

# netcompany

# Q3 | 20

Company Announcement  
Nine months ended 30 September 2020

Netcompany continues to grow  
revenue and increases margins in  
Q3 2020

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# Summary

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In Q3 2020, Netcompany grew revenue in constant currencies to DKK 699.1m – 18.1% compared to the same period last year. In reported currencies revenue grew 17.3%.

Adjusted EBITA grew 19.1% to DKK 195.5m compared to DKK 164.1m in Q3 2019, corresponding to an adjusted EBITA margin of 28.1%.

Average number of full-time employees grew 482 from 2.345 in Q3 2019 to 2.827 in Q3 2020, corresponding to a growth of 20.5% - all organic.

Free cash flow remained strong and improved by 18.5% from DKK 126.5m in Q3 2019 to DKK 149.9m in Q3 2020. As a consequence of the strong cash flow Netcompany reduced bank debt by DKK 200m in Q3 2020.

Based on current expectations for full year performance, Netcompany expects to redistribute around DKK 100m to the shareholders for the full year 2020 by a combination of dividends and share buy backs, to be initiated in 2021.

At the start of October 2020, revenue visibility for the full year of 2020 was DKK 2,719.9m compared to DKK 2,387.4m at the same time in 2019.

The second wave of COVID-19 has a significant negative impact particularly in the UK, as cautioned in connection with the Q2 2020 report. Thus, Netcompany expects revenue growth to be around 2 percentage points lower than previously expected, and adjusted EBITA margin to be around 1 percentage point lower than previously expected.

For 2021, Netcompany expects revenue growth of between 15% to 20%, still with a high degree of uncertainty related to the continued impact from COVID-19, and adjusted EBITA margins around 25%.

“I am proud to see the significant positive development that Q3 brought to two of our markets outside of Denmark – Norway and The Netherlands. In Norway, we won a significant development contract with the National Medicines Agency and in The Netherlands our business more than doubled compared to the same period last year.

We grew more than 18% and realised 28% in margin. However, we also witnessed the underlying economic conditions in the UK deteriorate significantly following the impact COVID-19 has had and continues to have.

The negative development in the UK leads us to reduce our expectations to revenue growth by around 2 percentage points and adjusted EBITA margin by around 1 percentage point.

Despite this adjustment, I am humbled by how we have performed during unprecedented times and at the same time it makes me really delighted to have welcomed close to 400 new employees to the Netcompany family during Q3.”

**André Rogaczewski**

NETCOMPANY CEO AND CO-FOUNDER

# Performance highlights Q3

## Financial overview

DKK million	Q3 2020 (reported)	Q3 2020 (constant)*	Q3 2019	% change (reported)	% change (constant)*
Revenue	694.7	699.1	592.1	17.3%	18.1%
Gross profit	293.3	294.2	255.7	14.7%	15.1%
Adjusted EBITA	195.5	195.6	164.1	19.1%	19.2%
<i>Adjusted EBITA margin</i>	28.1%	28.0%	27.7%	0.4pp	0.3pp
EBITA	195.5	195.6	163.5	19.6%	19.6%
<i>EBITA margin</i>	28.1%	28.0%	27.6%	0.5pp	0.4pp
Operating profit	170.2	170.3	137.5	23.7%	23.8%
<i>Operating profit margin</i>	24.5%	24.4%	23.2%	1.3pp	1.1pp
Net profit / loss	128.1	128.1	102.5	25.0%	25.0%
Capex	-5.3	N/A	-4.3	21.5%	N/A
Net increase / decrease in cash and cash equivalents	-62.7	N/A	40.8	-253.7%	N/A

\*Constant currencies measured using average exchange rates for Q3 2019

- Revenue increased by 17.3% (18.1% constant) to DKK 694.7m in reported currencies.
- Gross profit margin was 42.2% in Q3 2020 against 43.2% in Q3 2019.
- Adjusted EBITA increased 19.1% and yielded a margin of 28.1%.
- Free cash flow remained strong and improved by 18.5% to DKK 149.9m.
- Cash conversion rate was 101.4% and normalised for tax payment conversion rate was 77.8%.
- Debt leverage to 12 months rolling adjusted EBITA was 0.8.
- Strong free cashflow was used to reduce bank debt with DKK 200m and total cash and cash equivalents increased from DKK 176.6m in Q3 2019 to DKK 236.7m in Q3 2020.

# Performance highlights 9 months

## Financial overview

DKK million	YTD 2020 (reported)	YTD 2020 (constant)*	YTD 2019	% change (reported)	Netcompany Netherlands non-organic impact**	% change (constant)*	Total 2019
Revenue	2,065.8	2,079.4	1,782.9	15.9%	1.5pp	16.6%	2,453.9
Gross profit	827.6	830.4	712.0	16.2%	1.2pp	16.6%	995.8
Adjusted EBITA	520.9	521.6	437.5	19.1%	0.3pp	19.2%	617.4
<i>Adjusted EBITA margin</i>	25.2%	25.1%	24.5%	0.7pp	-0.3pp	0.5pp	25.2%
EBITA	520.9	521.6	433.1	20.3%	0.3pp	20.4%	613.0
<i>EBITA margin</i>	25.2%	25.1%	24.3%	0.9pp	-0.3pp	0.8pp	25.0%
Operating profit	445.0	445.7	356.9	24.7%	-0.1pp	24.9%	511.3
<i>Operating profit margin</i>	21.5%	21.4%	20.0%	1.5pp	-0.3pp	1.4pp	20.8%
Net profit / loss	316.9	317.5	262.9	20.5%	-0.2pp	20.8%	388.5
Capex	-20.2	N/A	-15.4	30.6%	N/A	N/A	-24.6
Net increase / decrease in cash and cash equivalents	113.1	N/A	76.9	47.2%	N/A	N/A	32.1

\*Constant currencies measured using average exchange rates for 2019

- Revenue increased by 15.9% to DKK 2,065.8m in reported currencies and by 16.6% in constant currencies.
- Gross profit margin was 40.1% against 39.9% for the same period in 2019.
- Free cash flow remained strong and increased from DKK 318.9m in 9M 2019 to DKK 348.1m in 9M 2020.
- Normalised cash conversion rate was 86.9%.

# Conference call details

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In connection with the publication of the results for Q3 2020, Netcompany will host a conference call on 6 November 2020 at 12.00 am CEST.

The conference call will be held in English and can be followed live via the company's website; [www.netcompany.com](http://www.netcompany.com)

## Dial-in details for investors and analysts

### DK

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### UK

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### US

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## Confirmation code

598046

## Webcast Player URL

<https://streams.eventcdn.net/netcompany/2020q3>

## Additional information

### André Rogaczewski, CEO

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### Thomas Johansen, CFO

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# Financial highlights and key figures

DKK million	Q3 2020	Q3 2019	% change Q3	YTD 2020	YTD 2019	% change YTD
<b>Income statement</b>						
Revenue						
Public	436.3	356.4	22.4%	1,311.8	1,048.7	25.1%
Private	258.4	235.7	9.6%	754.0	734.2	2.7%
<i>Revenue by segments, total</i>	694.7	592.1	17.3%	2,065.8	1,782.9	15.9%
Development	380.1	299.1	27.1%	1,083.3	918.8	17.9%
Maintenance	314.6	293.0	7.4%	982.6	864.0	13.7%
<i>Revenue by types, total</i>	694.7	592.1	17.3%	2,065.8	1,782.9	15.9%
Organic	694.7	578.1	20.2%	2,039.7	1,761.8	15.8%
Acquisition	0.0	14.0	-100.0%	26.2	21.1	23.9%
<i>Revenue by growth, total</i>	694.7	592.1	17.3%	2,065.8	1,782.9	15.9%
Special items	0.0	-0.6	-100.0%	-0.0	-4.4	-99.9%
Adjusted EBITA	195.5	164.1	19.1%	520.9	437.5	19.1%
EBITA	195.5	163.5	19.6%	520.9	433.1	20.3%
Operating profit (EBIT)	170.2	137.5	23.7%	445.0	356.9	24.7%
Net financials	-6.2	-3.7	67.6%	-41.5	-19.1	117.5%
Net profit / loss	128.1	102.5	25.0%	316.9	262.9	20.5%
<b>Financial position</b>						
Capex	-5.3	-4.3	21.5%	-20.2	-15.4	30.6%
Total assets	3,875.9	3,731.5	3.9%	3,875.9	3,731.5	3.9%
Equity	2,413.8	1,950.7	23.7%	2,413.8	1,950.7	23.7%
Dividends Paid	0.0	0.0	N/A	0.0	0.0	N/A
Net increase in cash and cash equivalents	-62.7	40.8	-253.7%	113.1	76.9	47.2%
Free cash flow	149.9	126.5	18.5%	348.1	318.9	9.2%
Free cash flow (tax normalised)	115.0	89.6	28.4%	326.8	299.8	9.0%

**CONTINUED FINANCIAL HIGHLIGHTS AND KEY FIGURES**

DKK million	Q3 2020	Q3 2019	% change Q3	YTD 2020	YTD 2019	% change YTD
<b>Earnings per share</b>						
Earnings per share (DKK)	2.61	2.09	25.0%	6.45	5.34	20.8%
Diluted earnings per share (DKK)	2.60	2.08	24.7%	6.42	5.33	20.5%
<b>Employees</b>						
Average number of full-time employees	2,827	2,345	20.5%	2,691	2,234	20.5%
<b>Financial ratios</b>						
Revenue growth	17.3%	20.8%	-3.4pp	15.9%	18.1%	-2.2pp
Gross profit margin	42.2%	43.2%	-1.0pp	40.1%	39.9%	0.1pp
Adjusted EBITA margin	28.1%	27.7%	0.4pp	25.2%	24.5%	0.7pp
EBITA margin	28.1%	27.6%	0.5pp	25.2%	24.3%	0.9pp
Operating profit margin	24.5%	23.2%	1.3pp	21.5%	20.0%	1.5pp
Effective tax rate	21.9%	23.4%	-1.5pp	21.5%	22.2%	-0.7pp
Return on equity	5.9%	5.6%	0.3pp	14.5%	14.3%	0.3pp
Solvency ratio	62.3%	52.3%	10.0pp	62.3%	52.3%	10.0pp
ROIC	4.4%	3.6%	0.8pp	10.9%	9.3%	1.6pp
ROIC (Adjusted for Goodwill)	19.8%	16.3%	3.6pp	49.1%	41.8%	7.3pp
Cash conversion rate	101.4%	103.1%	-1.6pp	92.6%	98.9%	-6.4pp
Cash conversion rate (tax normalised)	77.8%	73.0%	4.8pp	86.9%	93.0%	-6.1pp



