

netcompany

Q4 | 20

Company Announcement
12 months ended 31 December 2020

Netcompany continues to grow
revenue and increases margins in
Q4 2020

Summary

In Q4 2020, Netcompany grew revenue in constant currencies to DKK 781.6m - equal to 16.5% growth compared to the same period last year. In reported currencies revenue grew 15.2%.

Adjusted EBITA grew 24.3% to DKK 223.5m compared to 179.9m in Q4 2019, corresponding to an adjusted EBITA margin of 28.9%.

Average number of full-time employees grew 528 from 2,468 in Q4 2019 to 2,996 in Q4 2020, corresponding to a growth of 21.4% - all organic.

Free cash flow remained strong and increased by 78.8% from DKK 116.8m in Q4 2019 to DKK 208.9m in Q4 2020.

For the full year 2020, Netcompany realised revenue growth of 15.7% and grew revenue to DKK 2,838.6m. Adjusted EBITA margin was 26.2%.

Free cash flow for the year increased by DKK 121.3m to DKK 557.0m yielding a normalised cash conversion ratio of 103%.

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

For 2021, Netcompany expects revenue growth in constant currencies of between 15-20%, still with a degree of uncertainty related to the continued impact from COVID-19. Adjusted EBITA margin is expected to be around 23-25%.

In Q4, we continued to deliver high quality on our projects and added new and important project wins in both Norway and in the UK in addition to ongoing strong performance in our Danish and Dutch market units. As a result, we continued our growth in Q4, despite challenging times, and realised close to 29% in adjusted EBITA margin combined with strong free cash flow.

We have succeeded in attracting top talent to our Group and I am pleased to welcome another 300 new Netcompany employees in the last quarter of 2020 bringing the total number of employees above 3,000.

In 2021, we will continue to support the digital transformation of societies and realise the benefits together with our valued customers. I am confident that we are on the right path and well positioned to make another step closer to our ambition of becoming a Northern European leader within IT services.

André Rogaczewski

NETCOMPANY CEO AND CO-FOUNDER

Performance highlights Q4

Financial overview

DKK million	Q4 2020 (reported)	Q4 2020 (constant)*	Q4 2019	% change (reported)	% change (constant)*
Revenue	772.7	781.6	671.0	15.2%	16.5%
Gross profit	327.7	329.9	283.8	15.5%	16.3%
Adjusted EBITA	223.5	224.5	179.9	24.3%	24.8%
<i>Adjusted EBITA margin</i>	28.9%	28.7%	26.8%	2.1pp	1.9pp
EBITA	223.5	224.5	179.8	24.3%	24.9%
<i>EBITA margin</i>	28.9%	28.7%	26.8%	2.1pp	1.9pp
Operating profit	200.0	201.0	154.4	29.5%	30.2%
<i>Operating profit margin</i>	25.9%	25.7%	23.0%	2.9pp	2.7pp
Net profit / loss	5.0	6.0	125.6	-96.0%	-95.2%
Capex	-3.7	N/A	-9.1	-59.6%	N/A
Net increase / decrease in cash and cash equivalents	120.4	N/A	-44.7	-369.2%	N/A

*Constant currencies measured using average exchange rates for Q4 2019

- Revenue increased by 15.2% to DKK 772.7m in reported currencies and by 16.5% in constant currencies.
- Gross profit margin was 42.4% against 42.3% in Q4 2019.
- Adjusted EBITA increased 24.3% and yielded a margin of 28.9%.
- Free cash flow remained strong and improved by 78.8% to DKK 208.9m.
- Fair value adjustment of the investment in the Netherlands reflects the increase of the total purchase price and impacted net profit negatively by DKK 141.3m.
- Cash conversion rate was 893.4%. Adjusted for the fair value adjustment to the contingent purchase price and normalised for tax payment, conversion rate was 127.9%.
- Debt leverage to 12 months rolling adjusted EBITA was 0.6.

Performance highlights 2020

Financial overview

DKK million	YTD 2020 (reported)	YTD 2020 (constant)*	YTD 2019	% change (reported)	Netcompany Netherlands non-organic impact**	% change (constant)*
Revenue	2,838.6	2,861.1	2,453.9	15.7%	1.1pp	16.6%
Gross profit	1,155.2	1,160.4	995.8	16.0%	0.8pp	16.5%
Adjusted EBITA	744.4	746.1	617.4	20.6%	0.2pp	20.9%
<i>Adjusted EBITA margin</i>	26.2%	26.1%	25.2%	1.1pp	-0.2pp	0.9pp
EBITA	744.4	746.1	613.0	21.4%	0.2pp	21.7%
<i>EBITA margin</i>	26.2%	26.1%	25.0%	1.2pp	-0.2pp	1.1pp
Operating profit	644.9	646.6	511.3	26.1%	-0.0pp	26.5%
<i>Operating profit margin</i>	22.7%	22.6%	20.8%	1.9pp	-0.2pp	1.8pp
Net profit / loss	321.9	323.5	388.5	-17.1%	-0.2pp	-16.7%
Capex	-23.9	N/A	-24.6	-2.9%	N/A	N/A
Net increase / decrease in cash and cash equivalents	233.6	N/A	23.6	889.3%	N/A	N/A

*Constant currencies measured using average exchange rates for 2019

- Revenue increased by 15.7% to DKK 2,838.6m in reported currencies and by 16.6% in constant currencies.
- Gross profit margin was 40.7% against 40.6% for the same period in 2019.
- Free cash flow remained strong and increased from DKK 435.7m in 2019 to DKK 557m in 2020.
- Fair value adjustment of the investment in the Netherlands reflects the increase of the total purchase price and impacted net profit negatively by DKK 141.3m.
- Cash conversion rate of 139.4%. Adjusted for the fair value adjustment to the contingent purchase price conversion rate was 103%.

Conference call details

In connection with the publication of the results for Q4 2020, Netcompany will host a conference call on 28 January 2021 at 11.00 am CEST.

The conference call will be held in English and can be followed live via the company's website; www.netcompany.com

Dial-in details for investors and analysts

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Webcast Player URL

<https://streams.eventcdn.net/netcompany/2020q4>

Additional information

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Financial highlights and key figures

DKK million	Q4 2020	Q4 2019	% change Q4	YTD 2020	YTD 2019	% change YTD
Income statement						
Revenue						
Public	465.9	406.9	14.5%	1,777.7	1,455.5	22.1%
Private	306.9	264.1	16.2%	1,060.9	998.3	6.3%
<i>Revenue by segments, total</i>	<i>772.7</i>	<i>671.0</i>	<i>15.2%</i>	<i>2,838.6</i>	<i>2,453.9</i>	<i>15.7%</i>
Development	433.7	338.9	28.0%	1,517.0	1,257.7	20.6%
Maintenance	339.1	332.1	2.1%	1,321.6	1,196.1	10.5%
<i>Revenue by types, total</i>	<i>772.7</i>	<i>671.0</i>	<i>15.2%</i>	<i>2,838.6</i>	<i>2,453.9</i>	<i>15.7%</i>
Organic	772.7	654.7	18.0%	2,812.4	2,416.5	16.4%
Acquisition	0.0	16.3	-100.0%	26.2	37.4	-30.0%
<i>Revenue by growth, total</i>	<i>772.7</i>	<i>671.0</i>	<i>15.2%</i>	<i>2,838.6</i>	<i>2,453.9</i>	<i>15.7%</i>
Special items	0.0	-0.0	-100.0%	-0.0	-4.4	-99.9%
Adjusted EBITA	223.5	179.9	24.3%	744.4	617.4	20.6%
EBITA	223.5	179.8	24.3%	744.4	613.0	21.4%
Operating profit (EBIT)	200.0	154.4	29.5%	644.9	511.3	26.1%
Net financials	-5.4	5.1	-206.4%	-47.0	-14.0	234.8%
Net profit / loss	5.0	125.6	-96.0%	321.9	388.5	-17.1%
Financial position						
Capex	-3.7	-9.1	-59.6%	-23.9	-24.6	-2.9%
Total assets	4,039.4	3,727.6	8.4%	4,039.4	3,727.6	8.4%
Equity	2,428.6	2,071.7	17.2%	2,428.6	2,071.7	17.2%
Dividends Paid	0.0	0.0	N/A	0.0	0.0	N/A
Net increase in cash and cash equivalents	120.4	-44.7	-369.2%	233.6	23.6	889.3%
Free cash flow	208.9	116.8	78.8%	557.0	435.7	27.8%
Free cash flow (tax normalised)	210.5	117.4	79.4%	537.3	417.2	28.8%

CONTINUED FINANCIAL HIGHLIGHTS AND KEY FIGURES

DKK million	Q4 2020	Q4 2019	% change Q4	YTD 2020	YTD 2019	% change YTD
Earnings per share						
Earnings per share (DKK)	0.10	2.56	-96.0%	6.56	7.90	-17.0%
Diluted earnings per share (DKK)	0.10	2.55	-96.0%	6.53	7.88	-17.2%
Employees						
Average number of full-time employees	2,996	2,468	21.4%	2,768	2,293	20.7%
Financial ratios						
Revenue growth	15.2%	23.5%	-8.3pp	15.7%	19.5%	-3.8pp
Gross profit margin	42.4%	42.3%	0.1pp	40.7%	40.6%	0.1pp
Adjusted EBITA margin	28.9%	26.8%	2.1pp	26.2%	25.2%	1.1pp
EBITA margin	28.9%	26.8%	2.1pp	26.2%	25.0%	1.2pp
Operating profit margin	25.9%	23.0%	2.9pp	22.7%	20.8%	1.9pp
Effective tax rate	89.6%	21.2%	68.3pp	28.7%	21.9%	6.9pp
Return on equity	0.2%	6.5%	-6.3pp	14.3%	20.0%	-5.7pp
Solvency ratio	60.1%	55.6%	4.5pp	60.1%	55.6%	4.5pp
ROIC	0.2%	4.4%	-4.2pp	11.2%	13.6%	-2.4pp
ROIC (Adjusted for Goodwill)	0.8%	18.9%	-18.1pp	53.7%	58.4%	-4.8pp
Cash conversion rate	893.4%	80.3%	813.1pp	139.4%	93.2%	46.3pp
Cash conversion rate (tax normalised)	900.4%	80.7%	819.7pp	134.5%	89.2%	45.3pp

Performance overview Q4

DKK million	Q4 2020 (reported)	Q4 2020 (constant)*	Q4 2019	% change (reported)	% change (constant)*
Revenue	772.7	781.6	671.0	15.2%	16.5%
Cost of services	-445.1	-451.7	-387.2	14.9%	16.6%
Gross profit	327.7	329.9	283.8	15.5%	16.3%
<i>Gross profit margin</i>	42.4%	42.2%	42.3%	0.1pp	-0.1pp
Sales and marketing costs	-4.6	-4.6	-3.1	48.9%	50.3%
Administrative costs	-99.6	-100.7	-100.8	-1.2%	-0.1%
Adjusted EBITA	223.5	224.5	179.9	24.3%	24.8%
<i>Adjusted EBITA margin</i>	28.9%	28.7%	26.8%	2.1pp	1.9pp
Special items	0.0	0.0	-0.0	-100.0%	-100.0%
EBITA	223.5	224.5	179.8	24.3%	24.9%
<i>EBITA margin</i>	28.9%	28.7%	26.8%	2.1pp	1.9pp
Amortisation	-23.5	-23.5	-25.5	-7.6%	-7.6%
Operating profit (EBIT)	200.0	201.0	154.4	29.5%	30.2%
<i>Operating profit margin</i>	25.9%	25.7%	23.0%	2.9pp	2.7pp
Net financials	-5.4	-5.4	5.1	-206.4%	-206.5%
Fair value adjustment of contingent consideration	-141.3	0.0	0.0	N/A	0.0%
Income / loss from investment in joint venture	-5.0	-5.0	0.0	N/A	N/A
Profit / loss before tax	48.2	49.3	159.5	-69.7%	-69.1%
Tax	-43.2	-43.3	-33.9	27.6%	27.8%
<i>Effective tax rate</i>	89.6%	87.9%	21.2%	68.3pp	66.6pp
Net profit / loss	5.0	6.0	125.6	-96.0%	-95.2%

*Constant currencies measured using average exchange rates for Q4 2019

Reported revenue increased by 15.2% (constant 16.5%) to DKK 772.7m in Q4 2020, which was all organic. As in previous quarters, the Danish operation contributed positively to growth and grew by close to 19% in the quarter. The Dutch operation almost doubled in revenue and grew by close to 90%. In addition, the Norwegian operation grew by 14.1% (constant 22.3%) whereas the UK operation decreased revenue by 15.5% (constant 10.9%) in the quarter.

