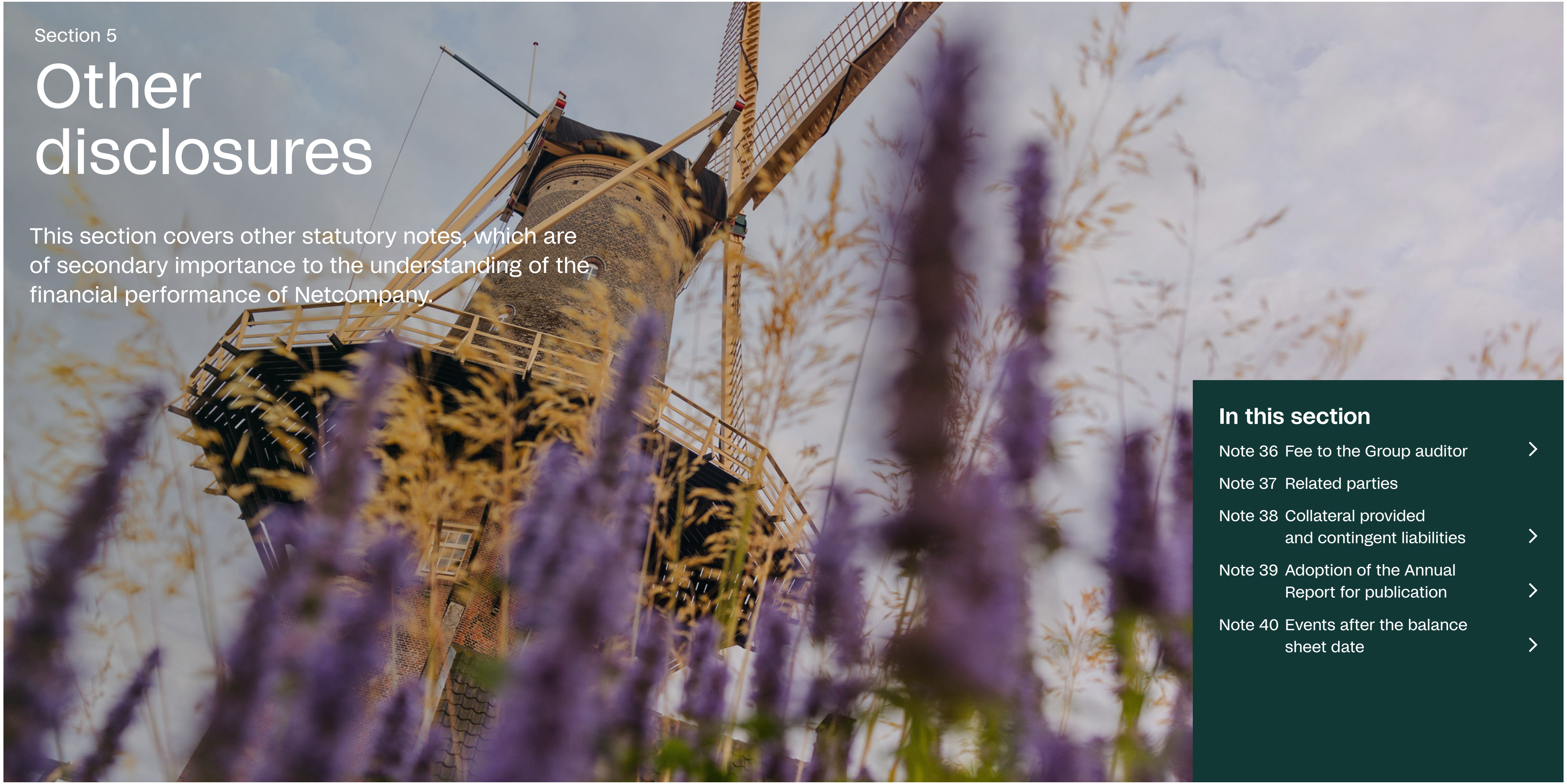
Netcompany has no assets or liabilities in level 1 or level 2 and there has been no transfers between categories in the year.

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

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

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

The valuation is based on the latest quarterly reports.



Section 5

Other disclosures

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

In this section

Note 36 Fee to the Group auditor

Fee to the Group auditor DKK million	**2023**	**2022**
Statutory audit	6.7	6.5
Other assurance agreements	0.9	0.1
Tax and VAT advisory services	0.0	0.2
Other services	0.3	0.2
Total fee to the Group auditor	**7.9**	**7.0**

Fees for services other than the statutory audit of the financial statements provided by EY Godkendt Revisionspartnerselskab Denmark amounted to DKK 0.9 million (2022: DKK 0.2 million) including other assurance opinions and other services.

Note 37 Related parties

As at 31 December 2023 there are no shareholders with controlling interest.

Large shareholders (>5%) consists of

- AC NC Holding ApS: 10.3% (Denmark)

Please refer to Shareholder Information in Management Commentary.

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

In 2023, Netcompany Group recognised revenue from Smarter Airports A/S of DKK 41.9 million (DKK 70.7 million), interest income of DKK 0.5 million and issued a loan of DKK 13 million to Smarter Airport. In 2022, Netcompany acquired technology from Smarter Airport A/S of DKK 20 million.

In addition, the Group recognised revenue of DKK 17.8 million, costs of DKK 1.5 million, interest income of DKK 1.1 million from associated companies.

In 2023, Other Key Management Personnel exercised a second and final put option of 44,539 treasury shares related to the acquisition of Intrasoft. First put option of 44,539 treasury shares was exercised in 2022.