# Performance overview Q3

DKK million	Q3 2020 (reported)	Q3 2020 (constant)*	Q3 2019	% change (reported)	% change (constant)*
Revenue	694.7	699.1	592.1	17.3%	18.1%
Cost of services	-401.4	-404.9	-336.4	19.3%	20.4%
<b>Gross profit</b>	<b>293.3</b>	<b>294.2</b>	<b>255.7</b>	<b>14.7%</b>	<b>15.1%</b>
<i>Gross profit margin</i>	42.2%	42.1%	43.2%	-1.0pp	-1.1pp
Sales and marketing costs	-4.3	-4.3	-2.6	65.3%	65.8%
Administrative costs	-93.6	-94.3	-88.9	5.2%	6.1%
<b>Adjusted EBITA</b>	<b>195.5</b>	<b>195.6</b>	<b>164.1</b>	<b>19.1%</b>	<b>19.2%</b>
<i>Adjusted EBITA margin</i>	28.1%	28.0%	27.7%	0.4pp	0.3pp
Special items	0.0	0.0	-0.6	-100.0%	-100.0%
<b>EBITA</b>	<b>195.5</b>	<b>195.6</b>	<b>163.5</b>	<b>19.6%</b>	<b>19.6%</b>
<i>EBITA margin</i>	28.1%	28.0%	27.6%	0.5pp	0.4pp
Amortisation	-25.3	-25.3	-26.0	-2.6%	-2.6%
<b>Operating profit (EBIT)</b>	<b>170.2</b>	<b>170.3</b>	<b>137.5</b>	<b>23.7%</b>	<b>23.8%</b>
<i>Operating profit margin</i>	24.5%	24.4%	23.2%	1.3pp	1.1pp
Net financials	-6.2	-6.3	-3.7	67.6%	68.1%
<b>Profit / loss before tax</b>	<b>163.9</b>	<b>164.0</b>	<b>133.8</b>	<b>22.5%</b>	<b>22.6%</b>
Tax	-35.9	-35.9	-31.3	14.5%	14.6%
<i>Effective tax rate</i>	21.9%	21.9%	23.4%	-1.5pp	-1.5pp
<b>Net profit / loss</b>	<b>128.1</b>	<b>128.1</b>	<b>102.5</b>	<b>25.0%</b>	<b>25.0%</b>

\*Constant currencies measured using average exchange rates for Q3 2019

Reported revenue grew 17.3% (constant 18.1%) in Q3 2020 to DKK 694.7, which was all organic. Growth was driven by continued strong performance in the Danish operation, which grew by more than 24%. In addition, the strong momentum seen in Q2 in the Dutch operation continued into Q3 leading to more than doubled revenue in Q3 2020 growing by 108.3%.

The strong growth in Denmark and Netherlands was somewhat offset by slower growth in Norway, which realised revenue growth at 5.4%. However, the main negative contributing factor on the overall Q3 revenue growth came from the performance in the UK, that saw revenue decline by more than 17% in Q3 as a consequence of the severe impact the COVID-19 pandemic has had, and continues to have, on the UK economy in particular.

Gross profit margin was slightly lower in Q3 2020 at 42.2% - 1 percentage point lower than the same period last year - which was attributable to the performance in Norway and UK and the impact from the release of DKK 10m in contin-

**CONTINUED PERFORMANCE OVERVIEW Q3**

Gross profit margin was

**42.2%**



agency risk reserve in Q3 2019. The impact from the release of the contingency risk reserve in 2019 impacted gross margin in Q3 2019 positively by 1 percentage point and adjusting for this impact, gross profit margin in Q3 2020 was in line with Q3 2019. In Denmark, gross profit margin was in line with Q3 2019 while gross profit margin in the Netherlands increased. Apart from the UK, efficiencies have remained high with utilisation ratios in line with Q3 2019, despite the impact from the COVID-19 pandemic and the increased amount of work being done remote from home. The loss of revenue in the UK, combined with the transition away from independent contractors to own employees, led to an increased amount of resources effectively being underutilised, which yielded a loss of gross profit margin in the UK from 26.6% in Q3 2019 to 11.4% in Q3 2020.

Sales and marketing costs increased by more than 65%, however, from a low monetary level and was DKK 4.3m in Q3 2020. The increased costs were a result of continued branding activities of Netcompany outside of Denmark.

Administrative costs were positively impacted (meaning lower costs) by the reduced activity level in society in general following restrictions imposed by various governments following the COVID-19 pandemic responses. On a Group level, administrative costs increased by 5.2% from DKK 88.9m to DKK 93.6m in Q3 2020. Hence, the addition of 482 full-time employees – corresponding to an increase of more than 20% compared to Q3 2019 – did not lead to the relative same increase in administrative costs, as costs for training, travel, social activities and other related costs were significantly reduced in the quarter. The reduction of these types of administrative costs is not expected to be a structural change to the spending pattern for the Group. Also, it is too early to conclude what changes to travel patterns the current COVID-19 pandemic will potentially

lead to in the future, if any.

The low level of administrative costs had a positive impact on adjusted EBITA margin, which increased by 0.4 percentage point to 28.1%. Adjusted for the impact from the release of the DKK 10m contingency risk reserve in Q3 2019, the increase would have been 1.7 percentage points despite the negative impact from both Norway and the UK that generated lower adjusted EBITA margins in Q3. The Danish operation was on par with margins compared to the same period last year, and the Dutch operation improved adjusted EBITA margins from negative 14% in Q3 2019 to positive 20.9% in Q3 2020 as a consequence of rapid implementation of the Netcompany business model and a healthy project portfolio.

Adjusted EBITA increased by

**19.1%**



Amortisation of intangible assets are in line with Q3 2019 at DKK 25.3m.

Operating profit (EBIT) increased by 23.7% to DKK 170.2m leading to an operating profit margin of 24.5% compared to 23.2% the same period last year.

Net financial costs were DKK 6.2m compared to DKK 3.7m in Q3 2019. The increased net financial costs were driven by net exchange adjustments, which impacted net financial costs negatively with DKK 0.4m in Q3 2020 compared to Q3 2019 where net exchange adjustments impacted net financial cost positively by DKK 3.2m. Interest costs on bank loans were reduced from DKK 4.9m to DKK 3.5m, as a result of lower nominal interest rate and lower net interest bearing debt compared to Q3 2019.

Effective tax rate was 21.9% - 1.5 percentage points lower than in the same period last year – leading to a net profit for the period of DKK 128.1m compared to DKK 102.5m in Q3 2019 – an improvement of 25%.

# Performance overview 9 months

DKK million	YTD 2020 (reported)	YTD 2020 (constant)*	YTD 2019	% change (reported)	Netcompany Netherlands non-organic impact**	% change (constant)*	Total 2019
Revenue	2,065.8	2,079.4	1,782.9	15.9%	1.5pp	16.6%	2,453.9
Cost of services	-1,238.3	-1,248.9	-1,070.9	15.6%	1.7pp	16.6%	-1,458.1
<b>Gross profit</b>	<b>827.6</b>	<b>830.4</b>	<b>712.0</b>	<b>16.2%</b>	<b>1.2pp</b>	<b>16.6%</b>	<b>995.8</b>
<i>Gross profit margin</i>	<i>40.1%</i>	<i>39.9%</i>	<i>39.9%</i>	<i>0.1pp</i>	<i>-0.1pp</i>	<i>0.0pp</i>	<i>40.6%</i>
Sales and marketing costs	-12.5	-12.6	-8.7	44.5%	0.1pp	45.1%	-11.7
Administrative costs	-294.2	-296.3	-265.9	10.6%	2.7pp	11.5%	-366.7
<b>Adjusted EBITA</b>	<b>520.9</b>	<b>521.6</b>	<b>437.5</b>	<b>19.1%</b>	<b>0.3pp</b>	<b>19.2%</b>	<b>617.4</b>
<i>Adjusted EBITA margin</i>	<i>25.2%</i>	<i>25.1%</i>	<i>24.5%</i>	<i>0.7pp</i>	<i>-0.3pp</i>	<i>0.5pp</i>	<i>25.2%</i>
Special items	-0.0	-0.0	-4.4	-99.9%	0.0pp	-99.9%	-4.4
<b>EBITA</b>	<b>520.9</b>	<b>521.6</b>	<b>433.1</b>	<b>20.3%</b>	<b>0.3pp</b>	<b>20.4%</b>	<b>613.0</b>
<i>EBITA margin</i>	<i>25.2%</i>	<i>25.1%</i>	<i>24.3%</i>	<i>0.9pp</i>	<i>-0.3pp</i>	<i>0.8pp</i>	<i>25.0%</i>
Amortisation	-75.9	-75.9	-76.2	-0.4%	1.8pp	-0.4%	-101.7
<b>Operating profit (EBIT)</b>	<b>445.0</b>	<b>445.7</b>	<b>356.9</b>	<b>24.7%</b>	<b>-0.1pp</b>	<b>24.9%</b>	<b>511.3</b>
<i>Operating profit margin</i>	<i>21.5%</i>	<i>21.4%</i>	<i>20.0%</i>	<i>1.5pp</i>	<i>-0.3pp</i>	<i>1.4pp</i>	<i>20.8%</i>
Net financials	-41.5	-41.6	-19.1	117.5%	2.3pp	117.6%	-14.0
<b>Profit / loss before tax</b>	<b>403.4</b>	<b>404.1</b>	<b>337.8</b>	<b>19.4%</b>	<b>-0.2pp</b>	<b>19.6%</b>	<b>497.3</b>
Tax	-86.5	-86.6	-74.9	15.5%	0.0pp	15.6%	-108.8
<i>Effective tax rate</i>	<i>21.5%</i>	<i>21.4%</i>	<i>22.2%</i>	<i>-0.7pp</i>	<i>0.0pp</i>	<i>-0.7pp</i>	<i>21.9%</i>
<b>Net profit / loss</b>	<b>316.9</b>	<b>317.5</b>	<b>262.9</b>	<b>20.5%</b>	<b>-0.2pp</b>	<b>20.8%</b>	<b>388.5</b>

\*Constant currencies measured using average exchange rates for 2019

Reported revenue grew by 15.9% (constant 16.6%) to DKK 2,065.8 in the first nine months of 2020, of which the non-organic

impact from Netcompany Netherlands accounted for 1.5 percentage points. Growth in Denmark and the Netherlands

was strong, whereas the growth in Norway was lower than originally anticipated at the beginning of the year and the impact

from the UK operation being negative on revenue growth, following the trend seen in the first half of the year. In addition to the negative growth impact from the UK, the nine month period of 2019 also included a higher level of release of reserve from the contingency risk reserve impacting revenue and hence also revenue growth and margins in general. Adjusted for the releases of reserve from the contingency risk reserve, revenue growth would have been 1.1 percentage points higher in a normalised setting.