Two factors negatively impacted growth for the Group in Q4 2020 compared to Q4 2019. Firstly, part of the contingency risk reserve was released in Q4 2019, which impacted the Q4 2019 revenue positively by DKK 12.9m. Secondly, employees took more vacation in Q4 2020 than anticipated, which impacted revenue negatively by DKK 12m as a consequence of a lower amount of billable hours produced in December than expected. Adjusted for these factors, revenue growth in Q4 2020 would have been 19.2% (constant 20.6%) in a normalised setting, instead of reported growth of 15.2% (constant 16.5%).

CONTINUED PERFORMANCE OVERVIEW Q4

Gross profit margin was in line with same period last year at 42.4%, as performance in Denmark and Norway were broadly in line with Q4 2019, while performance in UK was lower and the Netherlands improved performance. Adjusting for the release of the contingency reserve, gross profit margin would have increased 1.2 percentage points compared to Q4 2019 reflecting cost savings related to COVID-19 during 2020.

Gross profit margin was

42.4%

In general, utilisation has increased throughout the Group with the most notable increase in the UK and Norwegian units following new project wins. In Denmark and the Netherlands, utilisation has been stable at a high level. However, utilisation in December was impacted by the increased level of vacation taken in all entities, though this is more to be viewed as a timing difference rather than a recurring

negative factor.

Sales and marketing costs continued to increase following the trend from Q3 2020 as a result of increased marketing activities, in particular the entities outside of Denmark. Sales and marketing costs remain at a low absolute level though.

Administrative costs were 1.2% lower than the same period last year despite an increase in FTEs in the quarter of 21.4%. In all our markets, the restrictions imposed following COVID-19 led to reduced travel activities, reduced staff events, and reduced physical training activities, all impacting administrative costs positively (lower costs). In addition, planned office expansion in Denmark and Norway has been postponed into 2021. The reduced costs following the consequences of the COVID-19 restrictions are a significant contributing factor to the increase in adjusted EBITA margin from 26.8% in Q4 2019 to 28.9% in Q4 2020.

Amortisation was in line with Q4 2019 at DKK 23.5m. Net financials was an expense of DKK 5.4m in the quarter compared to

an income of DKK 5.1m in Q4 2019 driven by currency adjustments. Compared to the same period last year, the interest costs on bank debt were reduced by close to 40% in Q4 2020 as a combination of reduced nominal debt and reduced leverage leading to reduced interest rates.

EBIT increased by

29.5%

In May 2019, Netcompany acquired 100% of the shares in the Dutch company QDelft, which subsequently became Netcompany Netherlands. The valuation was agreed to be based on the actual results for 2020 and 2022 and the initial valuation reflected an estimate only. Based on the superior performance of Netcompany Netherlands in 2020, the valuation in monetary terms is significantly higher than estimated, as the base line for applying the agreed multiples has been almost doubled compared to the initial estimates. Thus, despite unchanged multiples the purchase

price has increased by DKK 141.3m, which has been expensed in Q4 2020 following IFRS 3.

On 9 October 2020, Netcompany entered a joint venture named Smarter Airports A/S with Copenhagen Airport A/S (CPH) to develop a new Digital Airport Platform to be sold to CPH and other airports worldwide. During the development stage, a calculated internal profit on the revenue invoiced must be eliminated following IFRS. This, together with the allocated loss in the JV amounted to DKK 5m in Q4.

Profit before tax was DKK 48.2m in Q4 2020 compared to DKK 159.5m for Q4 2019. Naturally, the result in this period was negatively impacted by the non-recurring adjustment to the purchase price for the Dutch operation and the impact from the JV.

Income tax was calculated at DKK 43.2m for the period leaving net profit at DKK 5m compared to DKK 125.6m in Q4 2019. Adjusted for the fair value adjustment of the purchase price of the Dutch operation net profit would have been DKK 146.3m.

Performance overview 12 months

DKK million	YTD 2020 (reported)	YTD 2020 (constant)*	YTD 2019	% change (reported)	Netcompany Netherlands non-organic impact**	% change (constant)*
Revenue	2,838.6	2,861.1	2,453.9	15.7%	1.1pp	16.6%
Cost of services	-1,683.4	-1,700.8	-1,458.1	15.4%	1.2pp	16.6%
Gross profit	1,155.2	1,160.4	995.8	16.0%	0.8pp	16.5%
<i>Gross profit margin</i>	40.7%	40.6%	40.6%	0.1pp	-0.1pp	-0.0pp
Sales and marketing costs	-17.1	-17.2	-11.7	45.7%	0.0pp	46.5%
Administrative costs	-393.7	-397.1	-366.7	7.4%	2.0pp	8.3%
Adjusted EBITA	744.4	746.1	617.4	20.6%	0.2pp	20.9%
<i>Adjusted EBITA margin</i>	26.2%	26.1%	25.2%	1.1pp	-0.2pp	0.9pp
Special items	-0.0	-0.0	-4.4	-99.9%	0.0pp	-99.9%
EBITA	744.4	746.1	613.0	21.4%	0.2pp	21.7%
<i>EBITA margin</i>	26.2%	26.1%	25.0%	1.2pp	-0.2pp	1.1pp
Amortisation	-99.4	-99.4	-101.7	-2.2%	1.4pp	-2.2%
Operating profit (EBIT)	644.9	646.6	511.3	26.1%	-0.0pp	26.5%
<i>Operating profit margin</i>	22.7%	22.6%	20.8%	1.9pp	-0.2pp	1.8pp
Net financials	-47.0	-47.0	-14.0	234.8%	3.2pp	235.1%
Fair value adjustment of contingent consideration	-141.3	0.0	0.0	N/A	0.0pp	0.0%
Income / loss from investment in joint venture	-5.0	-5.0	0.0	N/A	0.0pp	N/A
Profit / loss before tax	451.7	453.4	497.3	-9.2%	-0.1pp	-8.8%
Tax	-129.8	-129.9	-108.8	19.3%	0.0pp	19.4%
<i>Effective tax rate</i>	28.7%	28.7%	21.9%	6.9pp	0.0pp	6.8pp
Net profit / loss	321.9	323.5	388.5	-17.1%	-0.2pp	-16.7%

*Constant currencies measured using average exchange rates for 2019

Reported revenue grew 15.7% (constant 16.6%) to DKK 2,836.6m in 2020 of which non-organic revenue growth was 1.1 percentage points. Throughout the Group, the Danish, Norwegian and Dutch units all grew, whereas the UK operating unit saw reduced revenue, mainly as a consequence of the COVID-19 restrictions imposed, which had a more negative impact to the UK operation than other similar restrictions had in our remaining markets.

Gross profit margin was on par with 2019 at 40.7%. However, the gross profit margin was positively impacted by release from the risk contingency reserve that impacted revenue and gross margin positively by DKK 32.6m in 2019 and DKK 3.5m in 2020. Adjusted for release from the risk contingency reserve, gross profit margin in 2020 increased by 1.2 percentage points, in a normalised setting. The increase reflected the improved utilisation as well as the positive impact on costs from reduced travel and staff activities in 2020 following COVID-19 related restrictions.

CONTINUED PERFORMANCE OVERVIEW 12 MONTHS

Adjusted EBITA margin increased from 25.2% in 2019 to 26.2% in 2020 as a consequence of strong performance in Denmark and the Netherlands, which increased adjusted EBITA margins by 2.2 percentage points and 34.5 percentage points, respectively. These increases more than offset a lower margin reported in both Norway and the UK.

Adjusted EBITA margin was

26.2%



In addition to the increased utilisation, a general lower level of administrative costs were the main contributing factor to the increase in adjusted EBITA margin as staff events, travel, physical training, and education as well as planned office expansions was postponed to 2021 or entirely dropped.

Net result for the year was DKK 321.9m, which was 17.1% lower than 2019. The low-

er net result was a consequence of the fair value adjustment of the investment in Netcompany Netherlands, which – given the superior performance realised in 2020 – led to an increase in the valuation and hence purchase price of DKK 141.3m. This non-recurring adjustment, together with the allocated loss and elimination of calculated internal profit both related to services rendered to the new JV established with Copenhagen Airport of DKK 5m, collectively impacted net profit negatively by DKK 146.3m based on IFRS accounting treatment regimes.

Business Segments Q4

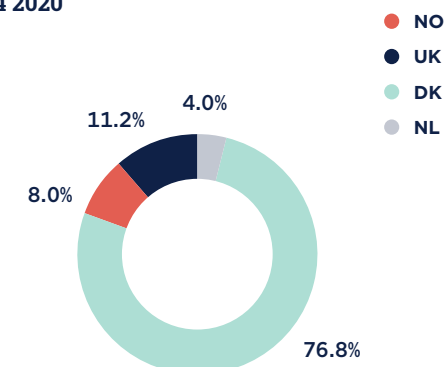
Segment information related to operating entities

DKK million Constant (2019 rate)	Q4 2020				
	Group	Denmark	Norway	UK	Netherlands
Revenue from external customers	781.6	600.6	62.3	87.7	31.0
Gross profit	329.9	282.4	15.5	18.5	10.6
<i>Gross profit margin</i>	42.2%	47.0%	24.9%	21.1%	34.2%
Local admin costs	-96.3	-73.2	-8.4	-10.5	-1.3
Adjusted EBITA before allocated cost from HQ	233.6	209.2	7.1	8.0	9.3
<i>Adjusted EBITA margin before allocated cost from HQ</i>	29.9%	34.8%	11.4%	9.2%	30.0%
Allocated costs from HQ	-9.1	-6.5	-0.7	-1.4	-0.5
Special Items, allocated	0.0	0.0	0.0	0.0	0.0
EBITA	224.5	202.7	6.4	6.6	8.8
Client facing FTEs	2,809	1,996	251	417	145

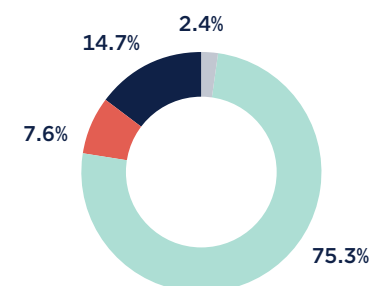
*Constant currencies measured using average exchange rates for 2019

DKK million Reported	Q4 2019				
	Group	Denmark	Norway	UK	Netherlands
Revenue from external customers	671.0	505.3	50.9	98.5	16.3
Gross profit	283.8	238.0	13.7	28.7	3.4
<i>Gross profit margin</i>	42.3%	47.1%	26.9%	29.1%	20.7%
Local admin costs	-95.8	-68.7	-8.3	-12.6	-6.2
Adjusted EBITA before allocated cost from HQ	188.0	169.3	5.4	16.1	-2.8
<i>Adjusted EBITA margin before allocated cost from HQ</i>	28.0%	33.5%	10.6%	16.3%	-17.4%
Allocated costs from HQ	-8.1	-5.8	-0.6	-1.4	-0.3
Special Items, allocated	-0.0	-0.0	-0.0	-0.0	-0.0
EBITA	179.8	163.5	4.8	14.6	-3.1
Client facing FTEs	2,306	1,635	225	358	89

Revenue, %
Q4 2020



Revenue, %
Q4 2019



CONTINUED BUSINESS SEGMENTS Q4

Revenue in constant currencies for the Group increased by 16.5% in Q4 2020 to DKK 781.6m. The Danish, Norwegian and Dutch business operations all contributed to the growth as each unit grew by 18.9%, 22.3% and 90.5%, respectively. This was somewhat offset by the UK business operation, which declined by 10.9%.