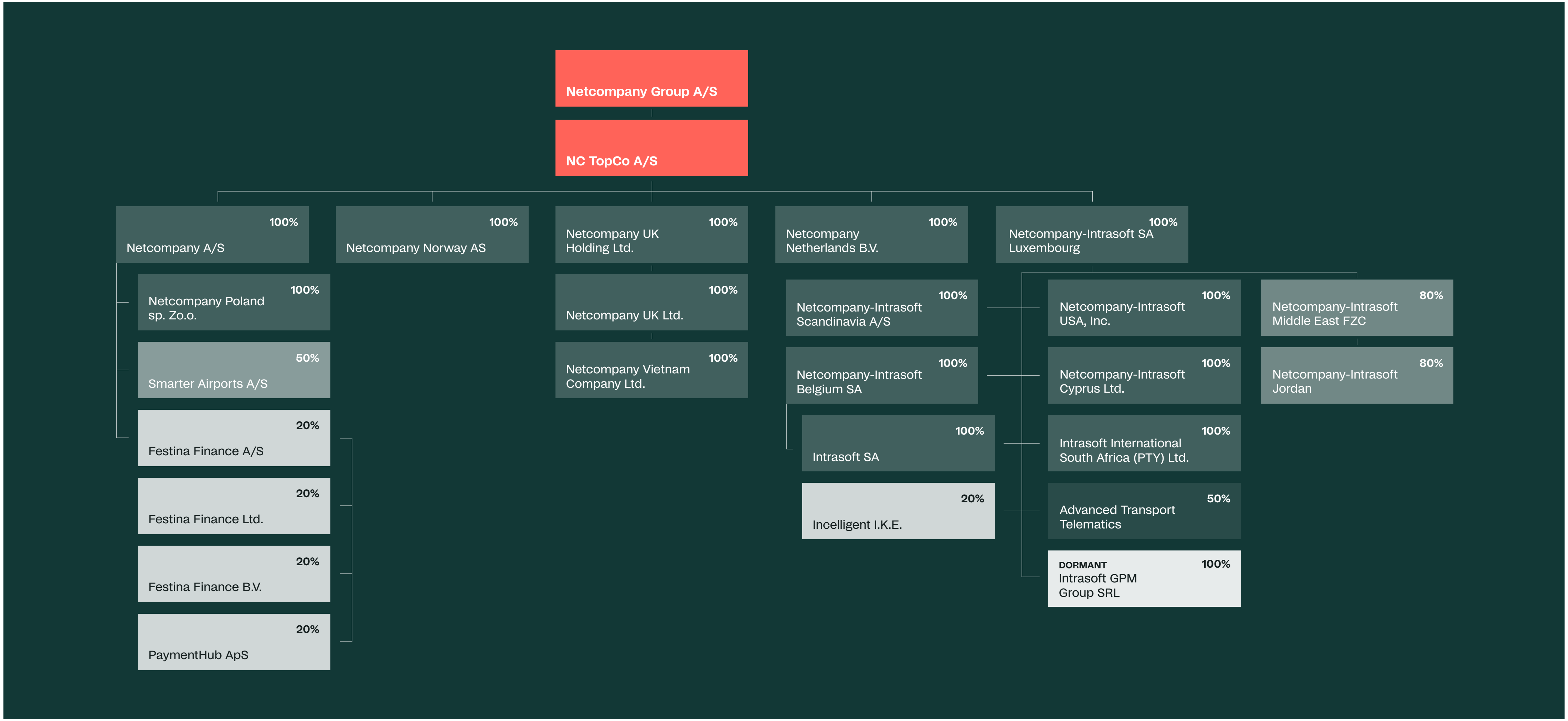
There were no other transactions with members of Executive Management, members of the Board of Directors of the Group or Other Key Management Personnel, other than remuneration and furthermore, no loans were granted to the Board of Directors, Executive Management or Other Key Management Personnel in 2023 or 2022.

Ownership

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

Note 37

Related parties (continued)



Note 37 Related parties (continued)

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

Note 38 Collateral provided and contingent liabilities

As part of its contract commitments with customers, the Group has through its banks provided performance guarantees of DKK 527.2 million (DKK 491 million).

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

The Group is in 2023 as well as in 2022 part of some legal claims. The outcome of these disputes is not considered likely to impact the Groups financial position significantly, besides what is already recognised in the balance sheet.

Note 39 Adoption of the Annual Report for publication

At a meeting held on 25 January 2024, the Board of Directors adopted the Annual Report for publication. The Annual Report is presented to the Shareholders of Netcompany Group A/S for adoption at the Annual General Meeting.

Note 40 Events after the balance sheet date

After the balance sheet date, the Danish Data Protection Authority has concluded it´s analysis of the data breach that occurred in March 2022 related to the launch of the new digital mailbox – mit.dk. At that point it was estimated that between 10 and 50 citizens potentially could be affected by the breach. Netcompany handled the issue instantly then and reported the matter to the Danish Data Protection Authority as required. The Danish Data Protection Agency recommends that Netcompany be fined and that the fine should be at least DKK 15m. Unlike in other countries within EU, the Data Protection Authority in Denmark do not have the mandate to issue fines – this is a matter for the legal juridical system and the case will be handed over to the Danish Prosecution Authority who will evaluate the investigations to be carried out now by the police and decide if the case should be taken to court. If the case is taken to court, the court can issue a fine. It is not expected that the matter will be resolved in the near future, as similar matters have been in process for 2-3 years.

