

Company announcement (inside information)

No. 09/2025

10 February 2025

Netcompany enters into an agreement with SDC to create ‘the future of banking services’

Netcompany Group A/S ("Netcompany"), SDC A/S, ("SDC"), and a majority part of the shareholders of SDC have today entered into an agreement of a transaction whereby a newly formed company of Netcompany and SDC will merge into a combined company fully owned by Netcompany. Together, Netcompany and SDC will create innovative and best-in-class banking solutions and services to the benefit of current banks running on SDC's platform, as well as for new banks to be onboarded to the platform in the future.

The transaction values SDC at DKK 1 billion and will include a cash payment of DKK 1 billion from Netcompany to SDC's shareholders. The cash consideration is funded by way of utilising current credit facilities.

Closing of the transaction is expected to take place around mid-2025, subject to regulatory and other customary conditions.

Strategic rationale

The transaction with SDC provides a strong foothold for Netcompany in the financial services industry, which is the highest spending vertical within IT services in Europe. In 2025, the total addressable market in DK, NO, and SE is estimated to be more than DKK 44 billion and the market is expected to grow more than 10% annually towards 2028, supporting Netcompany's ambition of delivering continued sustainable organic growth.

Within the financial services industry, Netcompany offers a solid product and platform suite, including AMPLIO, mit.dk, AMI and EASLEY, combined with products from Festina Finance such as Festina Advisor and Festina Life and Pension. These products and platforms supplemented by SDC's core banking platform will be the foundation of ‘the future of banking services’. Together, Netcompany and SDC will improve the banking experience for bank customers, as well as bank employees and advisors, by introducing improved and personalised advice, self-service solutions, and end-to-end digital processes to support activities such as housing journeys and onboarding, through new industry-specific and vendor-independent banking services.

Following the transaction, the combined workforce of Netcompany and SDC is more than 9,200 FTEs.

André Rogaczewski, CEO Netcompany states:

"I am thrilled to announce that we have successfully agreed on a transaction with the majority shareholders of SDC. This strategic move marks a significant milestone for Netcompany, and it aligns with our Go-To-Market strategy to expand our capabilities and enhance our service offerings within the financial services industry.

Digitalisation is the key driver for strengthening Europe's most critical societal areas – including the financial services industry. Netcompany already provides the digital foundation with our products and platforms in the areas of pension, customs and tax, transport and logistics, and now we are going to do the same in the financial services industry. With SDC's core banking platform and Netcompany's innovative DNA, products, and platforms, we are looking into unprecedented opportunities for the entire banking sector. The goal of this transaction is to create innovative and best-in-class services in Denmark, Scandinavia, and the rest of Europe, to the benefit of current and future customers, thereby adding substantial value for our shareholders and stakeholders."

Klaus Skjødt, Chair SDC states:

"This is a significant milestone in SDC's history, as we are now building upon past investments in the market's most modern core banking platform and future-proofed online and mobile banking. Together with Netcompany, we have a shared ambition to make the banking sector a driving force for digital innovation, setting new standards for the advice and service customers can expect from their bank. We will achieve the scale and development power necessary to enhance our competitiveness and create the market's strongest banking experience."

About SDC

- SDC is a prominent IT service provider headquartered in Ballerup, Denmark, specialising in delivering comprehensive IT solutions to the financial services industry across the Nordic region.
- SDC was founded in 1963 and offers a wide range of services, including core banking systems, digital banking solutions, and regulatory compliance tools.
- At the end of 2024 SDC's workforce counted 980 FTEs in three countries.
- Prior to closing of the transaction, SDC is owned by its member banks. SDC functions as the internal IT department of the member banks, which are also in turn customers of SDC, as well as other commercial non-member banks.
- In 2023, SDC realised revenue of DKK 1,837 million and EBITDA of DKK 286.8 million.
- For additional information: <https://www.sdc.dk/>

About Netcompany

- Netcompany is a leading IT services company headquartered in Copenhagen, Denmark, with a strong focus on digital transformation in Europe.
- Netcompany was founded in 2000 and delivers innovative and high-quality solutions to both public and private sector clients.
- At the end of 2024 Netcompany's workforce counted 8,260 FTEs in nine countries.
- In 2024, Netcompany realised revenue of DKK 6,540.6 million and adjusted EBITDA of DKK 1,097.9 million in 2024.
- For additional information: <https://www.netcompany.com/>