Growth in Denmark was driven by a continued high level of activity within the private sector following the trend from Q3, however, at an even more accelerated pace. In addition, utilisation remained high and there has been no negative effects from the COVID-19 related restrictions imposed. The increased amount of vacation taken in December, slightly offset growth.

Utilisation in the Norwegian business operation increased significantly from a low level in Q3 as a consequence of the 4 new projects won during the quarter. Given the level of unutilised resources in Norway during Q3 a rapid step up in project related work was possible. Despite a high level of vacation in December, the month still yielded the highest utilisation on a monthly basis in Norway for the entire year.

The Dutch business operation continued the strong performance from Q3 and accelerated growth even further in Q4. On a sequential basis revenue grew by 6.5% from Q3 2020 to Q4 2020 despite fewer working days in Q4 2020. The strong growth was a result of increased utilisation and higher average hourly rates realised on projects in the quarter.

In the UK, revenue declined compared to Q4 2019 from DKK 98.5m to DKK 87.7m in Q4 2020. However, on a sequential basis revenue increased from the level in Q3 2020 of DKK 79.2m as anticipated, indicating that the bottom has been reached in the UK. Utilisation increased during Q4 and the addition of a new contract with the NHS laid a further foundation for the continued growth opportunities in the UK.

Gross profit increased in line with revenue growth from DKK 283.8m to DKK 329.9m in Q4 2020. In Denmark, gross profit margin was in line with the same period last year at 47%, whereas gross profit margin in Norway and the UK was 24.9% and 21.1%, which was 2 percentage points and 8 percentage points lower than Q4 2019, respectively. The lower margins in

both Norway and the UK reflected the increased level of unutilised resources compared to Q4 2019. However, when comparing margins from Q3 2020 with Q4 2020 margins increased as a consequence of new projects won and utilisation increasing on a sequential basis. In the Netherlands, gross profit margins were improved by 13.5 percentage points to 34.2% following strong operational performance.

Adjusted EBITA margin before allocated costs from HQ for the Group was 29.9% compared to 28% in Q4 2019. Margins were improved in all operating units apart from the UK where margin declined. For all units apply, that the imposed COVID-19 related restrictions have had a positive impact on costs leading to lower cost in general for administrative costs as well as travel and entertainment related costs.

In Denmark, adjusted EBITA margins were 34.8% against 33.5% in Q4 2019 driven by reduced administrative cost that only increased 6.6% compared to an increase in client facing FTEs of 22.1%.

In Norway, adjusted EBITA margin increased in Q4 2020 compared to Q4 2019

despite a decline in gross profit margin, which was attributable to flat administrative costs as a consequence of the COVID-19 related restrictions.

The adjusted EBITA margin in UK declined to 9.2% in Q4 2020 from 16.3% in Q4 2019 driven by lower gross profit. Compared to Q3 2020 adjusted EBITA margin in the UK increased from negative 4.3% to positive 9.2% as a result of a combination of better gross profit and lower administrative costs on a sequential basis.

Adjusted margin in the Dutch business operation increased by 47.4 percentage points in Q4 2020 from negative 17.4% in Q4 2019 to positive 30% in Q4 2020. In addition to the improved gross profit margin, the Dutch business operation benefited from significantly reduced administrative costs – both when comparing to Q4 2019 and when comparing to Q3 2020. The Dutch unit is the unit with the absolute lowest administrative cost level and has been the entity with the most significant reduction in cost generating activities as practically all work has been done remotely.

Business Segments 12 months

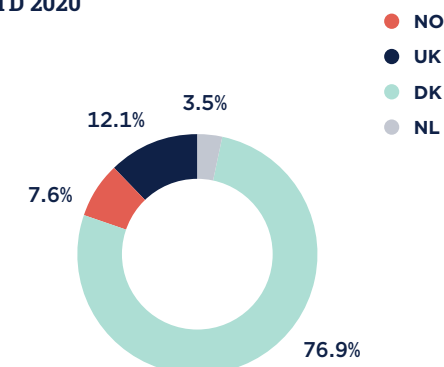
Segment information related to operating entities

DKK million Constant (2019 rate)	YTD 2020				
	Group	Denmark	Norway	UK	Netherlands
Revenue from external customers	2,861.1	2,199.9	217.5	345.0	98.8
Gross profit	1,160.4	1,012.2	48.2	62.8	37.2
<i>Gross profit margin</i>	40.6%	46.0%	22.2%	18.2%	37.6%
Local admin costs	-372.7	-277.4	-29.5	-47.5	-18.4
Adjusted EBITA before allocated cost from HQ	787.6	734.8	18.7	15.4	18.8
<i>Adjusted EBITA margin before allocated cost from HQ</i>	27.5%	33.4%	8.6%	4.5%	19.0%
Allocated costs from HQ	-41.5	-28.6	-4.7	-6.3	-1.9
Special Items, allocated	-0.0	-0.0	-0.0	-0.0	-0.0
EBITA	746.1	706.2	14.0	9.1	16.9
Client facing FTEs	2,586	1,845	235	388	118

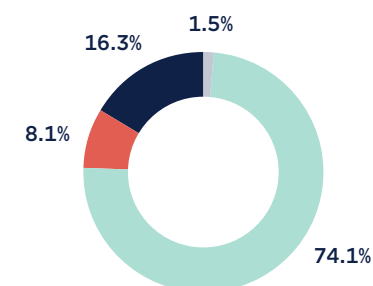
*Constant currencies measured using average exchange rates for 2019

DKK million Reported	YTD 2019				
	Group	Denmark	Norway	UK	Netherlands
Revenue from external customers	2,453.9	1,818.8	198.4	399.3	37.4
Gross profit	995.8	826.0	65.2	96.5	8.1
<i>Gross profit margin</i>	40.6%	45.4%	32.9%	24.2%	21.6%
Local admin costs	-342.0	-256.2	-30.9	-41.0	-13.9
Adjusted EBITA before allocated cost from HQ	653.8	569.8	34.4	55.5	-5.9
<i>Adjusted EBITA margin before allocated cost from HQ</i>	26.6%	31.3%	17.3%	13.9%	-15.7%
Allocated costs from HQ	-36.4	-25.5	-2.7	-7.5	-0.7
Special Items, allocated	-4.4	-3.1	-0.3	-0.9	-0.0
EBITA	613.0	541.1	31.3	47.1	-6.5
Client facing FTEs	2,085	1,511	199	374	N/A

Revenue, %
YTD 2020



Revenue, %
YTD 2019



CONTINUED BUSINESS SEGMENTS 12 MONTHS

Revenue in constant currencies grew by 16.6% in 2020 to DKK 2,861.1m. The non-organic part of the growth accounted for 1.1 percentage points and relates to the Dutch business operation for the period prior to 13 May 2020. All business segments are positively impacted on margins from the lower level of activity in general as a direct consequence of restrictions related to COVID-19.

Revenue increased by

16.6%



The Danish business unit grew revenue by 21% in 2020 as a result of continued strong demand in particular the private sector, which grew at the same pace as the public sector for 2020 – namely 21%. The increased activity level seen in the private sector gives a better balance to the continued growth opportunities in Denmark compared to previous years, where growth to a large extent has been driven by the public sector.

In Norway, revenue grew 9.6% driven by a strong close of the year with multiple new project wins. The new project wins came as a result of increased focus from HQ on tender writing activities as well as the impact from the new country managing partner in Norway.

In the UK, revenue declined by 13.6% following a couple of weak quarters in the middle of the year. The UK is by far the unit that has been hit hardest from COVID-19 related restrictions imposed, which in conjunction with the ongoing transition away from independent contractors to own permanent employees, led to significant loss of business particular in the private sector. Towards the back end of the year though, signs of improvement to the UK business have emerged.

The Dutch operation continued the strong growth seen from early Q2 and ended the year at almost twice the revenue level as the full normalised 2019 level. Increased delivery on ongoing projects as well as winning new projects have driven the strong performance in the Netherlands.

Adjusted EBITA margin before allocated costs from HQ was

27.5%



Adjusted EBITA margin before HQ allocated costs increased to 27.5% from 26.6% in 2019. Gross profit margin for the Group was unchanged from 2019 and hence the improvement in adjusted EBITA margin was fully attributed to reduced local admin costs, which only increased by 9% in 2020.

Adjusted EBITA margin in Denmark increased by 2.1 percentage points, whereas margins dropped 8.7 percentage points in Norway and 9.4 percentage points in the UK. This was offset by performance in the Netherlands, which increased margin by 34.7 percentage points in 2020.

Overall, all entities saw an increased activity level towards the end of 2020 with increased utilisation and better revenue visibility for 2021 as a consequence.