Adjusted EBITA margin increased by 0.7 percentage point to 25.2% for the nine months period 2020 compared to the same period last year, driven by strong performance in Denmark and improved performance in the Netherlands. Margins in Norway and in the UK, were reduced but still positive, in both operations for the period. Taking the impact from the release of the contingency reserve into consideration adjusted EBITA margin for the group would have increased by 1.4 percentage points in a normalised setting.

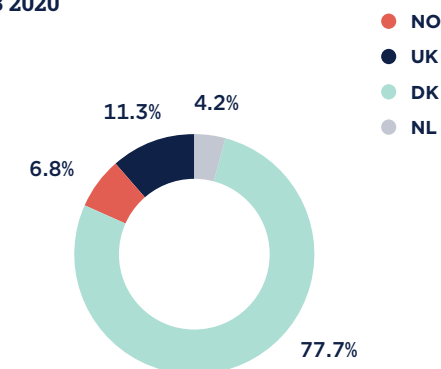
# Business Segments Q3

## Segment information related to operating entities

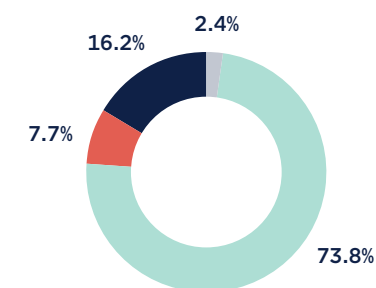
DKK million Constant (2019 rate)	Q3 2020				
	Group	Denmark	Norway	UK	Netherlands
Revenue from external customers	699.1	543.1	47.8	79.2	29.1
<b>Gross profit</b>	<b>294.2</b>	<b>264.7</b>	<b>9.9</b>	<b>9.0</b>	<b>8.5</b>
<i>Gross profit margin</i>	42.1%	48.7%	20.7%	11.4%	29.2%
Local admin costs	-88.8	-65.3	-6.7	-12.4	-2.4
<b>Adjusted EBITA before allocated cost from HQ</b>	<b>205.4</b>	<b>199.5</b>	<b>3.2</b>	<b>-3.4</b>	<b>6.1</b>
<i>Adjusted EBITA margin before allocated cost from HQ</i>	29.4%	36.7%	6.8%	-4.3%	20.9%
Allocated costs from HQ	-9.8	-7.0	-0.6	-1.6	-0.6
Special Items, allocated	0.0	0.0	0.0	0.0	0.0
<b>EBITA</b>	<b>195.6</b>	<b>192.5</b>	<b>2.6</b>	<b>-5.0</b>	<b>5.5</b>
Client facing FTEs	2,644	1,886	243	382	133

DKK million Reported	Q3 2019				
	Group	Denmark	Norway	UK	Netherlands
Revenue from external customers	592.1	437.0	45.4	95.7	14.0
<b>Gross profit</b>	<b>255.7</b>	<b>213.2</b>	<b>13.6</b>	<b>25.4</b>	<b>3.4</b>
<i>Gross profit margin</i>	43.2%	48.8%	29.9%	26.6%	24.6%
Local admin costs	-82.5	-61.2	-6.4	-9.5	-5.4
<b>Adjusted EBITA before allocated cost from HQ</b>	<b>173.2</b>	<b>152.0</b>	<b>7.2</b>	<b>16.0</b>	<b>-2.0</b>
<i>Adjusted EBITA margin before allocated cost from HQ</i>	29.2%	34.8%	15.8%	16.7%	-14.0%
Allocated costs from HQ	-9.0	-6.2	-0.6	-1.9	-0.3
Special Items, allocated	-0.6	-0.4	-0.1	-0.1	-0.0
<b>EBITA</b>	<b>163.5</b>	<b>145.4</b>	<b>6.5</b>	<b>13.9</b>	<b>-2.3</b>
Client facing FTEs	2,193	1,533	208	369	83

Revenue, %  
Q3 2020



Revenue, %  
Q3 2019



**CONTINUED BUSINESS SEGMENTS Q3**

Revenue in constant currencies increased by 18.1% to DKK 699.1 in Q3 2020 driven by strong growth in Denmark and in the Netherlands, which grew organically by 24.3% and by 108.3% respectively. The strong growth in these two geographies was somewhat offset by slower growth in Norway which grew 5.4% and negative growth in the UK of 17.3%.

**Revenue in Denmark grew by**

**24.3%**

In Denmark, the activity level was high throughout the quarter and despite a continued high level of business development the underlying utilisation was in line with Q3 2019. This was mainly caused by a deferral of training and education activities, which to a high degree has been conducted online in a remote setting, and where not possible postponed to later. Growth in the Danish operation was equally driven by the public and private segment, which grew 24.4% and 24% respectively. Where-

as high growth rates have been seen for some time in the public segment, the high growth rate in the private segment followed a number of significant wins and support the overall ambition of being able to grow in both segments on a longer term basis.

Despite the low revenue growth in Norway, performance in Q3 was as expected as larger tenders that potentially could increase growth were not expected until the end of Q3. In relation hereto the Norwegian operation has been running with an underutilisation in Q3 2020, as seen in most of 2020. Towards the end of Q3 2020 Netcompany Norway won a significant contract with the Norwegian Medicines Agency and further, early in Q4, another contract was won to implement a version of the Danish app for contract tracing related to COVID-19 – SmitteStop – laying the foundation for ongoing revenue growth in Norway.

In the UK, the economic impact from the COVID-19 pandemic, has, unfortunately, turned out to be as negative as cautioned in the Q2 report leading to a further con-

traction of the activity in the UK in general. This has impacted the operation in UK negatively in Q3, in both the private segment and in the public segment, yielding a negative revenue growth of 17.3%. New and even more severe lockdown restrictions and increased unemployment rates is expected as the current furlough schemes in the UK are set to discontinue. However, sequential from Q2 into Q3 revenue has been flattish and the current level of activity is expected to continue throughout the remaining part of 2020.

Like in Denmark, the Dutch operation has shown significant strength in Q3 2020 and more than doubled revenue compared to Q3 2019. This was a result of a strong execution on pipeline cases in the public segment and a successful delivery earlier in the year of two large fixed fee projects now running at normalised rates. In addition, the Dutch operation has been successful in attracting and onboarding more than 40 new employees which is close to 50% of the original workforce. At the same time, the integration to the Netcompany methodology is progressing faster than anticipated.

Gross profit for the Group increased to DKK 294.2m yielding a gross profit margin of 42.1%, compared to 43.2% for the same period last year. The release of the DKK 10m from the contingency risk reserve in Q3 2019 accounts for 1 percentage point of that reduction. The strong performance on gross profit margin in the Netherlands is offset by weaker performance in Norway and in the UK.

**Gross profit margin was**

**42.1%**

In addition to being more severely impacted from the COVID-19 restrictions imposed in the UK, the UK operation is also negatively impacted on margins from the transition away from independent contractors to own employees. Whereas a steep loss of activity in 2019 would have let us to immediately reduce the level of independent contractors and thereby offer some protection to margins in the short term, the fact that we reduced the level of in-

**CONTINUED BUSINESS SEGMENTS Q3**

dependent contractors from 47% of the client facing FTE base in Q3 2019 to 18% in Q3 2020 has a significant negative impact on short term margins when revenue is lost “over-night”. However, on a longer term horizon, the shift towards own employees will lead to improved margins and better project deliveries – just as in the remaining part of the Group.

2020, which illustrates the margin improvement potential in new geographies once the Netcompany methodology, the right employee base and the right types of projects are in place. Some of the same initiatives as taken in the Dutch operation are beginning to show impact in Norway. For the UK, it is anticipated that the impact of similar actions taken will emerge during 2021.