Summary of the transaction

- Netcompany will acquire 100% of the shares in SDC for a cash consideration at closing of DKK 1 billion.
- Netcompany will make the acquisition through a newly formed company – Netcompany Banking Services A/S – which will be merging with SDC and as a consequence resulting in a fully owned subsidiary of Netcompany in which the activities of SDC are fully embedded.
- The cash consideration is funded by way of utilising current credit facilities. The transaction will be fully debt financed within the existing covenants.
- Due to integration costs, the transaction is expected to have a dilutive impact on EPS for the financial year 2025.
- The transaction is expected to be EPS accretive to Netcompany from 2026 compared to 2024. Furthermore, the transaction is expected to be double-digit percentage EPS accretive by 2028 – also compared to 2024.
- The transaction is subject to regulatory approvals in Denmark, Norway, and Faroe Island and other customary conditions.
- Netcompany and the majority shareholders, who will continue as customers in the newly formed company after closing, will enter into a commercial IT-framework agreement (to enter into effect after closing) based on an already agreed term sheet. The agreed term sheet includes key provisions on the continued delivery of the current as-is services on a commercial market conform delivery and payment basis, a governance model with continued involvement of Netcompany and the bank customers, a fair and market-based exit model, and the transformation of the SDC platform to create 'the future of banking services'.
- As the agreed transaction structure is set as a merger, the closing of the transaction will formally require a two-thirds approval at a general meeting in both Netcompany's newly formed company and SDC. The majority shareholders representing 70.94% of the outstanding share capital and voting rights in SDC have at signing of the agreement with Netcompany irrevocably provided their commitment to vote for the merger.
- The remaining shareholders, and customers of SDC, will be given the opportunity to enter into a commercial IT-framework agreement with Netcompany on the same terms as the majority shareholders and irrevocably provide their approval to vote for the merger.

Financial Guidance

Financial guidance for 2025 for Netcompany on a stand-alone basis, as provided in the Annual Report 2024, is based on organic performance metrics and hence maintained. Organic revenue growth is expected between 5% and 10% and adjusted EBITDA margin between 16% and 19%.

Netcompany expects to reinitiate its share buyback programmes after closing of the transaction and expects leverage at the end of 2025 to be around 1.5x.

Webcast

In connection with the publication of the merger, Netcompany will host a conference call on Monday, 10 February 2025 at 8.15 am CET. The conference call will be held in English and can be followed live via the company's website; www.netcompany.com

Dial-in details for investors and analysts:

DK: +45 78 76 84 90

UK: +44 20 3769 6819

US: +1 646 787 0157

PIN: 598046

Webcast Player URL: <https://netcompany-as.eventcdn.net/events/webcast-10-februar-2025>

Additional information

For additional information, please contact:

Netcompany Group A/S

Thomas Johansen, CFO, +45 51 19 32 24

Frederikke Linde, Head of IR, +45 60 62 60 87

Disclaimer

This announcement contains forward-looking statements that reflect Netcompany's current expectations and views of future events. Some of these forward-looking statements can be identified by terms and phrases such as "estimate", "expect", "target", "plan", "project", "will" and similar expressions. These forward-looking statements include statements relating to: the expected characteristics of the combined company; expected financial results and characteristics of the combined company; expected timing of the launch and closing of the proposed transaction and satisfaction of conditions precedent, including -regulatory conditions; and the expected benefits of the proposed transaction, including related synergies. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from such statements. These forward-looking statements are based on our beliefs, assumptions, and expectations of future performance, taking into account the information currently available to us. These statements are only predictions based upon our current expectations and projections about future events. Risks and uncertainties include: the ability of Netcompany to integrate SDC into Netcompany's operations; the performance of the global economy; the capacity for growth in internet and technology usage; the consolidation and convergence of the industry, its suppliers and its customers; the effect of changes in governmental regulations; disruption from the proposed transaction making it more difficult to maintain relationships with customers, employees or suppliers; and the impact on the combined company (after giving effect to the proposed transaction with SDC and the shareholders of SDC) of any of the foregoing risks or forward-looking statements, as well as other risk factors listed from time to time in Netcompany's public disclosures. The forward-looking statements should be read in conjunction with the other cautionary statements that are included elsewhere, including the risk factors included in any public disclosures of Netcompany. Any forward-looking statements made in this announcement are qualified in their entirety by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by us will be realised or, even if substantially realised, that they will have the expected consequences to, or effects on, us or our business or operations. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.