Public Q4

DKK million	Group			Denmark		Norway		UK		Netherlands	
	Q4 2020	Q4 2019	% change	Q4 2020	Q4 2019	Q4 2020	Q4 2019	Q4 2020	Q4 2019	Q4 2020	Q4 2019
Revenue	465.9	406.9	14.5%	357.6	327.2	31.0	25.7	46.8	38.6	30.4	15.4
Cost of service	-291.4	-250.5	16.3%	-210.0	-187.9	-26.1	-20.0	-38.1	-30.1	-17.2	-12.5
Gross profit	174.4	156.4	11.5%	147.6	139.3	4.9	5.7	8.7	8.5	13.2	2.9
<i>Gross profit margin</i>	<i>37.4%</i>	<i>38.4%</i>	<i>-1.0pp</i>	<i>41.3%</i>	<i>42.6%</i>	<i>15.9%</i>	<i>22.3%</i>	<i>18.5%</i>	<i>22.0%</i>	<i>43.4%</i>	<i>18.8%</i>
Allocated costs	-61.6	-63.3	-2.7%	-47.4	-48.6	-4.8	-4.3	-5.4	-4.4	-4.1	-6.1
Adjusted EBITA before allocated cost from HQ	112.8	93.1	21.2%	100.2	90.7	0.2	1.4	3.3	4.1	9.1	-3.2
<i>Adjusted EBITA margin before allocated cost from HQ</i>	<i>24.2%</i>	<i>22.9%</i>	<i>1.3pp</i>	<i>28.0%</i>	<i>27.7%</i>	<i>0.6%</i>	<i>5.6%</i>	<i>6.9%</i>	<i>10.7%</i>	<i>29.9%</i>	<i>-20.5%</i>
Allocated costs from HQ	-5.9	-5.2	13.7%	-4.2	-4.1	-0.4	-0.3	-0.8	-0.5	-0.5	-0.3
Special items	0.0	-0.0	-100.0%	0.0	-0.0	0.0	-0.0	0.0	-0.0	0.0	-0.0
EBITA	106.9	87.9	21.7%	96.1	86.6	-0.3	1.1	2.5	3.6	8.6	-3.5
<i>EBITA margin</i>	<i>22.9%</i>	<i>21.6%</i>	<i>1.4pp</i>	<i>26.9%</i>	<i>26.5%</i>	<i>-0.8%</i>	<i>4.3%</i>	<i>5.3%</i>	<i>9.4%</i>	<i>28.3%</i>	<i>-22.5%</i>
Amortisation	-15.2	-16.3	-6.6%	-10.8	-12.8	-1.1	-1.0	-2.0	-1.5	-1.2	-1.0
Operating profit	91.7	71.5	28.1%	85.2	73.8	-1.4	0.1	0.4	2.1	7.4	-4.5
<i>Operating profit margin</i>	<i>19.7%</i>	<i>17.6%</i>	<i>2.1pp</i>	<i>23.8%</i>	<i>22.5%</i>	<i>-4.4%</i>	<i>0.5%</i>	<i>0.9%</i>	<i>5.5%</i>	<i>24.2%</i>	<i>-28.9%</i>

Revenue in the public segment increased 14.5% in Q4 2020 to DKK 465.9m. In contrast to previous quarters, growth was driven by the business units outside Denmark with strong growth in both the UK and Norway, which grew by 20.7% and 21.2% respectively and extraordinary strong growth in the Netherlands, which grew by 97.4%, whereas growth in Denmark was modest at 9.3%.

The growth in the Danish market unit was impacted from a conscious decision

to allocate more resources to the private segment, in order to gradually move towards a more balanced portfolio of projects between public and private segment customers.

In Norway and the UK, the new projects won during Q4 2020 have had a positive impact on revenue. The business unit in the Netherlands also won new projects in Q4 and thereby continues to develop performance strongly.

Gross profit margins were slightly lower for the Group compared to Q4 2019, mainly due to the negative impact on margins from Norway and the UK as some of the projects taken on during Q4 have been priced in order to reduce the amount of resources not utilised. In Denmark, gross profit margin was slightly below realised margin in Q4 2019, while margins in the Netherlands were significantly improved as projects impacting margin negatively in Q4 2019 were completed in early 2020.

Allocated costs were 2.7% lower than the same period last year as a consequence of the relative share of public segment revenue of total revenue being reduced in Q4 2020, and a general lower level of administrative cost relative to Q4 2019 as a consequence of COVID-19 imposed restrictions.

Adjusted EBITA margins consequently increased by 1.3 percentage points for the Group.

Private Q4

DKK million	Group			Denmark		Norway		UK		Netherlands	
	Q4 2020	Q4 2019	% change	Q4 2020	Q4 2019	Q4 2020	Q4 2019	Q4 2020	Q4 2019	Q4 2020	Q4 2019
Revenue	306.9	264.1	16.2%	243.0	178.2	27.1	25.2	36.4	59.9	0.4	0.8
Cost of service	-153.6	-136.7	12.4%	-108.2	-79.4	-17.8	-17.3	-27.5	-39.7	-0.2	-0.4
Gross profit	153.2	127.4	20.3%	134.8	98.8	9.4	8.0	8.9	20.2	0.2	0.5
<i>Gross profit margin</i>	<i>49.9%</i>	<i>48.2%</i>	<i>1.7pp</i>	<i>55.5%</i>	<i>55.4%</i>	<i>34.5%</i>	<i>31.6%</i>	<i>24.4%</i>	<i>33.7%</i>	<i>46.0%</i>	<i>55.3%</i>
Allocated costs	-33.4	-32.5	2.9%	-25.9	-20.1	-3.2	-4.0	-4.4	-8.2	-0.0	-0.1
Adjusted EBITA before allocated cost from HQ	119.8	94.9	26.2%	108.9	78.7	6.2	4.0	4.5	11.9	0.2	0.3
<i>Adjusted EBITA margin before allocated cost from HQ</i>	<i>39.0%</i>	<i>35.9%</i>	<i>3.1pp</i>	<i>44.8%</i>	<i>44.2%</i>	<i>22.9%</i>	<i>15.7%</i>	<i>12.4%</i>	<i>19.9%</i>	<i>35.5%</i>	<i>39.5%</i>
Allocated costs from HQ	-3.2	-2.9	10.6%	-2.3	-1.7	-0.3	-0.3	-0.6	-0.9	-0.0	-0.0
Special items	0.0	-0.0	-100.0%	0.0	-0.0	0.0	-0.0	0.0	-0.0	0.0	-0.0
EBITA	116.6	92.0	26.7%	106.6	77.0	5.9	3.7	3.9	11.0	0.1	0.3
<i>EBITA margin</i>	<i>38.0%</i>	<i>34.8%</i>	<i>3.2pp</i>	<i>43.9%</i>	<i>43.2%</i>	<i>21.8%</i>	<i>14.6%</i>	<i>10.7%</i>	<i>18.4%</i>	<i>34.2%</i>	<i>38.4%</i>
Amortisation	-8.3	-9.2	-9.3%	-5.9	-5.3	-0.8	-0.9	-1.6	-2.9	-0.0	-0.0
Operating profit	108.3	82.8	30.7%	100.7	71.7	5.2	2.8	2.3	8.1	0.1	0.3
<i>Operating profit margin</i>	<i>35.3%</i>	<i>31.4%</i>	<i>3.9pp</i>	<i>41.5%</i>	<i>40.2%</i>	<i>19.0%</i>	<i>10.9%</i>	<i>6.2%</i>	<i>13.5%</i>	<i>31.1%</i>	<i>34.9%</i>

Private segment revenue grew by 16.2% compared to Q4 2019 to DKK 306.9m and thereby grew slightly more than the public segment. This was driven by the growth in the Danish business unit that grew revenue by 36.4% as a result of increasing activity level in the private segment and continued new wins with new and existing customers. In Norway, growth was 7.4% as more resources were allocated to the new wins in the public segment. In the UK

and the Netherlands, revenue declined at 39.2% and 48.7% respectively following a combination of reduced activity levels and a conscious decision to grow the public segment instead.

Gross profit margins were slightly improved compared to Q4 2019 and was 49.9% driven by improvement in margin in Norway. The decline in margins in the UK and the Netherlands did not have a signif-

icant impact on Group margins as the two entities combined only accounts for 12% of the total revenue.

Adjusted EBITA margin improved by 3.1 percentage points for the quarter. More costs were allocated to the private segment as the segment accounted for a larger proportion of total revenue, however, these allocated costs were at a low level and only increased by 2.9%. On a business

unit level margins were unchanged in Denmark and increased in Norway, whereas they fell in both the UK and the Netherlands.

Public 12 months

DKK million	Group			Denmark		Norway		UK		Netherlands	
	YTD 2020	YTD 2019	% change	YTD 2020	YTD 2019	YTD 2020	YTD 2019	YTD 2020	YTD 2019	YTD 2020	YTD 2019
Revenue	1,777.7	1,455.5	22.1%	1,395.1	1,153.3	103.0	98.5	182.8	169.1	96.8	34.6
Cost of service	-1,102.6	-907.8	21.5%	-806.5	-677.5	-85.3	-70.9	-150.4	-131.5	-60.4	-27.9
Gross profit	675.1	547.8	23.2%	588.6	475.8	17.7	27.6	32.4	37.7	36.4	6.7
<i>Gross profit margin</i>	<i>38.0%</i>	<i>37.6%</i>	<i>0.3pp</i>	<i>42.2%</i>	<i>41.3%</i>	<i>17.2%</i>	<i>28.0%</i>	<i>17.7%</i>	<i>22.3%</i>	<i>37.6%</i>	<i>19.3%</i>
Allocated costs	-243.2	-221.7	9.7%	-187.5	-177.7	-14.6	-15.9	-23.2	-14.8	-18.1	-13.3
Adjusted EBITA before allocated cost from HQ	431.9	326.1	32.4%	401.2	298.2	3.1	11.7	9.3	22.8	18.3	-6.6
<i>Adjusted EBITA margin before allocated cost from HQ</i>	<i>24.3%</i>	<i>22.4%</i>	<i>1.9pp</i>	<i>28.8%</i>	<i>25.9%</i>	<i>3.0%</i>	<i>11.8%</i>	<i>5.1%</i>	<i>13.5%</i>	<i>18.9%</i>	<i>-19.1%</i>
Allocated costs from HQ	-26.8	-22.4	19.3%	-19.4	-17.7	-2.4	-1.4	-3.2	-2.8	-1.9	-0.6
Special items	-0.0	-2.7	-99.9%	-0.0	-2.1	-0.0	-0.2	-0.0	-0.3	-0.0	-0.0
EBITA	405.1	300.9	34.6%	381.8	278.4	0.7	10.1	6.1	19.7	16.4	-7.2
<i>EBITA margin</i>	<i>22.8%</i>	<i>20.7%</i>	<i>2.1pp</i>	<i>27.4%</i>	<i>24.1%</i>	<i>0.7%</i>	<i>10.3%</i>	<i>3.3%</i>	<i>11.7%</i>	<i>17.0%</i>	<i>-21.0%</i>
Amortisation	-65.0	-62.8	3.6%	-48.6	-49.4	-3.7	-4.0	-7.9	-7.6	-4.8	-1.9
Operating profit	340.0	238.1	42.8%	333.2	229.0	-3.0	6.1	-1.8	12.1	11.7	-9.1
<i>Operating profit margin</i>	<i>19.1%</i>	<i>16.4%</i>	<i>2.8pp</i>	<i>23.9%</i>	<i>19.9%</i>	<i>-2.9%</i>	<i>6.2%</i>	<i>-1.0%</i>	<i>7.2%</i>	<i>12.0%</i>	<i>-26.4%</i>

Revenue increased 22.1% in 2020 to DKK 1,777.7m of which the non-organic revenue growth related to the acquisition of Netcompany Netherlands accounted for 1.8 percentage points. Growth was driven by the Danish and Dutch operations, which grew 21% and 180% respectively. Growth in Norway and in the UK were more modest at 4.6% and 8.1% respectively.

In Denmark, growth was a result of strong

deliveries with existing customers and new projects signed during the year. However, growth was slowing somewhat towards the end of the year as more large and complex projects were won in the private segment.

The Dutch operation almost tripled revenue in the public segment in 2020 following a focus on that segment only. Despite lower growth in both the UK and Norway,

trends from Q4 2020 are positive for continued growth in 2021.