**Adjusted EBITA before allocated costs from HQ increased by**

**18.6%**

Adjusted EBITA margin was 29.4% for the Group – in line with performance for the same period last year. Factoring in the impact from the release of the DKK 10m from the contingency risk reserve in Q3 2019 the relative improvement in adjusted EBITA margin would have been 1.1 percentage points higher. The Netherlands have improved margins from negative 14% in Q3 2019 to positive 20.9% in Q3

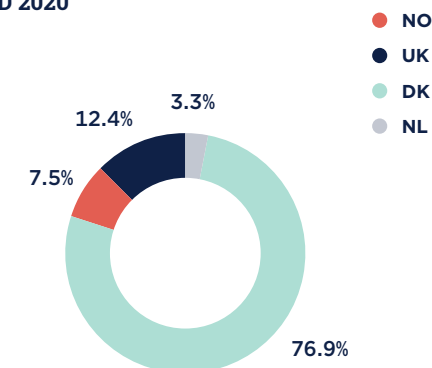
# Business Segments 9 months

## Segment information related to operating entities

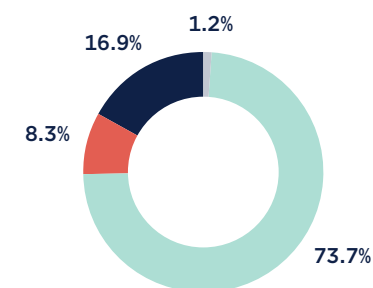
DKK million Constant (2019 rate)	YTD 2020				
	Group	Denmark	Norway	UK	Netherlands
Revenue from external customers	2,079.4	1,599.3	154.9	257.3	67.9
<b>Gross profit</b>	<b>830.4</b>	<b>729.8</b>	<b>32.5</b>	<b>44.4</b>	<b>23.7</b>
<i>Gross profit margin</i>	39.9%	45.6%	21.0%	17.3%	35.0%
Local admin costs	-276.4	-204.2	-21.1	-36.9	-14.2
<b>Adjusted EBITA before allocated cost from HQ</b>	<b>554.0</b>	<b>525.6</b>	<b>11.4</b>	<b>7.5</b>	<b>9.5</b>
<i>Adjusted EBITA margin before allocated cost from HQ</i>	26.6%	32.9%	7.4%	2.9%	14.0%
Allocated costs from HQ	-32.4	-22.1	-4.0	-4.9	-1.4
Special Items, allocated	-0.0	-0.0	-0.0	-0.0	-0.0
<b>EBITA</b>	<b>521.6</b>	<b>503.5</b>	<b>7.4</b>	<b>2.6</b>	<b>8.1</b>
Client facing FTEs	2,512	1,794	230	378	109

DKK million Reported	YTD 2019				
	Group	Denmark	Norway	UK	Netherlands
Revenue from external customers	1,782.9	1,313.5	147.5	300.8	21.1
<b>Gross profit</b>	<b>712.0</b>	<b>588.0</b>	<b>51.5</b>	<b>67.8</b>	<b>4.7</b>
<i>Gross profit margin</i>	39.9%	44.8%	34.9%	22.5%	22.3%
Local admin costs	-246.2	-187.5	-22.5	-28.4	-7.8
<b>Adjusted EBITA before allocated cost from HQ</b>	<b>465.8</b>	<b>400.5</b>	<b>29.0</b>	<b>39.4</b>	<b>-3.0</b>
<i>Adjusted EBITA margin before allocated cost from HQ</i>	26.1%	30.5%	19.6%	13.1%	-14.4%
Allocated costs from HQ	-28.3	-19.8	-2.1	-6.1	-0.3
Special Items, allocated	-4.4	-3.1	-0.3	-0.9	-0.0
<b>EBITA</b>	<b>433.1</b>	<b>377.6</b>	<b>26.5</b>	<b>32.4</b>	<b>-3.4</b>
Client facing FTEs	2,041	1,470	190	380	N/A

Revenue, %  
YTD 2020



Revenue, %  
YTD 2019



**CONTINUED BUSINESS SEGMENTS 9 MONTHS**

Revenue in constant currencies grew by 16.6% in the first nine months of 2020 to DKK 2,079.4. Of the growth 1.5 percentage points was non-organic as a result of the acquisition of the Dutch operation in May 2019.

Growth in revenue was driven by the Danish and Dutch operations. Where the Danish operation continued strong momentum from the latter part of Q2, the Dutch operation continued the strong momentum seen throughout the year and more than tripled revenue in the first nine months of 2020 compared to 2019, albeit some of that was non-organically.

The development in the Norwegian and UK operations followed the same tendencies as in Q3, as the Norwegian business showed a modest growth and the UK operation showed a decline in revenue in the first nine months of more than 14% - following the severe impact from COVID-19 lockdowns in the UK economy.

Gross profit margin was in line with the nine months of 2019 at 39.9% with strong

performance in Denmark (45.6%) and in the Netherlands (35%) whereas the gross profit margins were reduced in Norway and in the UK compared to the same period last year.

**Gross profit margin was**

**39.9%**



Adjusted EBITA before allocated costs from HQ increased by half a percentage point driven by strong performance in the Danish and improved performance in the Dutch operation.

**Adjusted EBITA before allocated costs from HQ increased by**

**18.9%**





# Public Q3

DKK million	Group			Denmark		Norway		UK		Netherlands	
	Q3 2020	Q3 2019	% change	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019
Revenue	436.3	356.4	22.4%	341.2	274.3	23.7	21.5	42.8	48.0	28.6	12.7
Cost of service	-263.9	-211.0	25.1%	-187.1	-151.7	-19.7	-16.1	-39.1	-33.2	-18.1	-10.0
<b>Gross profit</b>	<b>172.5</b>	<b>145.4</b>	<b>18.6%</b>	<b>154.2</b>	<b>122.5</b>	<b>4.0</b>	<b>5.4</b>	<b>3.8</b>	<b>14.8</b>	<b>10.5</b>	<b>2.7</b>
<i>Gross profit margin</i>	<i>39.5%</i>	<i>40.8%</i>	<i>-1.3pp</i>	<i>45.2%</i>	<i>44.7%</i>	<i>16.9%</i>	<i>25.1%</i>	<i>8.8%</i>	<i>30.9%</i>	<i>36.7%</i>	<i>21.1%</i>
Allocated costs	-57.5	-54.4	5.6%	-43.2	-42.2	-3.4	-3.1	-6.5	-4.1	-4.4	-5.1
<b>Adjusted EBITA before allocated cost from HQ</b>	<b>115.0</b>	<b>91.0</b>	<b>26.4%</b>	<b>111.0</b>	<b>80.3</b>	<b>0.6</b>	<b>2.3</b>	<b>-2.7</b>	<b>10.7</b>	<b>6.1</b>	<b>-2.4</b>
<i>Adjusted EBITA margin before allocated cost from HQ</i>	<i>26.4%</i>	<i>25.5%</i>	<i>0.8pp</i>	<i>32.5%</i>	<i>29.3%</i>	<i>2.7%</i>	<i>10.7%</i>	<i>-6.2%</i>	<i>22.4%</i>	<i>21.2%</i>	<i>-18.9%</i>
Allocated costs from HQ	-6.4	-5.7	12.1%	-4.6	-4.2	-0.3	-0.3	-0.8	-0.8	-0.6	-0.3
Special items	0.0	-0.4	-100.0%	0.0	-0.3	0.0	-0.0	0.0	-0.1	0.0	-0.0
<b>EBITA</b>	<b>108.6</b>	<b>84.8</b>	<b>28.0%</b>	<b>106.4</b>	<b>75.8</b>	<b>0.3</b>	<b>2.0</b>	<b>-3.5</b>	<b>9.8</b>	<b>5.5</b>	<b>-2.7</b>
<i>EBITA margin</i>	<i>24.9%</i>	<i>23.8%</i>	<i>1.1pp</i>	<i>31.2%</i>	<i>27.6%</i>	<i>1.3%</i>	<i>9.2%</i>	<i>-8.2%</i>	<i>20.4%</i>	<i>19.2%</i>	<i>-21.6%</i>
Amortisation	-16.5	-16.4	1.0%	-12.0	-12.2	-0.9	-0.9	-2.2	-2.3	-1.5	-0.9
<b>Operating profit</b>	<b>92.1</b>	<b>68.5</b>	<b>34.5%</b>	<b>94.4</b>	<b>63.6</b>	<b>-0.6</b>	<b>1.1</b>	<b>-5.7</b>	<b>7.5</b>	<b>4.0</b>	<b>-3.6</b>
<i>Operating profit margin</i>	<i>21.1%</i>	<i>19.2%</i>	<i>1.9pp</i>	<i>27.7%</i>	<i>23.2%</i>	<i>-2.4%</i>	<i>4.9%</i>	<i>-13.3%</i>	<i>15.6%</i>	<i>13.9%</i>	<i>-28.6%</i>

**CONTINUED PUBLIC Q3**

Public segment revenue increased by 22.4% to DKK 436.3m in Q3 2020. Revenue growth was largely attributable to a high increase in activity in both the Danish and Dutch public operations, which grew by 24.4% and 125.8%, respectively. Both operations continued the strong performance from Q2, also driven by the several major public tender wins that were announced in relation to the Q2 report. The strong growth in Denmark and the Netherlands was somewhat offset by a lower, but still double digit growth of 10.3% in Norway, and at the same time a decline in revenue in the UK by 10.7% as a consequence of the severe impact the COVID-19 pandemic has had in the country.

**Public segment revenue increased by**

**22.4%**

In Q3, the Norwegian operation won several major public tenders among others the Norwegian Medicines agency and the

contact tracing app for COVID-19, which will increase the activity in the Norwegian public business starting from Q4 2020.

**Public Gross profit margin was**

**39.5%**

Gross profit increased by 18.6% to DKK 172.5m, which led to a decrease in gross profit margin of 1.3 percentage points attributable to the performance in Norway and in particular UK. In Denmark, gross profit margin picked up by 0.5 percentage point, driven by an increase in activity compared to the same period last year, while the margin in the Dutch business increased by 15.6 percentage point, driven by a combination of better project delivery, which has had a positive impact on the hourly rate, as well as a significant increase in utilisation compared to the same period last year.

Allocated costs increased by 5.6% to DKK 57.5m, which was lower than the relative increase in revenue growth. This was driven by a lower relative increase in administration costs compared to revenue growth at Group level, as well as a change in the geographical split in revenue between Denmark, Norway and the UK, where a higher relative share of revenue was coming from the Danish business operation compared to the same period last year.

**Public Adjusted EBITA before allocated cost from HQ increased by**

**26.4%**

Adjusted EBITA before allocated costs from HQ increased by 26.4% to DKK 115m, which led to a margin of 26.4% compared to 25.5% in Q3 2019. The increase in margin was driven by the lower relative allocation of administrations costs compared to revenue growth, which more than offset the slight decrease in gross profit margin.