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

Chapter 6

Parent company Financial statements

Content

Notes to the Parent company financial statements

Statement of comprehensive income for the Parent company for 2023

DKK million	Notes	2023	2022
Revenue		60.0	30.0
Gross profit		**60.0**	**30.0**
Sales and marketing costs		-2.7	-2.8
Administrative costs	2	-40.1	-34.3
Operating profit / loss (EBIT)		**17.2**	**-7.1**
Financial income	5	94.6	37.7
Financial expenses	5	-192.1	-81.9
Profit / loss before tax		**-80.3**	**-51.3**
Tax on profit / loss for the year	6	8.5	11.2
Profit / loss for the year		**-71.9**	**-40.1**
Other comprehensive income / loss		0.0	0.0
Comprehensive income for the year / loss		**-71.9**	**-40.1**

Statement of financial position of the Parent company at 31 December 2023

DKK million	Notes	2023	2022
Right of use assets		0.1	0.6
Tangible assets		**0.1**	**0.6**
Investment in subsidiary	8	2,959.5	3,041.5
Other receivables		0.0	0.2
Deferred tax		1.9	2.3
Financial assets		**2,961.4**	**3,044.1**
Non-current assets		**2,961.5**	**3,044.7**
Receivables from Group entities		1,933.2	2,008.3
Tax receivables		87.8	184.8
Prepayments		2.1	3.2
Receivables		**2,023.1**	**2,196.3**
Cash	9	**18.5**	**1.8**
Current assets		**2,041.5**	**2,198.1**
Assets		**5,003.0**	**5,242.8**

DKK million	Notes	2023	2022
Share capital	10	50.0	50.0
Treasury shares		-193.1	-313.3
Share-based remuneration		67.2	54.2
Retained earnings		1,265.1	1,478.8
Equity		**1,189.2**	**1,269.7**
Borrowings	11	1,573.3	1,872.4
Lease liability		0.0	0.1
Non-current liabilities		**1,573.3**	**1,872.5**
Borrowings		106.4	0.0
Lease liability		0.1	0.5
Trade payables		1.8	0.5
Payables to Group entities		2,113.4	2,086.5
Other payables	12	18.8	13.2
Current liabilities		**2,240.6**	**2,100.6**
Liabilities		**3,813.8**	**3,973.1**
Equity and liabilities		**5,003.0**	**5,242.8**

Statement of changes in equity for the Parent company for 2023

DKK million	Share capital	Treasury shares	Share-based remuneration	Retained earnings	Total
Equity at 1 January 2023	**50.0**	**-313.3**	**54.2**	**1,478.8**	**1,269.7**
Adjustment related to previous year (Group note 1)	0.0	0.0	118.4	-120.4	-2.1
Adjusted Equity at 1 January 2023	**50.0**	**-313.3**	**172.6**	**1,358.3**	**1,267.6**
Profit / loss for the year	**0.0**	**0.0**	**0.0**	**-71.9**	**-71.9**
Total comprehensive income	**0.0**	**0.0**	**0.0**	**-71.9**	**-71.9**
Treasury shares acquired in the year	0.0	-12.8	0.0	-18.8	-31.5
Transactions related to business combinations	0.0	111.1	-118.4	-9.8	-17.1
Share-based remuneration for the year	0.0	0.0	42.6	0.0	42.6
Settlement of share-based remuneration for the year	0.0	21.9	-29.6	7.3	-0.5
Total transactions with owners	**0.0**	**120.2**	**-105.4**	**-21.3**	**-6.5**
Equity at 31 December 2023	**50.0**	**-193.1**	**67.2**	**1,265.1**	**1,189.2**

DKK million	Share capital	Treasury shares	Share-based remuneration	Retained earnings	Total
Equity at 1 January 2022	**50.0**	**-241.4**	**70.2**	**1,537.1**	**1,415.8**
Profit / loss for the year	0.0	0.0	0.0	-40.1	-40.1
Total comprehensive income	**0.0**	**0.0**	**0.0**	**-40.1**	**-40.1**
Treasury shares acquired in the year	0.0	-111.5	0.0	-20.0	-131.5
Treasury shares used in business combinations	0.0	0.2	0.0	0.4	0.6
Share-based remuneration for the year	0.0	0.0	24.9	0.0	24.9
Settlement of share-based remuneration for the year	0.0	39.4	-40.9	1.4	0.0
Total transactions with owners	**0.0**	**-71.9**	**-16.0**	**-18.2**	**-106.0**
Equity at 31 December 2022	**50.0**	**-313.3**	**54.2**	**1,478.8**	**1,269.7**

Cash flow statement for the Parent company for 2023

DKK million	Notes	2023	2022
Operating profit (EBIT)		17.2	-7.1
Depreciation		0.3	0.6
Non-cash		3.0	0.8
Working capital changes	13	8.2	-9.1
Cash flows from operating activities		**28.7**	**-14.8**
Cash outflow on acquisition of subsidiaries		0.0	-50.0
Other receivables (deposits)		0.2	0.1
Cash flows from investing activities		**0.2**	**-49.9**
Income taxes paid on behalf of the Group		-65.6	-203.6
Financial income received		9.8	35.9
Financial expenses paid		-81.0	-83.4
Net loan to Group entities		350.4	842.5
Payment of treasury shares		-32.0	-131.5
Proceeds from borrowings		106.5	2,182.8
Repayment of borrowings		-300.0	-2,582.8
Repayment of leasing debt		-0.4	-0.6
Cash flows from financing activities		**-12.3**	**59.3**
Increase in cash and cash equivalents		**16.7**	**-5.4**
Cash and cash equivalents at 1 January		1.8	7.2
Cash and cash equivalents at 31 December	9	**18.5**	**1.8**

Reconciliation of liabilities arising from financing activities DKK million	Borrowings (note 11)	Leasing	Total
Opening balance 1 January 2023	**1,872.4**	**0.6**	**1,873.0**
Proceeds from borrowings	106.5	0.0	106.5
Repayment	-300.0	-0.4	-300.4
Loan costs on refinancing	-2.2	0.0	-2.2
Amortisation of loan costs (non-cash)	3.0	0.0	3.0
Closing balance 31 December 2023	**1,679.7**	**0.1**	**1,679.8**

Reconciliation of liabilities arising from financing activities DKK million	Borrowings (note 11)	Leasing	Total
Opening balance 1 January 2022	**2,275.8**	**1.2**	**2,277.0**
Proceeds from borrowings	2,182.8	0.0	2,182.8
Repayment	-2,582.8	-0.6	-2,583.4
Loan costs on refinancing	-9.5	0.0	-9.5
Amortisation of loan costs (non-cash)	6.1	0.0	6.1
Closing balance 31 December 2022	**1,872.4**	**0.6**	**1,873.0**

Note 1 Material accounting policies

Netcompany Group A/S presents its Parent company financial statements in accordance with the IFRS accounting 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 million, which is considered the functional currency of the Parent company'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 company generally applies the same accounting policies for recognition and measurement as the Group. Cases in which the Parent company's accounting policies differ from those of the Group are described under the relevant notes.