Gross profit margins were in line with 2019 levels for the Group, whereas the Norwegian and UK margins dropped, and the Danish and Dutch margins increased. The drop in margins in Norway and the UK were caused by the high level of unutilised resources during Q2 and Q3 in 2020. In Denmark and the Netherlands, utilisations

have been high throughout the entire year.

Adjusted EBITA margin before allocation of HQ costs increased by 1.9 percentage points driven by strong performance in Denmark and the Netherlands and fewer costs allocated in general due to the lower administrative cost level for the Group as a consequence of the COVID-19 imposed restrictions.

Private 12 months

DKK million	Group			Denmark		Norway		UK		Netherlands	
	YTD 2020	YTD 2019	% change	YTD 2020	YTD 2019	YTD 2020	YTD 2019	YTD 2020	YTD 2019	YTD 2020	YTD 2019
Revenue	1,060.9	998.3	6.3%	804.7	665.5	96.8	99.9	157.5	230.2	1.8	2.8
Cost of service	-580.7	-550.3	5.5%	-381.2	-315.3	-70.8	-62.2	-127.6	-171.4	-1.1	-1.4
Gross profit	480.1	448.0	7.2%	423.5	350.1	25.9	37.6	29.9	58.8	0.8	1.4
<i>Gross profit margin</i>	<i>45.3%</i>	<i>44.9%</i>	<i>0.4pp</i>	<i>52.6%</i>	<i>52.6%</i>	<i>26.8%</i>	<i>37.7%</i>	<i>19.0%</i>	<i>25.5%</i>	<i>40.9%</i>	<i>50.1%</i>
Allocated costs	-126.1	-120.3	4.8%	-89.9	-78.5	-12.3	-14.9	-23.5	-26.1	-0.3	-0.7
Adjusted EBITA before allocated cost from HQ	354.1	327.7	8.0%	333.6	271.6	13.6	22.7	6.4	32.7	0.4	0.7
<i>Adjusted EBITA margin before allocated cost from HQ</i>	<i>33.4%</i>	<i>32.8%</i>	<i>0.5pp</i>	<i>41.5%</i>	<i>40.8%</i>	<i>14.0%</i>	<i>22.7%</i>	<i>4.1%</i>	<i>14.2%</i>	<i>24.3%</i>	<i>26.0%</i>
Allocated costs from HQ	-14.8	-14.0	5.6%	-9.2	-7.9	-2.3	-1.3	-3.1	-4.7	-0.0	-0.0
Special items	-0.0	-1.7	-99.9%	-0.0	-1.0	-0.0	-0.2	-0.0	-0.6	-0.0	-0.0
EBITA	339.3	312.0	8.7%	324.4	262.8	11.2	21.2	3.3	27.3	0.4	0.7
<i>EBITA margin</i>	<i>32.0%</i>	<i>31.3%</i>	<i>0.7pp</i>	<i>40.3%</i>	<i>39.5%</i>	<i>11.6%</i>	<i>21.2%</i>	<i>2.1%</i>	<i>11.9%</i>	<i>22.6%</i>	<i>24.9%</i>
Amortisation	-34.4	-38.9	-11.6%	-23.2	-21.9	-3.2	-3.7	-7.9	-13.2	-0.1	-0.1
Operating profit	304.9	273.1	11.6%	301.1	240.9	8.1	17.5	-4.6	14.2	0.3	0.6
<i>Operating profit margin</i>	<i>28.7%</i>	<i>27.4%</i>	<i>1.4pp</i>	<i>37.4%</i>	<i>36.2%</i>	<i>8.3%</i>	<i>17.5%</i>	<i>-2.9%</i>	<i>6.1%</i>	<i>18.2%</i>	<i>21.8%</i>

Revenue increased 6.3% in the private segment in 2020 of which the non-organic revenue growth related to the acquisition of Netcompany Netherlands accounted for 0.1 percentage point. Only the Danish private segment showed growth in 2020, which is a natural consequence of the increased focus towards larger public tenders in both Norway and the UK. The Dutch operation is for all practical purposes

only focussed on the public segment.

In Denmark, Netcompany have implemented a number of large and complex projects in the public segment over the last 4-5 years and reached a size which has made it both possible and feasible for to increase focus on growing the private segment. In 2020, the private segment in Denmark grew at 20.9% - the same as

the public segment. The growth in Denmark also means that the Danish private segment accounts for 75.9% of all private revenue in the Group compared to 66.7% in 2019.

Margins for the Group were stable on both gross profit margin and adjusted EBITA margin level driven by steady performance in the Danish business unit.

Despite challenging business environments in both the UK and Norway with reduced margins, and even negative margins for the UK during the year, both business units ended the year with positive margins as a result of a strong close of the year with increased utilisation.

Currency exposures

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

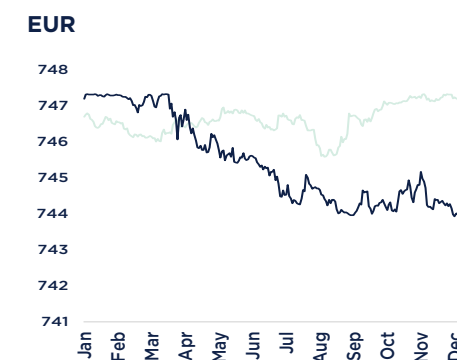
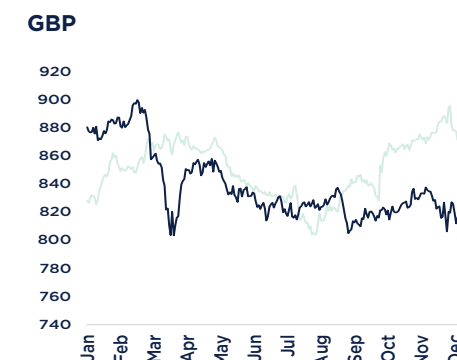
Netcompany's policy is to hedge any exchange risk net exposure, that would yield a +2/-2 percentage points EBIT margin impact from a 10%/-10% change in that given currency. The graphs below show the currency exchange rates used for Netcompany's main currencies.

Local currency million	Q4 2020					
	DKK	NOK	GBP	EUR	VND	PLN
Revenue	600.6	84.1	10.1	4.1	0.0	0.0
EBIT	193.9	4.1	-0.1	0.6	2,693.3	2.2
Net result	0.7	3.7	-0.2	0.8	2,213.5	1.7

Local currency million	Q4 2019					
	DKK	NOK	GBP	EUR	VND	PLN
Revenue	505.3	68.8	11.3	2.2	0.0	0.0
EBIT	133.8	5.8	1.0	-0.5	2,297.8	3.9
Net result	108.7	4.6	0.9	-0.3	1,836.9	3.0

Local currency million	YTD 2020					
	DKK	NOK	GBP	EUR	VND	PLN
Revenue	2,199.9	286.9	40.5	13.2	0.0	0.0
EBIT	625.1	20.7	-1.4	1.8	10,203.7	7.7
Net result	308.8	16.4	-1.3	1.3	7,476.1	5.6

Local currency million	YTD 2019					
	DKK	NOK	GBP	EUR	VND	PLN
Revenue	1,818.8	261.9	46.9	5.0	0.0	0.0
EBIT	445.0	36.0	3.1	-1.1	8,811.4	5.9
Net result	336.7	28.1	2.5	-0.6	6,374.8	4.3



Revenue visibility

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

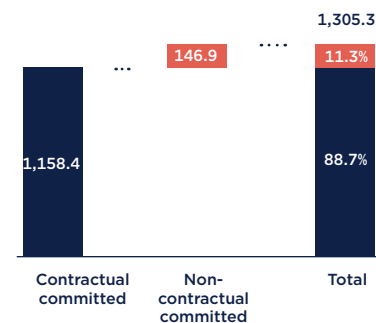
Revenue visibility for 2021 amounts to DKK 2,131.7m. Of this, contractually committed revenue amounts to DKK 1,829.1m and non-contractually committed engagements amounts to DKK 302.6m.

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

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

DKK million

Public segment



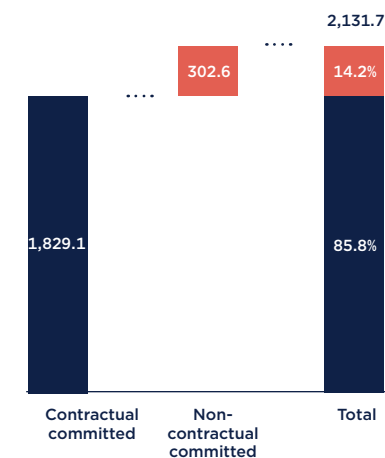
tual committed engagements amounts to DKK 155.7m.

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

Private segment



Total segment



Employees

Netcompany employed an average of 2,996 FTEs in Q4 2020, which was an increase of 528 FTEs. The increase in FTEs was driven by the intake of new employees in all countries, however, the net intake from Q3 2020 to Q4 2020 in the UK was modest reflecting the current economic outlook in the UK.

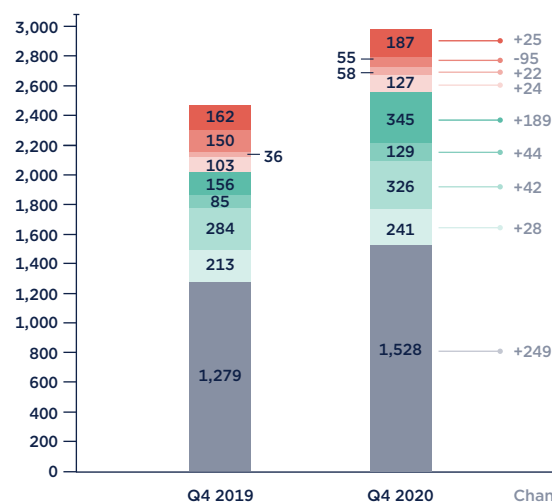
The number of client facing employees for the Group increased by 503 from 2,306 in Q4 2019 to 2,809 in Q4 2020, while the level of non-client facing employees was 6.2% in Q4 2020 compared to 6.5% Q4 2019.

The transition away from independent contractors towards own employees in the UK continued in Q4. As of 1 January 2021, the independent contractors in the UK operation were 54, which is 14% of the client facing FTE (49% in Q4 2019).

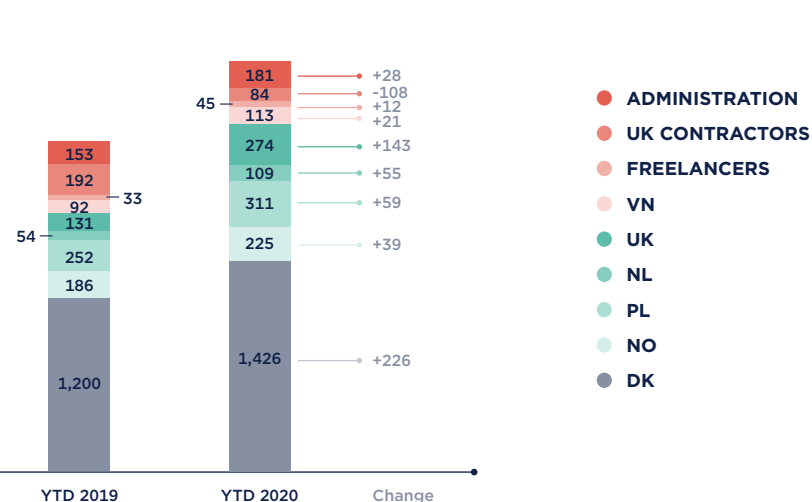
The attrition rate for the last twelve months was 14.6%, which was a decrease of 5.6 percentage point compared to the same period last year. The decrease was primarily driven by increased focus on

onboarding activities, leading to low churn and was also positively impacted by COVID-19, as fewer employees were actively seeking new job opportunities.