# Private Q3

DKK million	Group			Denmark		Norway		UK		Netherlands	
	Q3 2020	Q3 2019	% change	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019
Revenue	258.4	235.7	9.6%	201.8	162.7	20.3	23.9	35.8	47.7	0.4	1.3
Cost of service	-137.5	-125.4	9.6%	-91.3	-72.0	-15.4	-15.7	-30.5	-37.1	-0.4	-0.5
<b>Gross profit</b>	<b>120.9</b>	<b>110.3</b>	<b>9.6%</b>	<b>110.5</b>	<b>90.7</b>	<b>4.9</b>	<b>8.2</b>	<b>5.3</b>	<b>10.6</b>	<b>0.1</b>	<b>0.8</b>
<i>Gross profit margin</i>	46.8%	46.8%	-0.0pp	54.8%	55.7%	24.2%	34.2%	14.9%	22.2%	20.5%	58.3%
Allocated costs	-30.6	-28.1	9.1%	-22.1	-19.0	-2.7	-3.3	-5.7	-5.4	-0.1	-0.3
<b>Adjusted EBITA before allocated cost from HQ</b>	<b>90.2</b>	<b>82.2</b>	<b>9.8%</b>	<b>88.5</b>	<b>71.7</b>	<b>2.2</b>	<b>4.9</b>	<b>-0.4</b>	<b>5.2</b>	<b>0.0</b>	<b>0.4</b>
<i>Adjusted EBITA margin before allocated cost from HQ</i>	34.9%	34.9%	0.0pp	43.8%	44.0%	10.7%	20.4%	-1.2%	10.9%	2.9%	33.4%
Allocated costs from HQ	-3.4	-3.3	1.4%	-2.4	-1.9	-0.3	-0.3	-0.7	-1.1	-0.0	-0.0
Special items	0.0	-0.2	-100.0%	0.0	-0.1	0.0	-0.0	0.0	-0.0	0.0	-0.0
<b>EBITA</b>	<b>86.9</b>	<b>78.7</b>	<b>10.4%</b>	<b>86.1</b>	<b>69.6</b>	<b>1.9</b>	<b>4.5</b>	<b>-1.2</b>	<b>4.1</b>	<b>0.0</b>	<b>0.4</b>
<i>EBITA margin</i>	33.6%	33.4%	0.2pp	42.7%	42.8%	9.4%	18.9%	-3.3%	8.6%	0.5%	31.7%
Amortisation	-8.8	-9.6	-8.7%	-6.1	-5.5	-0.7	-1.0	-1.9	-3.1	-0.0	-0.1
<b>Operating profit</b>	<b>78.1</b>	<b>69.0</b>	<b>13.1%</b>	<b>80.0</b>	<b>64.1</b>	<b>1.2</b>	<b>3.6</b>	<b>-3.1</b>	<b>1.1</b>	<b>-0.0</b>	<b>0.4</b>
<i>Operating profit margin</i>	30.2%	29.3%	0.9pp	39.6%	39.4%	5.9%	14.9%	-8.7%	2.2%	-5.6%	27.4%

**CONTINUED PRIVATE Q3**

Private segment revenue increased by 9.6% to DKK 258.4 in Q3 2020. The increase in revenue was driven by a strong performance in the Danish operation, which grew by 24% as a result of high activity on large complex solutions in the Danish transportation and life insurance sector. The COVID-19 lockdown continued to have a significant impact in the UK and to a lesser extent also impacted the Norwegian private segment, which was also the case in Q2 and revenue decreased by 24.9% and 15.1% compared to the same period last year. In both situations, revenue fell as a result of low activity, which subsequently led to a lower than normal utilisation.

**Private Gross profit margin was**

**48.6%**

Gross profit increased by 9.6% to DKK 120.9m, which led to a gross profit margin of 46.8% on par with last year. The change in geographical revenue split, where a

higher percentage of revenue came from Denmark, more than offset the decrease in margin especially in UK and Norway. In Q3, the Danish gross profit margin decreased by 0.9 percentage, but on account of a risk reversal of DKK 10m in Q3 2019, which had a positive impact on margin of around 3 percentage points in Q3 2019. Adjusted for this in a normalised setting, the Danish private segment increased its profitability by around 2 percentage point compared to the same period last year, driven by a higher activity level.

**Private Adjusted EBITA margin before allocated costs from HQ was**

**34.9%**

Adjusted EBITA before allocated costs from HQ increased by 9.8% to DKK 90.2m, which yielded a margin of 34.9% on par with last year, following the same trend as the gross profit margin.

# Public 9 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	1,311.8	1,048.7	25.1%	1,037.5	826.2	72.0	72.8	136.0	130.5	66.4	19.2
Cost of service	-811.2	-657.3	23.4%	-596.4	-489.6	-59.3	-51.0	-112.3	-101.3	-43.2	-15.4
<b>Gross profit</b>	<b>500.7</b>	<b>391.4</b>	<b>27.9%</b>	<b>441.0</b>	<b>336.6</b>	<b>12.7</b>	<b>21.9</b>	<b>23.7</b>	<b>29.2</b>	<b>23.2</b>	<b>3.8</b>
<i>Gross profit margin</i>	<i>38.2%</i>	<i>37.3%</i>	<i>0.8pp</i>	<i>42.5%</i>	<i>40.7%</i>	<i>17.7%</i>	<i>30.0%</i>	<i>17.4%</i>	<i>22.4%</i>	<i>34.9%</i>	<i>19.8%</i>
Allocated costs	-181.6	-158.4	14.7%	-140.1	-129.1	-9.8	-11.6	-17.7	-10.5	-14.0	-7.2
<b>Adjusted EBITA before allocated cost from HQ</b>	<b>319.1</b>	<b>233.0</b>	<b>36.9%</b>	<b>300.9</b>	<b>207.5</b>	<b>2.9</b>	<b>10.2</b>	<b>6.0</b>	<b>18.7</b>	<b>9.2</b>	<b>-3.4</b>
<i>Adjusted EBITA margin before allocated cost from HQ</i>	<i>24.3%</i>	<i>22.2%</i>	<i>2.1pp</i>	<i>29.0%</i>	<i>25.1%</i>	<i>4.1%</i>	<i>14.1%</i>	<i>4.4%</i>	<i>14.3%</i>	<i>13.8%</i>	<i>-17.9%</i>
Allocated costs from HQ	-20.9	-17.3	21.0%	-15.2	-13.6	-1.9	-1.1	-2.4	-2.3	-1.4	-0.3
Special items	-0.0	-2.7	-99.9%	-0.0	-2.1	-0.0	-0.2	-0.0	-0.3	-0.0	-0.0
<b>EBITA</b>	<b>298.2</b>	<b>213.1</b>	<b>39.9%</b>	<b>285.8</b>	<b>191.8</b>	<b>1.0</b>	<b>9.0</b>	<b>3.6</b>	<b>16.1</b>	<b>7.8</b>	<b>-3.8</b>
<i>EBITA margin</i>	<i>22.7%</i>	<i>20.3%</i>	<i>2.4pp</i>	<i>27.5%</i>	<i>23.2%</i>	<i>1.4%</i>	<i>12.3%</i>	<i>2.7%</i>	<i>12.3%</i>	<i>11.7%</i>	<i>-19.7%</i>
Amortisation	-49.8	-46.5	7.1%	-37.8	-36.5	-2.6	-3.0	-5.9	-6.1	-3.5	-0.9
<b>Operating profit</b>	<b>248.4</b>	<b>166.6</b>	<b>49.1%</b>	<b>248.0</b>	<b>155.3</b>	<b>-1.6</b>	<b>6.0</b>	<b>-2.3</b>	<b>10.0</b>	<b>4.3</b>	<b>-4.7</b>
<i>Operating profit margin</i>	<i>18.9%</i>	<i>15.9%</i>	<i>3.0pp</i>	<i>23.9%</i>	<i>18.8%</i>	<i>-2.2%</i>	<i>8.2%</i>	<i>-1.7%</i>	<i>7.7%</i>	<i>6.5%</i>	<i>-24.3%</i>

Public segment revenue increased by 25.1% to DKK 1,311.8m in 9M 2020, of which non-organic revenue growth relating to the acquisition of Netcompany Netherlands accounted for 2.4 percentage points. Revenue growth followed the same tendency as in Q3 with Denmark and the Netherlands being the primary revenue drivers with an increase of 25.5% in Den-

mark, while the Netherlands more than tripled the top line with a revenue growth of 246.5%. UK public revenue grew by 4.2%, while the Norwegian operation decreased by 1.1%.

In 9M 2020, gross profit increased by 27.9% to DKK 500.7m, which led to a gross profit margin of 38.2%, an increase

of 0.8 percentage point compared to the same period last year.

Adjusted EBITA before allocated costs from HQ increased by 36.9% to DKK 319.1m, which led to a margin of 24.3%, an increase of 2.1 percentage points compared to last year. The increase was driven by the improvement in gross profit margin

as well as a lower relative increase in allocated costs compared to revenue growth.