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

Note 2 Administrative costs

DKK million	**2023**	**2022**
Administrative costs	12.5	12.6
Staff costs (note 3)	27.3	21.1
Depreciation	0.3	0.6
Total administrative costs	**40.1**	**34.3**

Note 3 Staff costs and remuneration

DKK million	**2023**	**2022**
Salary and wages	27.3	21.1
Total staff costs	**27.3**	**21.1**
Staff costs presented under following account balances		
Administrative costs	27.3	21.1
Total staff costs	**27.3**	**21.1**
Average number of employees	**3**	**3**

Note 3 Staff costs and remuneration (continued)

DKK million	2023	2022
Remuneration to the Board of Directors[1]		
Bo Rygaard	1.4	1.4
Juha Christensen	1.0	1.0
Åsa Riisberg	0.8	0.8
Susan Cooklin	0.6	0.5
Bart Walterus	0.5	0.0
Scanes Bentley	0.1	0.7
Hege Skryseth	0.1	0.6
Total remuneration to the Board of Directors	**4.5**	**5.0**
Remuneration to the Executive Management[1]		
André Rogaczewski	7.3	5.6
Claus Jørgensen	7.4	5.6
Thomas Johansen	4.0	3.0
Total short term remuneration	**18.7**	**14.2**
André Rogaczewski	0.7	0.8
Claus Jørgensen	0.7	0.8
Thomas Johansen	2.2	0.4
Total share-based remuneration expensed	**3.6**	**2.0**
Total remuneration to the Executive Management	**22.2**	**16.1**

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

DKK million	2023	2022
Share-based remuneration		
Executive Management	3.6	2.0
Other Group Key Management Personnel	3.2	1.3
Group employees	35.9	21.7
Total share-based remuneration	**42.6**	**24.9**

Remuneration to Executive Management and Board of Directors is recognised as administrative costs. For further description of Remuneration to the Executive Management and Board of Directors, please refer to the Remuneration Report.

During 2023, 232,292 RSUs (91,393 RSUs) were granted of which 40,385 (20,516) were granted to Executive Management and 191,907 (70,877) were granted to Other Key Management Personnel and Other employees. Other Key Management Personnel consists of country managing partners. In addition, 24,000 matching shares were granted in 2023 to Executive Management, while 13,920 matching shares were granted to Other Key Management Personnel and Other employees.

The cost related to Group employees is expensed in the financial statements of subsidiaries. The fair value of total outstanding granted shares was DKK 122.1 million (DKK 98.3 million) measured at grant value. The cost associated herewith is expensed over the vesting period with DKK 42.6 million in 2023 (DKK 24.9 million). The Group has the right to choose between cash settlement and equity settlement when programmes are vested.

The number of RSUs granted is determined by the stock price on the grant day, measured against the value of grant for each person. The number of matching shares granted is based on the shares purchased and continously held by the participants throughout the programme. All granted shares and RSUs are subject to continued employment, and only RSUs granted to Executive Management are conditional to performance.

The share-based incentive programme based on RSUs will continue in 2024.

Note 3

Staff costs and remuneration (continued)

Granted Netcompany shares allocated	Outstanding 1 Jan 2023	Issued	Lapsed	Transferred	Outstanding 31 Dec 2023	Grant value at 31 Dec 2023	Market value at 31 Dec 2023	Vesting date
	No.	No.	No.	No.	No.	DKK million	DKK million	
RSUs for Executive Management, 2020	17,429	0	0	-17,429	0	0.0	0.0	
RSUs for Executive Management, 2021	16,368	0	-11,162	0	5,206	3.0	1.2	31 December 2023
RSUs for Executive Management, 2022	20,516	0	0	0	20,516	9,9	4.6	31 December 2024
RSUs for Executive Management, 2023	0	40,385	-2,530	0	37,855	9,7	8.5	31 December 2025
Matching shares for Executive Management, 2023	0	24,000	0	0	24,000	6.2	5.4	31 Dec. 2025-2027
RSUs for Employees[1], 2020	51,255	0	0	-51,255	0	0.0	0.0	
RSUs for Employees[1], 2021	39,403	0	-4,290	-1,831	33,282	19.2	7.5	31 December 2023
RSUs for Employees[1], 2022	66,783	0	-6,101	-6,238	54,444	26.2	12.3	31 December 2024
RSUs for Employees[1], 2023	0	191,907	-17,110	-3,679	171,118	44.3	38.6	31 December 2025
Matching shares for Employees[1], 2023	0	13,920	0	0	13,920	3.6	3.1	31 December 2025
Total allocated shares	**211,754**	**270,212**	**-41,193**	**-80,432**	**360,341**	**122.1**	**81.3**	