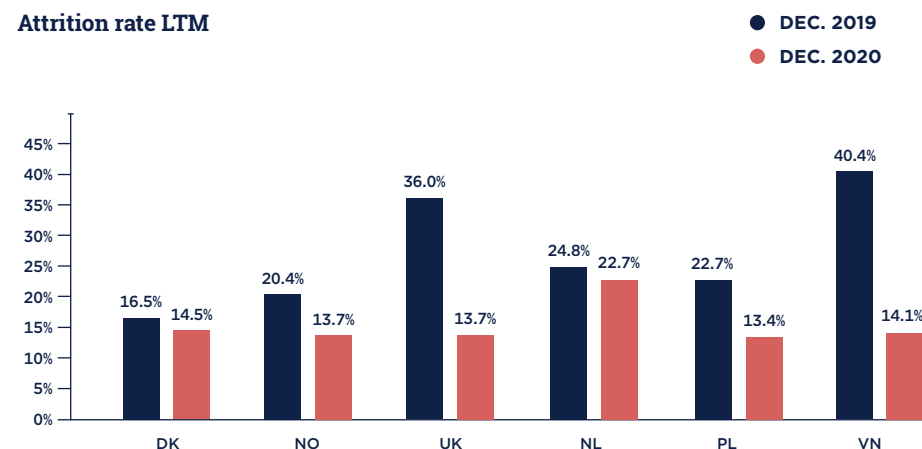
Avg. FTEs increased to 2,996 during Q4 2020



Avg. FTEs increased to 2,768 during 2020



Attrition rate LTM



Cash flow and other significant financial positions

Free cash flow and cash conversion rate

The Group generated a free cash flow of DKK 208.9m in Q4 2020, which was an increase of 78.8% compared to DKK 116.8m in Q4 2019. Adjusted for taxes paid on account¹, the Group generated a free cash flow of DKK 210.5m in Q4 2020 compared to DKK 117.7m in Q4 2019, corresponding to an increase in free cash flow of 79.4%. The increase was driven by an improved operating result and a positive development in working capital changes compared to the same period last year. The positive working capital changes in Q4 2020 was driven by a decrease in work in progress from DKK 461.3m by the end of Q3 2020 to DKK 434.9m by the end of Q4 2020, which was somewhat offset by an increase in trade receivables coming from work that had been classified as work in progress previously and was invoiced during Q4 2020 in accordance with payment milestones on various projects. The invoiced amount from work in progress will subsequently be collected as cash in the beginning of 2021.

Cash conversion rate increased from 80.3% in Q4 2019 to 89.3.4% in Q4 2020. Adjusted for the taxes paid on account and the fair value adjustment of the purchase price of the acquired Netcompany Netherlands (QDelft B.V.) cash conversion rate increased from 80.7% in Q4 2019 to 127.9% in Q4 2020.

In full year 2020, Netcompany generated a free cash flow of DKK 557m, equal to an increase of DKK 121.3m, which led to a cash conversion ratio of 139.4% compared to 93.2% in 2019. Adjusting for the fair value adjustment of contingent consideration, cash conversion ratio for 2020 would have been 103%. The increase in free cash flow and cash conversion ratio was driven by an improved operating result, lower combined value of contract work in progress, prebilled invoices and trade receivables as a percentage of revenue in 2020 compared to 2019, and improved days sales outstanding, which improved from 79 days in 2019 to 59 days in 2020.

DKK million	Not overdue	0-30 days	30-60 days	60- 90 days	>90 days	Total
Trade receivables, 31 Dec 2020	326.4	99.2	19.9	4.6	14.6	464.6

DKK million	Not overdue	0-30 days	30-60 days	60- 90 days	>90 days	Total
Trade receivables, 31 Dec 2019	356.6	134.7	24.3	5.8	10.9	532.2
<i>Paid in the following month</i>	<i>211.6</i>	<i>119.9</i>	<i>16.0</i>	<i>1.0</i>	<i>1.8</i>	<i>350.1</i>
<i>% paid subsequently</i>	<i>59.3%</i>	<i>89.0%</i>	<i>65.7%</i>	<i>16.7%</i>	<i>16.5%</i>	<i>65.8%</i>

Trade receivables

At 31 December 2020, trade receivables excluding expected credit losses amounted to DKK 464.6m, which was a decrease of 12.7% compared to the same period last year. Days sales outstanding continued to decrease and was reduced from 72 days in Q4 2019 to 54 days in Q4 2020. The overdue part of trade receivables was reduced from 33.0% by the end of Q4 2019 to 29.7% by the end of Q4 2020.

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

CONTINUED CASH FLOW AND OTHER SIGNIFICANT FINANCIAL POSITIONS

Work in progress

At 31 December 2020, Netcompany's work in progress amounted to DKK 434.9m, represented by contract work in progress of DKK 476.6m and prepayments received from customers of DKK 41.7m.

Work in progress increased by 62.1% from DKK 268.3m in Q4 2019 to DKK 434.9m in Q4 2020. In the same period revenue increased by 15.2% from DKK 671.0m in Q4

2019 to DKK 772.7m in Q4 2020, while revenue for the last twelve months increased by 15.7%. The increase of work in progress is purely caused by timing from different payments plans and compared to end of Q3 2020 work in progress decreased from DKK 461.3m to DKK 434.9m.

As a total, trade receivables and work in progress increased by 11.7% from DKK 799.7m end of 2019 to DKK 893.6m end of 2020.

Funding and liquidity

Netcompany's bank agreement consists of committed facilities constituting a total amount of DKK 1,500m and an additional facility of DKK 400m, available only for new acquisitions. At 31 December 2020 DKK 765.2m of the committed lines were utilised on borrowings and DKK 34.9m on guarantees, leaving a total of DKK 1,099.9m available in unutilised funding of which DKK 699.9m can be utilised for normal operations if needed with no additional costs or covenants.

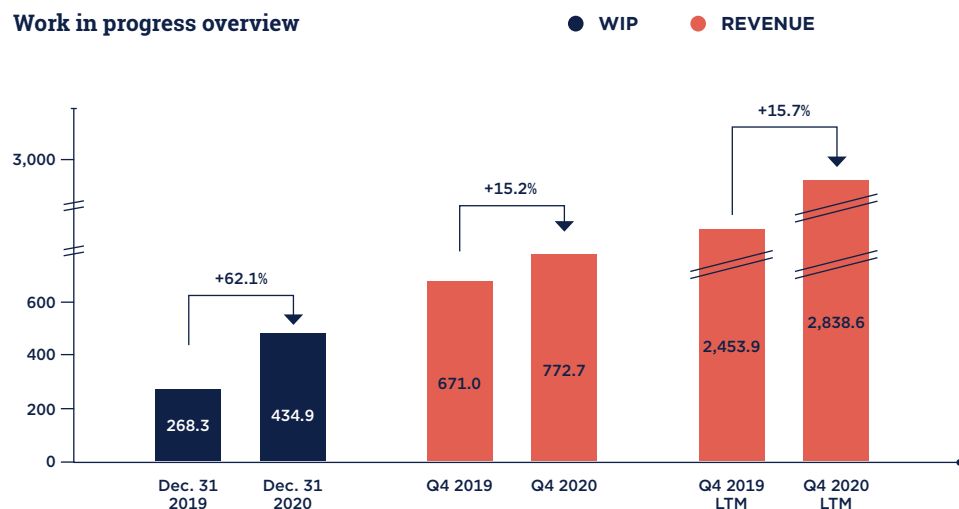
performance for 2020, Netcompany will propose a pay out of DKK 100m as dividend and share buyback for 2020.

Events after the balance sheet date

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

DKK million

Work in progress overview



In the beginning of October, Netcompany entered into a joint venture with Copenhagen Airport named Smarter Airports A/S, and thereby invested DKK 75m.

Risk management

Please refer to the overview of risk factors provided by the Group in the Annual Report for 2020.

Capital structure

Netcompany considers a debt ratio of between 0.5 to 1.0 as desirable. Based on current debt ratio at 0.6 and the actual

2020 Financial performance and guidance 2021

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

In 2020, the Group delivered revenue growth of 16.6% in constant currencies (15.7% reported) of which 15.5 percentage points was organic and 1 percentage point was non-organic related to the acquisition of QDelft (Netcompany Netherlands) in 2019.

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

end of 17% to 19% and to reduce its expectations to adjusted EBITA margin by 1 percentage point to around 25%.

Adjusted EBITA margin was 26.1% in constant currencies. Revenue growth in constant currencies and adjusted EBITA margin was in line with the revised guidance of the year.

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

The market for digitalisation in Denmark remained strong in 2020 and a number

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

In the UK, the transition away from independent contractors towards our own employees has almost been completed and, hence, the implementation of IR35 is not expected to have any negative impact

on Netcompany UK assuming resources are utilised. Additional investment, in the form of increased involvement from senior management in Denmark and in the further development of the UK business, is still expected.

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

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

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

Guidance for 2021

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

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

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

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

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

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

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

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

- No negative impact from macroeconomic events.
- No material improvement to the business environment in the UK following severe economic consequences from the COVID-19 in 2020 and the uncertainty of Brexit.
- Public digitalisation to continue on at least par level with 2020.

- No delay or deferral of ongoing or planned public tender processes.
- Continued digitalisation in the private sector in the markets where the Group has meaningful presence in that specific segment.
- Continued ability to attract, educate and retain talent throughout the Group.
- Ability to schedule training activities, social events, business travel and other meetings across our markets with no major restrictions.

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

Shareholder information

Capital

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

Share-based incentive schemes/restricted stock units

In total, 332,409 RSUs were issued at 31 December 2020, of which 104,403 were granted to Executive Management and 228,006 were granted to other Key Management Personnel and other employees. The fair value of the RSUs at grant was DKK 78.1m. The cost related hereto is expensed over the vesting period. A total amount of DKK 7m was recognised as personnel costs in the income statement in Q4 2020 and DKK 24.8m in 2020.

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

Contingent purchase price / restricted stock units

In connection with the acquisition of 100% of the shares of QDelft B.V. (now Netcompany Netherlands) in 2019, a total of 378,153 RSUs have been granted, which will vest in February 2023. Further 351,703 RSUs will be granted and vest in February 2023 depending performance in the period 2020-2022.

Dividends and share buyback

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

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

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

Financial Calendar

25 January 2021

Deadline for shareholders to submit proposals for the agenda of the Annual General Meeting 2021

28 February 2021

Annual Report for the financial year 2020

9 March 2021

Annual General Meeting 2021

6 May 2021

Interim report for the first 3 months of 2021

18 August 2021

Interim report for the first 6 months of 2021

4 November 2021

Interim report for the first 9 months of 2021

Statement of the Board of Directors and Executive Management

Today, the Board of Directors and Executive Management considered and approved the interim consolidated financial statements for Netcompany Group A/S ("Netcompany" or "the company" and together with all its subsidiaries "the Group") for the period 1 January 2020 to 31 December 2020. The Q4 2020 report has not been audited or reviewed by the company's independent auditors.