# Private 9 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	754.0	734.2	2.7%	561.8	487.3	69.7	74.6	121.1	170.3	1.4	1.9
Cost of service	-427.1	-413.6	3.3%	-273.1	-235.9	-53.1	-45.0	-100.1	-131.7	-0.9	-1.0
<b>Gross profit</b>	<b>326.9</b>	<b>320.6</b>	<b>2.0%</b>	<b>288.7</b>	<b>251.4</b>	<b>16.6</b>	<b>29.7</b>	<b>21.0</b>	<b>38.6</b>	<b>0.6</b>	<b>0.9</b>
<i>Gross profit margin</i>	<i>43.4%</i>	<i>43.7%</i>	<i>-0.3pp</i>	<i>51.4%</i>	<i>51.6%</i>	<i>23.8%</i>	<i>39.7%</i>	<i>17.3%</i>	<i>22.7%</i>	<i>39.4%</i>	<i>47.8%</i>
Allocated costs	-92.6	-87.8	5.5%	-64.1	-58.4	-9.2	-10.9	-19.1	-17.9	-0.3	-0.5
<b>Adjusted EBITA before allocated cost from HQ</b>	<b>234.3</b>	<b>232.8</b>	<b>0.6%</b>	<b>224.7</b>	<b>193.0</b>	<b>7.4</b>	<b>18.7</b>	<b>1.9</b>	<b>20.7</b>	<b>0.3</b>	<b>0.4</b>
<i>Adjusted EBITA margin before allocated cost from HQ</i>	<i>31.1%</i>	<i>31.7%</i>	<i>-0.6pp</i>	<i>40.0%</i>	<i>39.6%</i>	<i>10.6%</i>	<i>25.1%</i>	<i>1.6%</i>	<i>12.2%</i>	<i>20.8%</i>	<i>20.1%</i>
Allocated costs from HQ	-11.5	-11.1	4.3%	-6.9	-6.2	-2.1	-1.0	-2.5	-3.8	-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
<b>EBITA</b>	<b>222.7</b>	<b>220.0</b>	<b>1.2%</b>	<b>217.7</b>	<b>185.8</b>	<b>5.3</b>	<b>17.5</b>	<b>-0.6</b>	<b>16.3</b>	<b>0.3</b>	<b>0.4</b>
<i>EBITA margin</i>	<i>29.5%</i>	<i>30.0%</i>	<i>-0.4pp</i>	<i>38.8%</i>	<i>38.1%</i>	<i>7.7%</i>	<i>23.5%</i>	<i>-0.5%</i>	<i>9.6%</i>	<i>18.9%</i>	<i>19.0%</i>
Amortisation	-26.1	-29.7	-12.2%	-17.3	-16.6	-2.4	-2.8	-6.3	-10.3	-0.1	-0.1
<b>Operating profit</b>	<b>196.6</b>	<b>190.3</b>	<b>3.3%</b>	<b>200.4</b>	<b>169.2</b>	<b>2.9</b>	<b>14.7</b>	<b>-6.9</b>	<b>6.1</b>	<b>0.2</b>	<b>0.3</b>
<i>Operating profit margin</i>	<i>26.1%</i>	<i>25.9%</i>	<i>0.2pp</i>	<i>35.7%</i>	<i>34.7%</i>	<i>4.2%</i>	<i>19.7%</i>	<i>-5.7%</i>	<i>3.6%</i>	<i>14.2%</i>	<i>16.1%</i>

Private segment revenue increased by 2.7% to DKK 754m in 9M 2020, of which the non-organic revenue growth relating to the acquisition of Netcompany Netherlands accounted for 0.1 percentage point. The increase in revenue followed the same tendency as in Q3, with Denmark being the primary revenue driver, generating a revenue growth of 15.3% in the period. This

was to a large extent offset by a decrease in revenue in the UK of 28.9% - a direct result of the COVID-19 lockdown, which subsequently led to a lower than normal activity in the UK private segment.

Gross profit increased by 2% to DKK 326.9m, which led to a margin of 43.4% compared to 43.7% in 9M 2019. The slight

decrease in margin, was primarily driven by the decrease in activity in UK and Norway, but almost offset by a change in the geographical split, as higher percentage of revenue came from the Denmark, which generates a higher profitability on projects.

Adjusted EBITA before allocated costs

from HQ increased by 0.6% to DKK 234.3m, which yielded a margin of 31.1% compared to 31.7% in 9M 2019. The decrease in margin was driven by the decrease in gross profit margin as well as the increase in allocated costs.

# Currency exposures

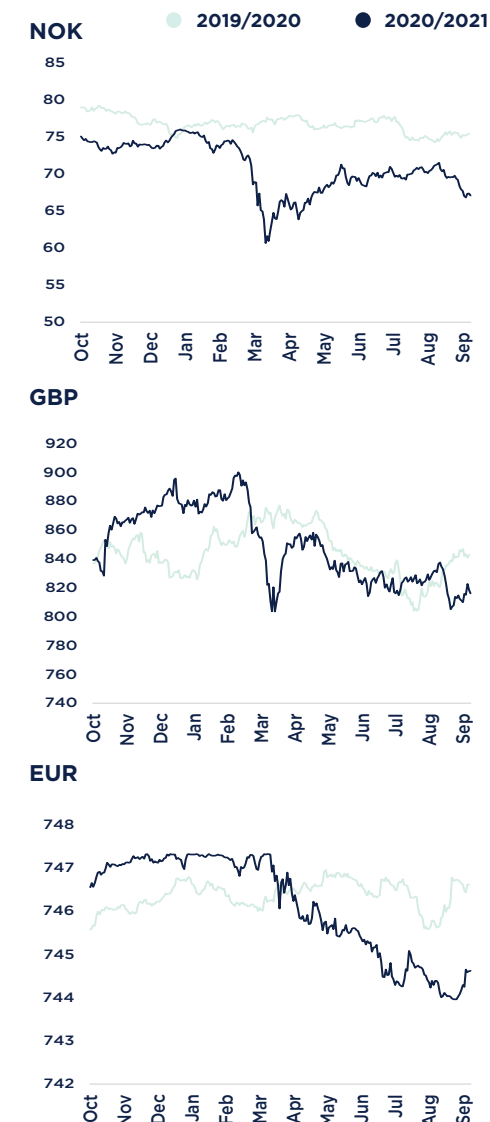
Netcompany is exposed to exchange rate risk in the countries where Netcompany has its sales activities outside Denmark, which means Norway, UK and the Netherlands and to a lesser extent, exchange rate risk in Poland and Vietnam, which is used as sourcing centres and therefore do not have an exchange 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.

Local currency million	Q3 2020					
	DKK	NOK	GBP	EUR	VND	PLN
Revenue	543.1	63.1	9.6	3.9	0.0	0.0
EBIT	170.9	4.8	-1.0	0.4	2,569.1	2.1
Net result	129.2	3.6	-0.8	0.5	1,901.3	1.5

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

Local currency million	YTD 2020					
	DKK	NOK	GBP	EUR	VND	PLN
Revenue	1,599.3	202.8	30.4	9.1	0.0	0.0
EBIT	431.2	16.6	-1.2	0.8	7,510.4	5.5
Net result	308.0	12.7	-1.1	0.5	5,262.7	3.9

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



# Revenue visibility

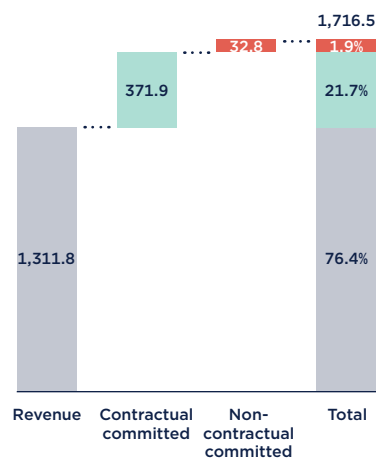
Netcompany measures revenue visibility on a 12-month rolling basis, based on two main input parameters, which are defined as total value of committed engagements (which is comprised of fixed price engagements and service agreements), and ongoing time and material engagements with a high likelihood of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

At the beginning of October 2020, revenue visibility for 2020 amounted to DKK 2,719.9m. Of this, contractual committed revenue amounted to DKK 591.6m and non-contractual committed engagements amounted to DKK 62.5m, while realised revenue in 9M 2020 amounted to DKK 2,065.8m.

Revenue visibility in the public segment amounted to DKK 1,716.5m, of which contractual committed revenue amounted to DKK 371.9m and non-contractual committed engagements amounted to DKK 32.8m, while realised revenue in 9M 2020 amounted to DKK 1,311.8m.

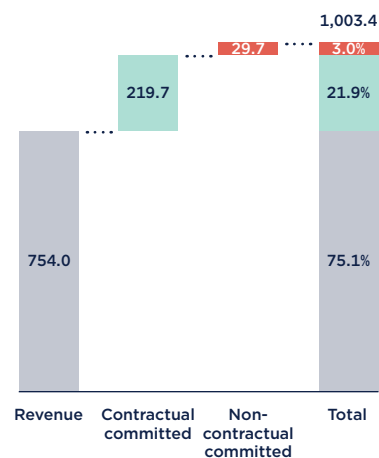
DKK million

## Public segment

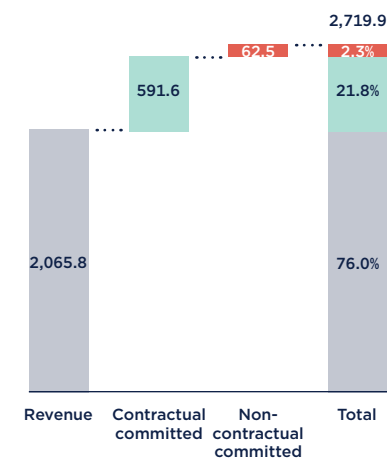


Revenue visibility in the private segment amounted to DKK 1,003.4m, of which contractual committed revenue amounted to DKK 219.7m and non-contractual committed engagements amounted to DKK 29.7m, while realised revenue in 9M 2020 amounted to 754.0m.

## Private segment



## Total segment



Compared to 9M 2019, revenue visibility improved 13.9% from DKK 2,387.4m to DKK 2,719.9m for 2020.



# Employees

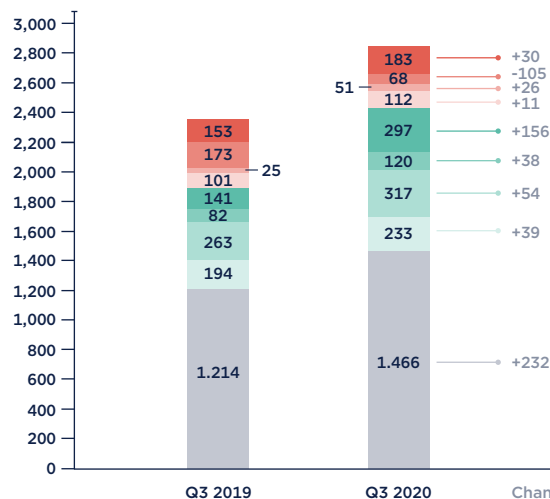
Netcompany employed an average of 2,827 FTEs in Q3 2020, which was an increase of 481.6 FTEs. The increase in FTEs was driven by the intake of new employees in all countries, however, the net intake in the UK was modest reflecting the current economic outlook in the UK.