Granted Netcompany shares allocated	Outstanding 1 Jan 2022	Issued	Lapsed	Transferred	Outstanding 31 Dec 2022	Grant value at 31 Dec 2022	Market value at 31 Dec 2022	Vesting date
	No.	No.	No.	No.	No.	DKK million	DKK million	
Allocated to:								
Executive Management, 2018	3,261	0	0	-3,261	0	0.0	0.0	
Executive Management, 2019	37,263	0	0	-37,263	0	0.0	0.0	
Executive Management, 2020	26,161	0	-8,732	0	17,429	6.1	5.1	31 December 2022
Executive Management, 2021	16,368	0	0	0	16,368	9.4	4.8	31 December 2023
Executive Management, 2022	0	20,516	0	0	20,516	9.9	6.0	31 December 2024
Employees[1], 2018	102,263	0	0	-102,263	0	0.0	0.0	
Employees[1], 2019	56,188	0	0	-56,188	0	0.0	0.0	
Employees[1], 2020	67,131	0	-4,051	-11,825	51,255	18.0	15.1	31 December 2022
Employees[1], 2021	42,535	0	-2,104	-1,028	39,403	22.7	11.6	31 December 2023
Employees[1], 2022	0	70,877	-3,771	-323	66,783	32.1	19.6	31 December 2024
Total allocated shares	**351,170**	**91,393**	**-18,658**	**-212,151**	**211,754**	**98.3**	**62.3**	

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

Note 4 Depreciation

DKK million	2023	2022
Depreciation		
Right of use assets	0.3	0.6
Total Depreciation	**0.3**	**0.6**
Depreciation presented as follows in the income statement:		
Administrative costs	0.3	0.6
Total Depreciation	**0.3**	**0.6**

Note 5 Financial income and expenses

DKK million	2023	2022
Financial income		
Intra-group interest income	91.9	35.8
Other finance income	2.7	1.9
Total Financial income	**94.6**	**37.7**
Financial expenses		
Intra-group interest expenses	104.6	31.7
Interest expenses on bank loan	78.9	37.8
Other finance charges	8.6	12.4
Total Financial expenses	**192.1**	**81.9**

Note 6 Tax

DKK million	2023	2022
Current tax	-8.9	-12.7
Change in deferred tax	0.4	1.5
Total current tax	**-8.5**	**-11.2**
Profit / loss before tax	-80.3	-51.3
Tax at a rate of 22%	-17.7	-11.3
Tax-based value of non-deductible expenses	9.2	0.1
Total current tax	**-8.5**	**-11.2**
Effective tax rate	**10.5%**	**21.8%**

Note 7 Right of use assets

DKK million	2023	2022
Cost at 1 January	**0.8**	**1.2**
Remeasurements	-0.2	0.0
Disposals	-0.1	-0.5
Cost at 31 December	**0.5**	**0.8**
Depreciation at 1 January	**-0.2**	**-0.1**
Depreciation for the year	-0.3	-0.6
Disposals	0.1	0.5
Depreciation at 31 December	**-0.4**	**-0.2**
Carrying amount at 31 December	**0.1**	**0.6**

Note 8 Investments in subsidiaries

DKK million	2023	2022
Cost at 1 January	**3,041.5**	**3,017.5**
Adjustment to previous years	-120.4	0.0
Share-based remuneration additions	38.4	24.0
Cost at 31 December	**2,959.5**	**3,041.5**
Carrying amount at 31 December	**2,959.5**	**3,041.5**

Subsidiaries: DKK million	Form of enterprise	Ownership	Equity	Result
NC TopCo A/S, Copenhagen, Denmark[1]	**A/S**	**100%**	**3,023.9**	**-30.2**

Note 8 Investments in subsidiaries (continued)

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

§ Accounting principles

Investments in subsidiaries are recognised and measured at cost. Dividend is recognised as income when the right is finally obtained.

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

Impairment test for investments

The subsidiaries of the Parent are considered independent cash-generating entities. In the event of any indication of impairment of the carrying amount (cost) of investments in subsidiaries, any impairment loss is determined based on a calculation of the value in use of the relevant subsidiary.

If dividends distributed exceed the subsidiary's comprehensive income in the period for which dividend is distributed, this is considered an indication of impairment.

In 2023, 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 million	**2023**	**2022**
Deposits at banks	18.5	1.8
Total cash and cash equivalents	**18.5**	**1.8**

Note 10 Share capital

	2023	2022
Number of shares	**50,000,000**	**50,000,000**
Number of votes	**50,000,000**	**50,000,000**

Netcompany treasury shares	**2023**		**2022**	
	No.	%	No.	%
Number of treasury shares 1 January	**901,359**	**1.8%**	**827,110**	**1.7%**
Purchase of treasury shares	44,539	0.1%	287,189	0.6%
Transfers related to acquisitions	-436,322	-0.9%	-789	0.0%
Transfers related to RSU programme	-80,432	-0.2%	-212,151	-0.4%
Number of treasury shares 31 December	**429,144**	**0.9%**	**901,359**	**1.8%**

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 OMXC LargeCap in denominations of DKK 1.
No shares confer any special rights upon any shareholder. No shares are subject to restrictions on transferability or voting rights.

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

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

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

Note 11 Borrowings

DKK million	2023	2022
Non-current liabilities[1]	1,573.3	1,872.4
Current liabilities	106.4	0.0
Total borrowings	**1,679.7**	**1,872.4**

[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 2026.

DKK million	Currency	Maturity	Type of interest	Amortised loan cost	Nominal value	Carrying amount
Bank loan	DKK	2026+1	Floating	6.7	1,580.0	1,573.3
Bank loan	DKK	2024	Floating	0.1	106.5	106.4
2023				**6.8**	**1,686.5**	**1,679.7**

DKK million	Currency	Maturity	Type of interest	Amortised loan cost	Nominal value	Carrying amount
Bank loan	DKK	2025+1+1	Floating	7.6	1,880.0	1,872.4
2022				**7.6**	**1,880.0**	**1,872.4**

In 2022, Netcompany entered into a new Group facility agreement with a maturity in 2025 and in April 2023, the loan was prolonged by one year and now runs to 2026. The Group have the opportunity to postpone with another year in addition. For further details please refer to Group note 32.