The interim consolidated financial statements have been prepared in accordance with IAS 34 as adopted by the EU and additional Danish regulations for the presentation of interim reports by listed companies. Furthermore, the interim report has been prepared in accordance with the accounting policies set out in the Group's Annual Report for 2020.

In our opinion, the accounting policies used are appropriate, and the overall presentation of the interim consolidated financial statements gives a true and fair view

of the Group's assets, liabilities and financial position as at 31 December 2020 and of the results of the Group's operations and cash flows for the period 1 January 2020 to 31 December 2020.

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

COPENHAGEN, 28 JANUARY 2021

Executive Management

André Rogaczewski
CEO

Claus Jørgensen
COO

Thomas Johansen
CFO

Board of Directors

Bo Rygaard
Chairman of the Board

Juha Christensen
Vice Chairman of the Board

Scanes Bentley

Hege Skryseth

Åsa Riisberg

CONSOLIDATED INTERIM FINANCIAL STATEMENTS



Statement of comprehensive income

DKK thousands	Note	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Income statement					
Revenue	1	772,749	670,994	2,838,590	2,453,853
Cost of services	2	-445,087	-387,238	-1,683,372	-1,458,102
Gross profit		327,662	283,756	1,155,218	995,751
Sales and marketing costs		-4,599	-3,088	-17,104	-11,742
Administrative costs	3	-99,575	-100,802	-393,741	-366,658
Special items	4	0	-24	-3	-4,398
EBITA		223,489	179,841	744,371	612,954
Amortisation		-23,530	-25,464	-99,426	-101,674
Operating profit (EBIT)		199,959	154,378	644,945	511,280
Financial income		1,610	13,147	19,347	39,930
Financial expenses		-7,019	-8,065	-66,306	-53,954
Fair value adjustment of contingent consideration		-141,268	0	-141,268	0
Income / loss from investment in joint venture		-5,035	0	-5,035	0
Profit / loss before tax		48,247	159,461	451,683	497,256
Tax on the profit for the period		-43,218	-33,871	-129,766	-108,786
Net profit / loss for the period		5,030	125,590	321,918	388,470
Earnings per share					
Earnings per share (DKK)		0.10	2.56	6.56	7.90
Diluted Earnings per share (DKK)		0.10	2.55	6.53	7.88

CONTINUED STATEMENT OF COMPREHENSIVE INCOME

DKK thousands	Note	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Statement of comprehensive income					
Net profit / loss for the period		5,030	125,590	321,918	388,470
Other comprehensive income:					
Foreign currency translation subsidiaries		2,716	-7,993	10,250	-11,928
Other comprehensive income, net of tax		2,716	-7,993	10,250	-11,928
Total comprehensive income		7,745	117,597	332,168	376,542

Statement of financial position

DKK thousands	Note	31 December 2020	31 December 2019
Assets			
Intangible assets		2,451,134	2,550,560
Tangible assets		135,321	146,223
Deferred tax assets		8,842	3,526
Other receivables		18,482	15,980
Investment in joint venture		69,965	0
Total non-current assets		2,683,745	2,716,290
Trade receivables	7	458,774	531,402
Receivables from joint venture		8,260	0
Contract work in progress	8	476,603	319,354
Other receivables		53,045	28,182
Cash		358,996	132,350
Total current assets		1,355,678	1,011,288
Total assets		4,039,423	3,727,577

DKK thousands	Note	31 December 2020	31 December 2019
Equity and liabilities			
Share capital		50,000	50,000
Treasury shares		-175,000	-175,000
Share-based remuneration		42,478	17,724
Exchange differences on translating foreign subsidiaries		-3,793	-14,044
Retained earnings		2,514,936	2,193,018
Total equity		2,428,621	2,071,699
Borrowings	9	760,556	958,642
Leasing		57,377	64,621
Other payables	10	173,207	31,140
Deferred tax liability		66,037	73,341
Total non-current liabilities		1,057,177	1,127,745
Leasing		35,392	39,359
Prebilled invoices	8	41,747	51,016
Trade payables		39,875	44,055
Other payables	10	393,944	363,274
Provisions	11	0	3,525
Income tax payable		42,667	26,905
Total current liabilities		553,625	528,135
Total liabilities		1,610,802	1,655,879
Total equity and liabilities		4,039,423	3,727,577

Cash flow statement

DKK thousands	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Operating profit (EBIT)	199,959	154,378	644,945	511,280
Depreciation and amortisation	40,178	41,432	164,431	157,946
Non-cash items	10,846	7,242	17,596	19,160
Working capital changes	20,463	-26,606	-103,248	-86,708
Total	271,447	176,446	723,724	601,679
Income taxes paid	-51,174	-44,993	-126,163	-115,669
Financial income received	427	1,257	2,533	3,816
Financial expenses paid	-8,107	-6,742	-19,220	-29,497
Cash flow from operating activities	212,592	125,968	580,873	460,329
Net cash outflow on acquisition of subsidiaries	0	0	0	-37,325
Cash and cash equivalents acquired	0	0	0	-8,519
Other investments	-75,000	0	-75,000	0
Acquisition of property, plant and equipment	-3,691	-9,129	-23,869	-24,578
Other receivables (deposits)	-1,723	-605	-2,779	-2,880
Cash flow from investment activities	-80,414	-9,734	-101,649	-73,302
Payment of treasury shares	0	0	0	-175,000
Proceeds from borrowings	0	0	0	75,000
Repayment of borrowings	0	-150,000	-200,000	-225,000
Repayment of right of use assets	-11,755	-10,961	-45,652	-38,414
Cash flow from financing activities	-11,755	-160,961	-245,652	-363,414
Net increase in cash and cash equivalents	120,423	-44,728	233,573	23,612
Cash and cash equivalents at the beginning	236,688	176,631	132,350	107,666
Effect of exchange rate changes on the balance cash held in foreign currencies	1,886	448	-6,927	1,072
Cash and cash equivalents at the end	358,996	132,350	358,996	132,350

Statement of changes in equity

DKK thousands	Share capital	Treasury shares	Share-based remuneration	Foreign currency translation subsidiaries	Retained earnings	Total
Equity at 1 October 2020	50,000	-175,000	35,433	-6,509	2,509,906	2,413,830
Share-based remuneration for the period	0	0	7,045	0	0	7,045
Profit for the period	0	0	0	0	5,030	5,030
Other comprehensive income	0	0	0	2,716	0	2,716
Equity at 31 December 2020	50,000	-175,000	42,478	-3,793	2,514,936	2,428,621
Equity at 1 January 2020	50,000	-175,000	17,724	-14,044	2,193,018	2,071,699
Share-based remuneration for the period	0	0	24,754	0	0	24,754
Profit for the period	0	0	0	0	321,918	321,918
Other comprehensive income	0	0	0	10,250	0	10,250
Equity at 31 December 2020	50,000	-175,000	42,478	-3,793	2,514,936	2,428,621

CONTINUED STATEMENT OF CHANGES IN EQUITY

DKK thousands	Share capital	Treasury shares	Share-based remuneration	Foreign currency translation subsidiaries	Retained earnings	Total
Equity at 1 October 2019	50,000	-175,000	14,365	-6,051	2,067,428	1,950,743
Share-based remuneration for the period	0	0	3,359	0	0	3,359
Profit for the period	0	0	0	0	125,590	125,590
Other comprehensive income	0	0	0	-7,993	0	-7,993
Equity at 31 December 2019	50,000	-175,000	17,724	-14,044	2,193,018	2,071,699
Equity at 1 January 2019	50,000	0	3,818	-2,116	1,754,548	1,806,250
Treasury Shares for the period	0	-175,000	0	0	50,000	-125,000
Share-based remuneration for the period	0	0	13,906	0	0	13,906
Profit for the period	0	0	0	0	388,470	388,470
Other comprehensive income	0	0	0	-11,928	0	-11,928
Equity at 31 December 2019	50,000	-175,000	17,724	-14,044	2,193,018	2,071,699

NOTE 1

Segment information

Segment information related to geographical areas

DKK thousands	Q4 2020					Total
	Denmark	Norway	UK	Netherlands	Other	
Revenue from external customers	600,595	58,116	83,182	30,856	0	772,749
EBITA, operating entities	202,703	5,659	6,359	8,767	0	223,489
Allocated cost	8,686	-2,889	-7,484	-1,048	2,735	0
EBITA, reported in legal entities	211,389	2,770	-1,125	7,719	2,735	223,489

DKK thousands	Q4 2019					Total
	Denmark	Norway	UK	Netherlands	Other	
Revenue from external customers	505,334	50,933	98,470	16,258	0	670,994
EBITA, operating entities	163,544	4,795	14,649	-3,147	0	179,842
Allocated cost	1,877	-516	-5,754	-890	5,282	-1
EBITA, reported in legal entities	165,422	4,280	8,895	-4,037	5,282	179,841

CONTINUED NOTE 1 SEGMENT INFORMATION

DKK thousands	YTD 2020					Total
	Denmark	Norway	UK	Netherlands	Other	
Revenue from external customers	2,199,865	199,778	340,315	98,632	0	2,838,590
EBITA, operating entities	706,183	11,988	9,377	16,823	0	744,371
Allocated cost	14,590	2,761	-20,064	-3,486	6,198	0
EBITA, reported in legal entities	720,773	14,750	-10,687	13,337	6,198	744,371

DKK thousands	YTD 2019					Total
	Denmark	Norway	UK	Netherlands	Other	
Revenue from external customers	1,818,811	198,396	399,286	37,361	0	2,453,854
EBITA, operating entities	541,145	31,306	47,053	-6,549	0	612,954
Allocated cost	30,499	-3,965	-21,004	-1,649	-3,882	0
EBITA, reported in legal entities	571,643	27,341	26,049	-8,198	-3,882	612,954

*Other legal entities consist of administrative Danish companies and companies in Poland and Vietnam.

NOTE 2

Cost of services

DKK thousands	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Cost of services	-65,622	-82,498	-255,491	-341,354
Salaries	-375,268	-301,040	-1,412,104	-1,103,599
Depreciation	-4,196	-3,701	-15,777	-13,149
Cost of services total	-445,087	-387,238	-1,683,372	-1,458,102

NOTE 3

Administrative costs

DKK thousands	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Administrative costs	-46,780	-48,801	-179,992	-181,372
Salaries	-40,342	-39,733	-164,520	-142,164
Depreciation	-12,453	-12,268	-49,228	-43,122
Administrative costs total	-99,575	-100,802	-393,741	-366,658

NOTE 4

Special items

DKK thousands	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Costs related to IPO	0	0	0	0
Costs related to M&A	0	-25	-3	-4,398
Total special items	0	-24	-3	-4,398

NOTE 5

Financial income and expenses

DKK thousands	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Financial Income				
Exchange rate adjustments	1,591	13,121	19,266	39,873
Other financial income	20	27	81	57
Financial income total	1,610	13,147	19,347	39,930
Financial expenses				
Interest expense, bank loan	-2,590	-4,369	-13,661	-18,788
Interest expense, leasing	-910	-1,033	-3,986	-3,313
Exchange rate adjustments	-1,830	-1,348	-43,177	-23,974
Other financial expenses	-1,689	-1,314	-5,481	-7,879
Financial expenses total	-7,019	-8,065	-66,306	-53,954

NOTE 6

Earnings per share

DKK thousands	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Earnings per share - EPS (DKK)	0.10	2.56	6.56	7.90
Diluted earnings per share - EPS-D (DKK)	0.10	2.55	6.53	7.88
Profit	5,030	125,590	321,918	388,470
Average number of shares	50,000	50,000	50,000	50,000
Average number of treasury shares	900	900	900	818
Average number of shares in circulation	49,100	49,100	49,100	49,182
Average number of outstanding restricted stock units	263	148	215	111
Average number of diluted shares in circulation	49,363	49,248	49,316	49,293

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

NOTE 7

Trade receivables

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

The Group is continuously conducting individual assessments of bad debt. If this leads to an assessment that the Group will not be able to collect the amount accounted for an allowance for bad debt is made. At 31 December 2020, the Group recognised a provision for expected credit losses of DKK 5.8m (31 December 2019: DKK 0.8m), and no credit losses have incurred during Q4 2019.