The number of client facing employees for the Group increased by 451 from 2,193 in Q3 2019 to 2,644 in Q3 2020, while the level of non-client facing employees remained unchanged at 6.5% in Q3 2020 compared to Q3 2019.

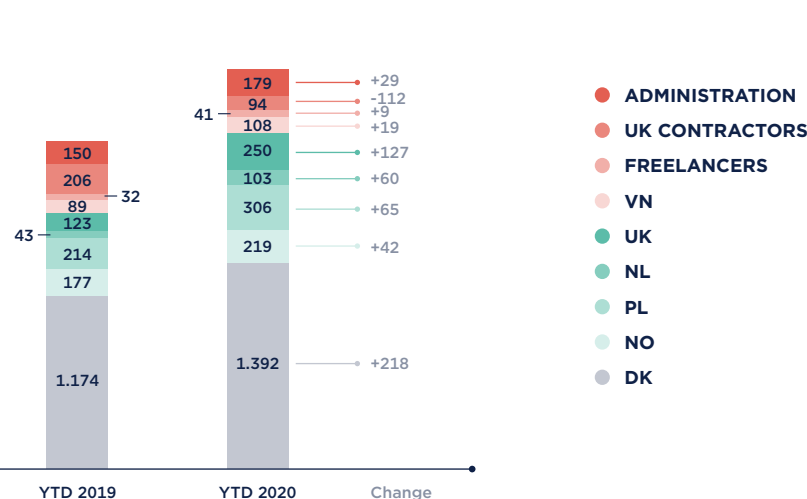
The transition away from independent contractors towards own employees in the UK continued in Q3. As of 1 October 2020, the independent contractors in the UK operation was 68, which is 18% of the client facing FTE (48% in Q3 2019).

The attrition rate for the last twelve months was 14.5%, which was a decrease of 6 percentage points compared to the same period last year. The decrease was primarily driven by increased focus on onboarding activities, leading to low churn

Avg. FTEs increased to 2,827 during Q3 2020

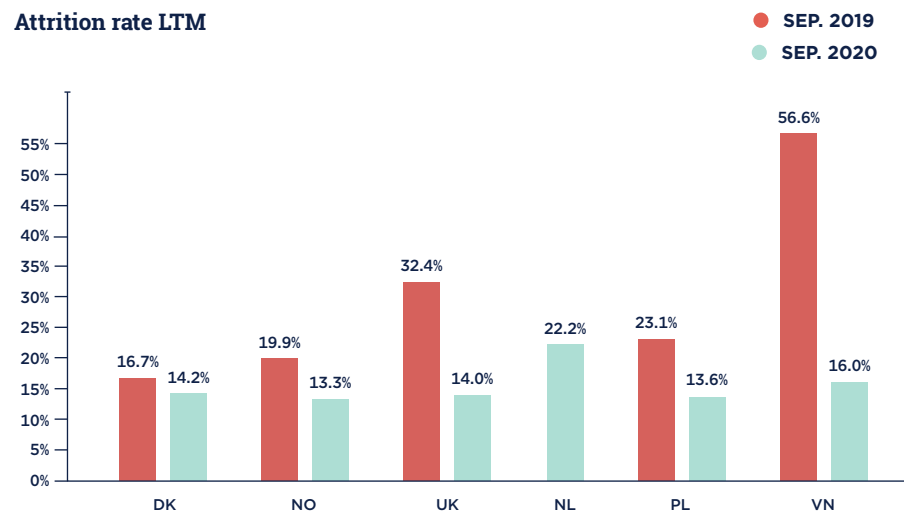


Avg. FTEs increased to 2,691 during 2020



and was also positively impacted by COVID-19, as fewer employees were actively seeking new job opportunities.

Attrition rate LTM



# Cash flow and other significant financial positions

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

The Group generated a free cash flow of DKK 149.9m in Q3 2020 compared to DKK 126.5m in Q3 2019. Adjusted for taxes paid on account, the Group generated a free cash flow of DKK 115.0m in Q3 2020 compared to DKK 89.6m in Q3 2019. The increase in free cash flow was driven by improved operating result, but this was somewhat offset by a decrease in the working capital changes in Q3 2020. The working capital changes was driven by an increase in work in progress of DKK 70.4m from DKK 390.9m by the end of Q2 2020 to DKK 461.3m by the end of Q3 2020.

Cash conversion rate was 103.1% in Q3 2019 compared to 101.4% in Q3 2020. Adjusted for the taxes paid on account, cash conversion rate increased from 73% in Q3 2019 to 77.8% in Q3 2020.

In 9M 2020 Netcompany generated a free cash flow of DKK 348.1m, which was an increase of 9.2% compared to DKK 318.9m in 9M 2019. The increase was driven by improved operating results, but this was

somewhat offset by a decrease in the working capital changes in 9M 2020 compared to 9M 2019.

Cash conversion rate was 98.9% in 9M 2019 compared to 92.6% in 9M 2020. Adjusted for the taxes paid on account, cash conversion rate decreased from 93% in 9M 2019 to 86.9% in 9M 2020.

## Trade receivables

At 30 September 2020, trade receivables amounted to DKK 465.9m, which was close to unchanged compared to the end of Q3 2019. This combined with the increase in revenue, resulted in a decrease in days sales outstanding from 70 days in Q3 2019 to 60 days in Q3 2020.

The overdue part of trade receivables was reduced from 33.8% by the end of Q3 2019 to 25.4% by the end of Q3 2020. Trade receivables paid in the following month amounted to DKK 246.2m, of which DKK 93.5m was overdue as of 30 September 2020.

DKK million	Not overdue	0-30 days	30-60 days	60-90 days	>90 days	Total
Trade receivables, 30 Sep 2020	347.6	93.2	7.6	2.8	14.6	465.9
<i>Paid in the following month</i>	<i>152.7</i>	<i>84.8</i>	<i>5.8</i>	<i>2.3</i>	<i>0.5</i>	<i>246.2</i>
<i>% paid subsequently</i>	<i>43.9%</i>	<i>91.0%</i>	<i>76.0%</i>	<i>82.4%</i>	<i>3.5%</i>	<i>52.8%</i>

DKK million	Not overdue	0-30 days	30-60 days	60-90 days	>90 days	Total
Trade receivables, 30 Sep 2019	304.2	121.3	14.9	14.4	4.3	459.2
<i>Paid in the following month</i>	<i>131.7</i>	<i>110.0</i>	<i>7.6</i>	<i>6.8</i>	<i>0.4</i>	<i>256.5</i>
<i>% paid subsequently</i>	<i>43.3%</i>	<i>90.7%</i>	<i>51.1%</i>	<i>47.4%</i>	<i>9.3%</i>	<i>55.9%</i>

<sup>1</sup>Due to local tax legislation within the Group, taxes paid on account are mainly paid 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.

**CONTINUED CASH FLOW AND OTHER SIGNIFICANT FINANCIAL POSITIONS**

**Work in progress**

At 30 September 2020, Netcompany's work in progress amounted to DKK 461.3m, represented by contract work in progress of DKK 490.2m less prepayments received from customers of DKK 28.8m.

Work in progress increased by 52.8% from DKK 301.9m in Q3 2019 to DKK 461.3m in Q3 2020. In the same period, revenue increased by 17.3% from DKK 592.1m in

Q3 2019 to DKK 694.7m in Q3 2020, while revenue for the last twelve months increased by 17.7% whereas work in progress increased by 52.8%. Of the work in progress, DKK 30m was invoiced to one customer in the beginning of October and the tying up of the work in progress is purely caused by timing from different payment plans and is expected to come down again during Q4 2020.

**Funding and liquidity**

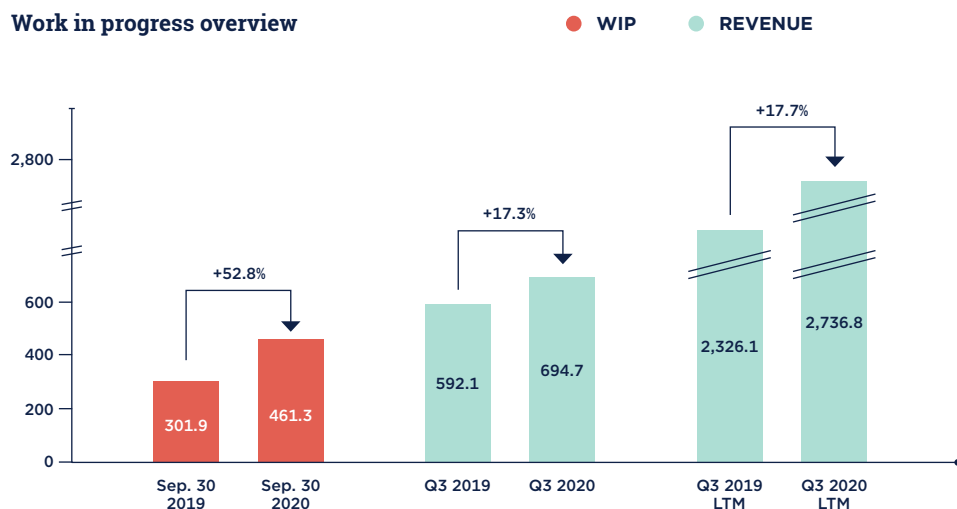
Netcompany's bank agreement consists of committed facilities constituting a total amount of DKK 1,500m and an additional facility of DKK 400m, available only for new acquisitions. At 30 September 2020 DKK 765m of the committed lines were utilised on borrowings and DKK 31m on guarantees, leaving a total of DKK 1,104m available in unutilised funding of which DKK 704m can be utilised for normal operations if needed with no additional costs or covenants.