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

Note 12 Other payables

DKK million	2023	2022
Wages and salaries, payroll taxes, social security costs, etc. payable	2.9	0.0
VAT and duties	3.4	1.5
Holdback (note 16 in Group)	10.2	10.2
Other costs payable	2.2	1.4
Total other payables	**18.8**	**13.2**

Note 13 Working capital changes

DKK million	2023	2022
Change in receivables	1.2	-2.1
Change in payables	7.0	-7.0
Total working capital changes	**8.2**	**-9.1**

Note 14 Financial risks and financial instruments

DKK million	2023	2022
Categories of financial instruments		
Receivables from Group entities	1,933.2	2,008.3
Financial assets measured at amortised cost	1,933.2	**2,008.3**
Cash	18.5	1.8
Financial assets measured at fair value	**18.5**	**1.8**
Borrowings	1,679.7	1,872.4
Lease liabilities	0.1	0.6
Trade payables	1.8	0.5
Payables to Group entities	2,113.4	2,086.5
Other payables	18.8	13.2
Financial liabilities measured at amortised cost	**3,813.8**	**3,973.1**

Note 14

Financial risks and financial instruments (continued)

Policy for management of financial risks

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

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

Liquidity risks

During 2023, the Parent company completed the scheduled refinancing of the bank debt and entered a sustainable linked loan, with improved terms and margins.

The Parent company attempts to maximise flexibility and minimise risks. At 31 December 2023, the Parent company has unutilised credit facilities of a total of DKK 1,182.5 million (DKK 771.1 million) excluding an acquisition facility of DKK 1,893.5 million (DKK 2,000.0 million).

Interest rate risks

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

The combined committed facilities constitute a total amount of DKK 2,800 million (DKK 2,800 million), whereof DKK 1,580 million (1,880 million) was utilised on borrowings and DKK 37.5 million (DKK 148.9 million) on guarantees.

In addition, the Group loan contains an optional facility of DKK 2,000 million (DKK 2,000 million) limited to acquisitions. DKK 106.5m of the optional facility was utilised during 2023 for acquisition of Festina Finance A/S. The facility carried floating interest at IBOR + 0.70%.

The Parent company's original bank loan carried floating interest rates between IBOR + 0.75% and IBOR + 1.95% (IBOR + 0.75% and IBOR + 1.95%), depending on the financial leverage. End of 2023, margin was 1.35% based on 1.4% leverage and reduced 0.5% by ESG KPIs.

Current interest rate equals to yearly bank loan interest expenses of DKK 82.9 million (DKK 71.9 million) based on the current IBOR and current utilisation. The increase compared to 2022 follows the increase in IBOR.

If the margin on the Group main loan changes 'one additional step up', due to changes in leverage, a new margin of 1.6% will be applicable equal to bank loan interest expenses of DKK 85.9 million yearly, which corresponds to an additional increase in financial expenses of DKK 3.2 million.

Credit risks

In 2023, the Parent company has not realised any credit losses. At 31 December 2023, the credit risk is primarily relating to intercompany receivables where the credit risk is considered remote and the Parent company has made a provision of DKK 0 for expected credit losses.

Currency risks

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

Optimisation of the capital structure

The Parent company regularly assesses whether its capital structure is in accordance with the Parent company'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 company's owners by optimising the equity-to-debt ratio.

Note 15 Fee to the Group auditor

DKK million	2023	2022
Statutory audit	1.9	2.0
Other assurance agreements	0.8	0.1
Other services	0.0	0.2
Total fee to the Group auditor	**2.7**	**2.2**

Fees for services other than the statutory audit of the financial statements provided by EY Godkendt Revisionspartnerselskab Denmark amounted to DKK 0.8 million (DKK 0.2 million) including other assurance opinions and other services.

Note 16 Related parties

As at 31 December 2023, there are no shareholders with controlling interest.

Large shareholders (>5%) consists of
- AC NC Holding ApS: 10.3% (Denmark)

Please refer to Shareholder Information in Management Commentary.

Related parties with significant influence are the company's Executive Management, Board of Directors, and their related parties. Furthermore, related parties are companies in which the above persons have significant interests, as well as subsidiaries and joint venture to the Group. All transactions with related parties are made on arm's length terms. The Parent company earns fee income from subsidiaries in relation to administrative services amounting to DKK 60.0 million (DKK 30.0 million).

In 2023, Other Key Management Personnel exercised a second and final put option of 44,539 treasury shares related to the acquisition of Intrasoft. First put option of 44,539 treasury shares was exercised in 2022.

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 2023 and 2022.

Ownership

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

Note 17 Collateral provided and contingent liabilities

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

The Parent company has provided collateral for bank guarantees initiated by its subsidiaries towards its customers amounting DKK 37.5 million (DKK 148.9 million).

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

The Group is in 2023 as well as in 2022 part of some legal claims. The outcome of these disputes are not considered likely to impact the Groups financial position significantly, besides what is already recognised in the balance sheet.

Note 18 Joint taxation

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

Note 19 Events after the balance sheet date

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

Board of Directors and Executive Management statement

The Board of Directors and the Executive Management have today considered and approved the Annual Report of Netcompany Group A/S for the financial year 1 January - 31 December 2023 for the Group and the Parent company. The Annual Report is prepared in accordance with IFRS Accounting 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 company's financial position at 31 December 2023 and of the results of their operations and cash flows for the financial year 1 January - 31 December 2023 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 company's business, financial and non-financial matters, the results for the year and of the Parent company'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 company face.