The credit quality of trade receivables at 31 December 2020 is considered satisfactory.

NOTE 8

Contract work in progress

DKK thousands	31 December 2020	31 December 2019
Selling price of work performed on fixed price projects	1,083,501	850,415
Invoiced amount on fixed price projects	-648,646	-582,077
Total contract work in progress	434,856	268,339

Net value – stated on a contract-per-contract basis – is presented in the statement of financial position as follows:

Contract work in progress	476,603	319,354
Prebilled invoices	-41,747	-51,016
Total contract work in progress	434,856	268,339

NOTE 9

Borrowings

DKK thousands	Currency	Maturity	Fixed or floating interest	Loan cost	Nominal value	Carrying amount
Bank loan	DKK	2023	Floating	4,626	765,182	760,556
31 December 2020				4,626	765,182	760,556

DKK thousands	Currency	Maturity	Fixed or floating interest	Loan cost	Nominal value	Carrying amount
Bank loan	DKK	2023	Floating	6,540	965,182	958,642
31 December 2019				6,540	965,182	958,642

NOTE 10

Other payables

DKK thousands	31 December 2020	31 December 2019
Wages and salaries, payroll taxes, social security costs, etc payable	53,235	44,521
Holiday pay obligation	144,836	126,595
VAT and duties	58,889	58,684
Contingent purchase price & earn out	261,709	120,441
Other costs payable	48,482	44,173
Total other payables	567,151	394,414

For further details on contingent purchase price and earn out, please refer Annual Report 2020 note 14.

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

NOTE 11

Provision

DKK thousands	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Onerous contracts and warranty obligations beginning of period	0	16,395	3,525	36,087
Decrease in the period	0	-12,870	-3,525	-32,562
Onerous contracts and warranty obligations end of period	0	3,525	0	3,525

NOTE 12

Income Statement classified by function

DKK thousands	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Income statement				
Revenue	772,749	670,994	2,838,590	2,453,853
Cost of services, incl. depreciation and amortisation	-445,087	-387,238	-1,683,372	-1,458,102
Gross profit	327,662	283,756	1,155,218	995,751
Sales and marketing costs, incl. depreciation and amortisation	-4,599	-3,088	-17,104	-11,742
Administrative costs, incl. depreciation and amortisation	-123,104	-126,290	-493,170	-472,729
Operating profit (EBIT)	199,959	154,378	644,945	511,280
Financial income	1,610	13,147	19,347	39,930
Financial expenses	-7,019	-8,065	-66,306	-53,954
Fair value adjustment of contingent consideration	-141,268	0	-141,268	0
Income / loss from investment in joint venture	-5,035	0	-5,035	0
Profit / loss before tax	48,247	159,461	451,683	497,256
Tax on the profit for the period	-43,218	-33,871	-129,766	-108,786
Net profit / loss for the period	5,030	125,590	321,918	388,470
Depreciation and Amortisation have been presented as follows in the income statement:				
Cost of services	-4,196	-3,701	-15,777	-13,149
Administrative costs	-35,982	-37,732	-148,654	-144,796
Depreciation and amortisation	-40,178	-41,432	-164,431	-157,946

NOTE 13

Collateral provided and contingent liabilities

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

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

NOTE 14

Related party transactions

In Q4 2020, Netcompany recognised revenue from Smarter Airports A/S of DKK 20.5m.

NOTE 15

Financial figures and highlights

DKK million	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Income statement								
Revenue								
Public	465.9	436.3	442.2	433.3	406.9	356.4	341.5	350.8
Private	306.9	258.4	233.4	262.2	264.1	235.7	251.6	246.9
<i>Revenue by segments, total</i>	<i>772.7</i>	<i>694.7</i>	<i>675.5</i>	<i>695.6</i>	<i>671.0</i>	<i>592.1</i>	<i>593.1</i>	<i>597.7</i>
Development	433.7	380.1	347.4	355.7	338.9	299.1	289.7	330.0
Maintenance	339.1	314.6	328.1	339.8	332.1	293.0	303.4	267.6
<i>Revenue by types, total</i>	<i>772.7</i>	<i>694.7</i>	<i>675.5</i>	<i>695.6</i>	<i>671.0</i>	<i>592.1</i>	<i>593.1</i>	<i>597.7</i>
Organic	772.7	694.7	667.1	677.9	654.7	578.1	586.0	597.7
Acquisition	0.0	0.0	8.5	17.7	16.3	14.0	7.1	0.0
<i>Revenue by growth, total</i>	<i>772.7</i>	<i>694.7</i>	<i>675.5</i>	<i>695.6</i>	<i>671.0</i>	<i>592.1</i>	<i>593.1</i>	<i>597.7</i>
Special items	0.0	0.0	0.0	-0.0	-0.0	-0.6	-2.7	-1.1
Adjusted EBITA	223.5	195.5	161.3	164.1	179.9	164.1	126.1	147.2
EBITA	223.5	195.5	161.3	164.1	179.8	163.5	123.5	146.1
Operating profit (EBIT)	200.0	170.2	136.0	138.8	154.4	137.5	98.9	120.5
Net financials	-5.4	-6.2	-16.2	-19.2	5.1	-3.7	-21.3	5.9
Net profit / loss	5.0	128.1	96.0	92.8	125.6	102.5	61.7	98.7
Financial position								
Capex	-3.7	-5.3	-3.3	-11.6	-9.1	-4.3	-5.0	-6.1
Total assets	4,039.4	3,875.9	3,916.8	3,791.6	3,727.6	3,731.5	3,680.0	3,582.2
Equity	2,428.6	2,413.8	2,281.1	2,169.5	2,071.7	1,950.7	1,847.8	1,772.6
Net increase in cash and cash equivalents	120.4	-62.7	92.1	83.8	-44.7	40.8	-29.2	65.2
Free cash flow	208.9	149.9	103.1	95.0	116.8	126.5	117.2	75.2
Free cash flow (tax normalised)	210.5	115.0	75.7	136.0	117.4	89.6	99.1	111.1

CONTINUED NOTE 15 FINANCIAL FIGURES AND HIGHLIGHTS

DKK million	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Earnings per share								
Earnings per share (DKK)	0.10	2.61	1.96	1.89	2.56	2.09	1.26	2.00
Diluted Earnings per share (DKK)	0.10	2.60	1.95	1.88	2.55	2.08	1.25	1.99
Employees								
Average number of full-time employees	2,996	2,827	2,663	2,585	2,468	2,345	2,259	2,099
Financial ratios								
Revenue growth	15.2%	17.3%	13.9%	16.4%	23.5%	20.8%	18.0%	15.6%
Gross profit margin	42.4%	42.2%	38.4%	39.5%	42.3%	43.2%	37.6%	39.1%
Adjusted EBITA margin	28.9%	28.1%	23.9%	23.6%	26.8%	27.7%	21.3%	24.6%
EBITA margin	28.9%	28.1%	23.9%	23.6%	26.8%	27.6%	20.8%	24.4%
Operating profit margin	25.9%	24.5%	20.1%	19.9%	23.0%	23.2%	16.7%	20.2%
Effective tax rate	89.6%	21.9%	19.9%	22.4%	21.2%	23.4%	20.5%	21.9%
Return on equity	0.2%	5.9%	4.6%	4.7%	6.5%	5.6%	3.5%	5.7%
Solvency ratio	60.1%	62.3%	58.2%	57.2%	55.6%	52.3%	50.2%	49.5%
ROIC	0.2%	4.4%	3.3%	3.3%	4.4%	3.6%	2.2%	3.6%
ROIC (Adjusted for Goodwill)	0.8%	19.8%	14.7%	14.8%	18.9%	16.3%	10.0%	16.4%
Cash conversion rate	893.4%	101.4%	89.1%	84.4%	80.3%	103.1%	145.0%	63.3%
Cash conversion rate (tax normalised)	900.4%	77.8%	65.4%	120.9%	80.7%	73.0%	122.6%	92.7%

NOTE 16

Accounting policies

The annual consolidated financial statements of the Group are prepared in accordance with IFRS as adopted by the European Union. The interim consolidated financial statements included in this Q4 2020 financial report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. The accounting policies applied are consistent with those applied in the consolidated Annual Report for the year ended 31 December 2020 for Netcompany Group A/S.

Formulas

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

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

Gross profit margin*	=	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$	EBITDA*	=	EBIT + Depreciation and amortisation	Days sales outstanding*	=	$\frac{\text{Trade receivables} \times \text{days}}{\text{Revenue}}$
EBITA*	=	Operating profit + Amortisation	EPS*	=	$\frac{\text{Net profit}}{\text{Average outstanding shares}}$	Return on equity*	=	$\frac{\text{Net profit} \times 100}{\text{Average equity}}$
EBITA margin*	=	$\frac{\text{EBITA} \times 100}{\text{Revenue}}$	EPS diluted*	=	$\frac{\text{Net profit}}{\text{Average outstanding shares} + \text{Diluted shares}}$	ROIC*	=	$\frac{\text{Net profit} \times 100}{\text{Average invested capital} - \text{average capital}}$
Adjusted EBITA	=	EBITA + Special items	Free cash flow*	=	Cash flow from operating activities – Capex	ROIC (Adjusted for Goodwill)*	=	$\frac{\text{Net profit} \times 100}{\text{Average invested capital} - \text{average Goodwill}}$
Adjusted EBITA margin	=	$\frac{\text{Adjusted EBITA} \times 100}{\text{Revenue}}$	CAPEX*	=	Cost spent to buy intangible and tangible assets, excluding impact from business acquisitions	Solvency (equity ratio)*	=	$\frac{\text{Equity} \times 100}{\text{Total assets}}$
Operating profit margin*	=	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$	Cash conversion ratio	=	$\frac{\text{Free cash flow} \times 100}{\text{Net profit} - \text{amortisation and deferred tax of amortisation}}$			

Disclaimer

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

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

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

Although Netcompany believes that the estimates and projections reflected in the forward-looking statements are reasonable, they may prove materially incorrect, and actual results may materially differ, e.g. as the result of risks related to the industry in general or Netcompany in particular, including those described in Netcompany Group A/S' Annual Report 2020 and other information made available by Netcompany.

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

keting practices, unexpected growth in costs and expenses, failure to recruit and retain the right employees, and failure to maintain a culture of compliance.

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

The Annual Report 2020 of Netcompany Group A/S is available at our website www.netcompany.com

About Netcompany

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