Netcompany's Sustainability section, including selected sustainability key figures and the related notes have been prepared in accordance with the accounting principles. In our opinion, they give a true and fair view of the organisation's environmental, social and governance performance in accordance with these principles.

In our opinion, the Annual Report for Netcompany Group A/S with the file name NetcompanyGroup-2023-12-31-en.zip for the financial year 1 January - 31 December 2023 for the Group and the Parent is conducted in compliance with the ESEF regulation.

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

Copenhagen, 25 January 2024

Executive management

André Rogaczewski
Chief Executive Officer

Claus Jørgensen
Chief Operating Officer

Thomas Johansen
Chief Financial Officer

Board of Directors

Bo Rygaard
Chair

Juha Christensen
Vice Chair

Åsa Riisberg

Susan Helen Cooklin

Bart Walterus

Independent auditor's report

To the shareholders of Netcompany Group A/S

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

Opinion
We have audited the consolidated financial statements and the parent company financial statements of Netcompany Group A/S for the financial year 1 January – 31 December 2023, which comprise statement of comprehensive income, statement of financial position, statement of changes in equity, cash flow statement and notes, including material accounting policy information, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

Appointment of auditor
We were initially appointed as auditor of Netcompany Group A/S on 9 March 2021 for the financial year 2021. We have been reappointed annually by resolution of the general meeting for a total consecutive period of 3 years up until the financial year 2023.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 2023. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the key audit matters below. Accordingly, our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Revenue recognition, including the measurement and recognition of work in progress
The accounting principles and disclosures on revenue recognition related to projects are included in note 1 to the consolidated financial statements. On 31 December 2023, the carrying value of the Group's work in progress amounted to DKK 703 million. Significant judgement is required by Management in determining the stage of completion and expected profit on work in progress, including assessment of specific project risks and assessment of potential onerous contracts. In addition, the Group's accounting for arrangements with multiple performance obligations is subject to complexity, as the total contract value is allocated to each identified performance obligation and recognised as revenue as the services are delivered.

Independent auditor’s report (continued)

Due to the complexity in the judgements combined with the significance of revenue and work in progress, we consider revenue recognition, including the measurement and recognition of work in progress to be a key audit matter.

How our audit addressed the key audit matter
As part of our audit, we obtained an understanding of the Group’s processes for assessment of time and cost-to-complete estimates, the processes for identification and assessment of performance obligations and the processes for identification and assessment of project related risks including the risk of projects changing into onerous contracts.

We assessed the internal controls relating to monitoring of project development, time registration, estimation of time and cost-to-complete and identification and assessment of project risks and potential onerous contracts.

We obtained an overview of the Group’s projects in progress on 31 December 2023. On basis of risk and materiality we selected a sample of projects.

For the selected sample, we tested Management’s assumptions for assessment of stage of completion, estimates of expected time and cost-to-complete and expected profits. To assess the accuracy of Management’s assumptions and estimates we performed look-back analysis by comparing the actual profit of completed projects with the expected profit from budgets. We analysed the budget deviations and discussed with Management the possible risk of similar deviations on projects in progress on 31 December 2023.

We tested the identification and accounting of arrangements with multiple performance obligations by testing a sample of recognised arrangements to customer contracts and amendments. We tested the identification, assessment and accounting of project risks, potential onerous contracts, and warranty issues by application of data analysis and examination of supporting documentation.

Statement on the Management’s review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required by relevant law and regulations.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of relevant law and regulations. We did not identify any material misstatement of the Management's review.

Management’s responsibilities for the financial statements

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

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

Auditor’s responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and additional requirements applicable in

Independent auditor’s report (continued)

Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on compliance with the ESEF Regulation

As part of our audit of the Consolidated Financial Statements and Parent Company Financial Statements of Netcompany Group A/S, we performed procedures to express an opinion on whether the annual report of Netcompany Group A/S for the financial year 1 January – 31 December 2023 with the file name NetcompanyGroup-2023-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;

Independent auditor's report (continued)

- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of Netcompany Group A/S for the financial year 1 January – 31 December 2023 with the file name NetcompanyGroup-2023-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 25 January 2024

EY
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Mikkel Sthyr
State Authorised Public Accountant mne26693

Morten Weinreich Larsen
State Authorised Public Accountant mne42791

Independent auditor's Assurance Report on selected sustainability key figures for Netcompany Group A/S

To the stakeholders of Netcompany Group A/S

As agreed, we have performed an examination with a limited assurance, as defined by the International Standards on Assurance Engagements, on Netcompany Group A/S' (Netcompany) selected sustainability key figures on pages 23-75 marked with an asterisk ("*") (the selected sustainability key figures) in the Sustainability section of the Annual Report for the period from 1 January to 31 December 2023.

In preparing the selected sustainability key figures, Netcompany applied the Accounting principles described on pages 23-75 marked with a section sign ("§"). The selected sustainability key figures need to be read and understood together with the Accounting principles, which Management is solely responsible for selecting and applying. The absence of an established practice on which to derive, evaluate, and measure the selected sustainability key figures allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Annual Report, and accordingly, we do not express an opinion on this information.

Management's responsibilities

Netcompany's Management is responsible for selecting the Accounting principles, and for presenting the selected Sustainability Key Figures in accordance with the Sustainability Accounting principles, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records, and making estimates that are relevant to the preparation of the selected sustainability key figures, such that it is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express a conclusion based on our examinations on the presentation of the selected Sustainability Key Figures in accordance with the scope defined above.

We conducted our examinations in accordance with *ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and additional requirements under Danish audit regulation to obtain limited assurance for the purposes of our conclusion.

EY Godkendt Revisionspartnerselskab applies International Standard on Quality Management 1, ISQM1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour as well as ethical requirements applicable in Denmark.

Description of procedures performed

In obtaining limited assurance over the selected sustainability key figures on pages 23-75 marked with an asterisk (" * "), our objective was to perform such procedures as to obtain information and explanations which we consider necessary in order to provide us with sufficient appropriate evidence to express a conclusion with limited assurance.

The procedures performed in connection with our examination are less than those performed in connection with a reasonable assurance engagement. Consequently, the degree of assurance for our conclusion is substantially less than the assurance which would be obtained had we performed a reasonable assurance engagement.

As part of our examinations, we performed the below procedures:

- Interviewed those in charge of the selected sustainability key figures to develop an understanding of the process for the preparation of the Sustainability section and for carrying out internal control procedures.
- Performed analytical review of the data and trends to identify areas of the selected sustainability key figures with a significant risk of misleading or unbalanced information or material misstatements and obtained an understanding of any explanations provided for significant variances.
- Based on inquiries we evaluated the appropriateness of Accounting principles used, their consistent application and related disclosures in the selected sustainability key figures. This includes the reasonableness of estimates made by management.
- Designed and performed further procedures responsive to those risks and obtained evidence that is sufficient and appropriate to provide a basis for our conclusion.
- In connection with our procedures, we read the other sustainability information in the Sustainability section of Netcompany's Annual Report and, in doing so, considered whether the other sustainability information is materially inconsistent with the selected sustainability key figures, or our knowledge obtained in the review or otherwise appear to be materially misstated.

In our opinion, the examinations performed provide a sufficient basis for our conclusion.

Conclusion

Based on our examinations and the evidence obtained, nothing has come to our attention that causes us to believe that Netcompany's selected sustainability key figures marked with an asterisk ("*") (the selected sustainability key figures) on pages 23-75 in Netcompany's Sustainability section in the Annual Report for the period from 1 January to 31 December 2023 have not been prepared, in all material respects, in accordance with Accounting principles described on pages 23-75 marked with an accounting icon ("§").

Copenhagen, 25 January 2023

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Mikkel Sthyr	Lars Fermann
State Authorised	State Authorised
Public Accounting	Public Accountant
mne26693	mne45879

Formulas

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

Alternative performance measures
EBITA and margin are considered more appropriate to apply than EBIT and margin since EBIT are impacted by amortisation related to intangible assets recognised through our acquisitions, which are transactions not directly related to the daily operation.

Adjusted EBITA, Adjusted EBITDA and margins are considered appropriate since they are adjusted for special items, such as non-recurring M&A activities and other operating income / loss.

Adjusted EBITDA before allocated costs from HQ and margin are considered appropriate when analysing operating entities, as HQ costs are not related to specific entity's performance. HQ costs comprise of costs related to Executive Management, Board of Directors, Holding costs etc. In addition, these alternative performance measures have also been adjusted from special items and other operating income / loss for the same reason as Adjusted EBITA and Adjusted EBITDA.

All alternative measure have been used in previous years and are used internally to operate and take management decisions.

Organic revenue	=	Revenue not classified as non-organic revenue
Non-organic revenue	=	Revenue from acquired businesses the first 12 months after acquisition
Organic Growth[1]	=	Organic revenue current year x 100 / Revenue last year
Gross profit margin[1,2]	=	Gross profit x 100 / Revenue
EBITA[1,2]	=	Operating profit + Amortisation
EBITA margin[1,2]	=	EBITA x 100 / Revenue
Adjusted EBITA	=	EBITA + Special items + Other operating income
Adjusted EBITA margin	=	Adjusted EBITA x 100 / Revenue
Operating profit margin[1]	=	Operating profit x 100 / Revenue
EBITDA[1,2]	=	EBIT + Depreciation and amortisation
EBITDA margin	=	EBITDA x 100 / Revenue
Adjusted EBITDA	=	EBITDA + Special items + Other operating income
Adjusted EBITDA margin	=	Adjusted EBITDA x 100 / Revenue
Allocated HQ costs	=	Cost and salary related to Executive Management, Board of Directors and Holding company activities.
Adjusted EBITDA before allocated costs from HQ	=	Adjusted EBITDA + Allocated costs from HQ
Adjusted EBITDA before allocated costs from HQ margin	=	Adjusted EBITDA before allocated HQ costs x 100 / Revenue
EPS[1]	=	Net profit / Average outstanding shares
EPS diluted[1]	=	Net profit / Average outstanding shares + Diluted shares
Free cash flow[1,2]	=	Cash flow from operating activities – Capex
Capex[1,2]	=	Capitalised costs and cost spent to buy intangible and tangible assets, excluding impact from business acquisitions
Cash conversion ratio[1,2]	=	Free cash flow x 100 / Net profit – Amortisation and deferred tax of amortisation
Days sales outstanding[1,2]	=	Trade receivables x days / Revenue
Return on equity[2]	=	Net profit for the period x 100 / Average equity
Return on invested capital (ROIC)[1,2]	=	Net profit x 100 / Average invested capital
ROIC (Adjusted for Goodwill)[1]	=	Net profit x 100 / Average invested capital – average Goodwill
Solvency (equity ratio)[1]	=	Equity x 100 / Total assets
Equity per share[2]	=	Equity excluding non-controlling interest at year-end / Number of circulating shares at year-end
Price/book value[2]	=	Share price at year-end / Equity per share at year-end
Market value[1]	=	Number of shares, excluding treasury shares, year-end x share price at year-end
Dividend return	=	Paid dividend per share / Share price at beginning of year

[1] Key figures defined according to IFRS.
[2] Key figures defined according to Recommendations & Financial Ratios" issued by the Danish Finance Society.

Company information

Netcompany Group A/S
Strandgade 3
1401 Copenhagen
Denmark
CVR no. 39488914
Tel.: +45 7013 1440
E-mail: info@netcompany.com

Auditor
EY
Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
2000 Frederiksberg
Denmark

Annual Report design
BystedFFW