**Events after the balance sheet date**

After the balance sheet date, Netcompany A/S has entered into an agreement with Copenhagen Airport A/S to establish a Joint Venture named Smarter Airports A/S with the aim to develop and market a fully digital platform for airport management. Copenhagen Airport and Netcompany each own 50% of Smarter Airports, which will be formed with a total share capital of DKK 150m of which DKK 100m was paid in cash in connection with the establishment.

DKK million

**Work in progress overview**



**Risk management**

Please refer to the overview of risk factors provided by the Group in the Annual Report for 2019.

**Capital structure**

Netcompany considers a debt ratio of between 0.5 to 1.0 as desirable. Assuming financial performance as guided for 2020, Netcompany will be in position to pay out around DKK 100m to its shareholders for 2020.

# Guidance 2020

## Financial metrics

	Updated targets 2020	Original Target 2020	Actual performance 2019
Organic revenue growth in constant currencies	low end of 16-18%	-18-20%	17.7%
Adjusted EBITA margin from organic businesses in constant currencies	~25%	~26%	25.9%
Non-organic revenue growth	-1%	-1%	1.82%
Reported revenue growth in constant currencies	low end of 17-19%	~19-21%	19.5%
Adjusted EBITA margin in constant currencies	~25%	~26%	25.2%

In the Q2 2020 report Netcompany cautioned that the impact of a potential second wave of COVID-19 could have a negative impact on Netcompany's revenue growth depending on how different countries would react on a second wave. During Q3 2020, the UK in particular saw a significant increase in the number of infected citizens with COVID-19 and the UK government has introduced a hard regime of new lockdowns impacting the underlying UK economic environment.

Therefore, we reduce our expectations to revenue growth for the full year by

around 2 percentage points to be in the low end of 17% to 19%. In addition, the loss of topline in the UK, will have a negative impact on expected adjusted EBITA margin by around 1 percentage point to be around 25%.

The impact of COVID-19 on the different countries in which Netcompany operates is significantly different, which also means that our expectations to revenue mix from a geographical perspective has changed compared to our initial expectations.

We now expect Denmark and the Neth-

erlands to generate more revenue growth than originally anticipated while the revenue growth in the UK and Norway is expected to be lower.

In addition, to being significantly negatively impacted from COVID-19 as a country, the transition of independent contractors to permanent employees in the UK following the implementation of IR35 has continued during Q3, which lead to continued uncertainty on the top line growth in the UK and negative impact on margins.

The main effects of the COVID-19 that could still impact Netcompany negatively – and where Netcompany have assessed the current situation and is taking mitigating actions – are:

Risk: A general postponement of ongoing large public tenders, which could lead to prolonged and delayed decisions affecting the time when Netcompany, could start new projects – assuming that the tenders are won.

Mitigation: In general, it is difficult to fully mitigate potential delays in ongoing ten-

ders. Netcompany continuously work with active pipeline management and seek to advance other tenders if ongoing tenders are delayed. However, this is not a robust mitigation for the particular risk.

Risk: A reduction of demand in the private segment customers following the reduced activity in society in general leading to Netcompany customers cancelling, delaying, or downsizing current and/or new projects.

Mitigation: Generally, Netcompany is engaged in complex mission critical projects with our customers that tend to be the last projects that are postponed. In addition, around 50% of Netcompany's revenue is generated from maintenance and operation of solutions previously deployed that continues to be operated – under the assumption that the respective customers are still operating. While some projects in the private segment, mainly in the UK and Norway, have been delayed, resources have to some extent been reassigned to other projects. However, the delay in private sector projects in Norway and UK has led to lower utilisation.

## CONTINUED GUIDANCE 2020

**Risk:** Difficulties in working efficiently in a remote setting. Delay of clarifications needed to ensure momentum in projects following lack of physical meetings with clients where such clarifications can be made. Can customers be effective in a remote setting.

**Mitigation:** Being a “digital in nature” company, Netcompany is used to work on different platforms and the performance in the year so far has shown that there is no negative impact from working remotely for a period of time. More internal education with physical presence is being conducted during the second half of 2020.

Despite more and more work being done remote there is still significant risk that some customers are not able to work effectively remote.

**Risk:** The lack of technical infrastructure on the customer side making remote work and delivery difficult leading to delays.

**Mitigation:** The vast majority of solutions delivered from Netcompany to customers in both the public and private segment has been related to digitalisation in one

format or another. This means that Netcompany’s customers generally are fairly advanced when it comes to digital infrastructure. When the decision to go to a remote delivery was taken, Netcompany were in contact with all customers, agreeing on the conditions of how to continue projects in a new remote delivery setting within 24 hours.

**Risk:** Lack of payment ability with private segment clients as a result of the general decline in economic activity in society in general, could lead to increased level of bankruptcy among the private clients in Netcompany’s portfolio leading to increased write off’s of bad debts impacting revenue and margins negatively.

**Mitigation:** Some private customers have requested extended payment terms as a result of the negative cash flow impact the COVID-19 crisis has on their respective businesses. In general, Netcompany has agreed to those requests. Also a few engagements have been fully provided for as bad debt provision. On the other hand, some public institutions in Denmark have moved forward payments of outstanding invoices reducing days sales outstanding

during both Q2 and Q3. On balance, Netcompany is not currently negatively impacted on cash flow from the COVID-19 crisis in any significant manner.

**Risk:** The risk of a “second wave” of COVID-19 leading to widespread lockdowns, as seen in the UK, in all the geographies where Netcompany does business.

**Mitigation:** Following the initial lockdown in all the countries where Netcompany operates, all guidelines and procedures are fully up to date reflecting how to work in a fully remote environment. In addition, customers – both public and private, are better prepared for the impact of working remotely. Further, to maintain a high level of customer activity it is a prerequisite that the project portfolio consists of larger scale multiyear development projects and maintenance contracts, as those types of engagements will be less impacted – if at all – in lockdown scenarios.

### Expectations for 2021

For 2021, we expect revenue growth of between 15% and 20% and adjusted EBITA margins around 25%. However, the assumptions made to underlying macroe-

conomic level supporting our initial expectations for 2021 are still associated with significant risks and therefore inherently more uncertain than in previous years. In addition to the general risks connected to the impact from the continued COVID-19 pandemic impact on the macro economic environment our expectations for 2021 are based on the following assumptions:

- No negative impact from macroeconomic events - apart from the already known impact from COVID-19.
- Ongoing public tenders to be executed according to current outlined timelines.
- Increased public spending on digitalisation projects following various government statements to kick start economic growth by increased public spending.
- Continued investment into projects to expand level of digitalisation in both public and private segments.
- Continued ability to attract, educate and retain talent.

Formal guidance for 2021 will be disclosed in the Annual Report for 2020 to be published on 28 January 2021.

# 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, 335,364 RSUs were issued at 30 September 2020, of which 104,403 were granted to Executive Management and 230,961 were granted to other Key Management Personnel and other employees. The fair value of the RSUs at grant was DKK 76.3m. The cost related hereto is expensed over the vesting period. A total amount of DKK 6.1m was recognised as personnel costs in the income statement in Q3 2020 and DKK 17.7m in 9M 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 policy.

## Contingent purchase price / restricted stock units

In connection with the acquisition of 100% of the shares of Q Delft B.V. (now Netcompany Netherlands) a total of 464,283 RSUs have been granted of which 188,086 will vest in February 2021 and 276,197 will vest – pending performance – in February 2024.

## Financial Calendar

### 25 January 2021

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

### 28 January 2021

Annual Report for the financial year 2020.

### 9 March 2021

Annual General Meeting 2021.

### 6 May 2021

Interim report for the first 3 months of 2021.

### 18 August 2021

Interim report for the first 6 months of 2021.

### 4 November 2021

Interim report for the first 9 months 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 30 September 2020. The Q3 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 2019.

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

of the Group’s assets, liabilities and financial position as at 30 September 2020 and of the results of the Group’s operations and cash flows for the period 1 January 2020 to 30 September 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, 6 NOVEMBER 2020

## 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





# Income statement and Statement of comprehensive income

DKK thousands	Note	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Total 2019
<b>Income statement</b>						
Revenue	1	694,733	592,076	2,065,841	1,782,860	2,453,853
Cost of services	2	-401,405	-336,422	-1,238,285	-1,070,864	-1,458,102
<b>Gross profit</b>		<b>293,328</b>	<b>255,654</b>	<b>827,556</b>	<b>711,996</b>	<b>995,751</b>
Sales and marketing costs		-4,289	-2,594	-12,505	-8,654	-11,742
Administrative costs	3	-93,555	-88,917	-294,166	-265,856	-366,658
Special items	4	0	-639	-3	-4,373	-4,398
<b>EBITA</b>		<b>195,484</b>	<b>163,503</b>	<b>520,882</b>	<b>433,113</b>	<b>612,954</b>
Amortisation		-25,299	-25,973	-75,896	-76,210	-101,674
<b>Operating profit (EBIT)</b>		<b>170,185</b>	<b>137,531</b>	<b>444,986</b>	<b>356,902</b>	<b>511,280</b>
Financial income	5	4,788	10,977	17,737	26,782	39,930
Financial expenses	5	-11,031	-14,703	-59,286	-45,889	-53,954
<b>Profit / loss before tax</b>		<b>163,942</b>	<b>133,805</b>	<b>403,436</b>	<b>337,795</b>	<b>497,256</b>
Tax on the profit for the period		-35,861	-31,332	-86,548	-74,915	-108,786
<b>Net profit / loss for the period</b>		<b>128,081</b>	<b>102,473</b>	<b>316,888</b>	<b>262,880</b>	<b>388,470</b>
<b>Earnings per share</b>						
Earnings per share (DKK)	6	2.61	2.09	6.45	5.34	7.90
Diluted Earnings per share (DKK)	6	2.60	2.08	6.42	5.33	7.88

**CONTINUED** INCOME STATEMENT AND STATEMENT  
OF COMPREHENSIVE INCOME

DKK thousands	Note	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Total 2019
<b>Statement of comprehensive income</b>						
Net profit / loss for the period		128,081	102,473	316,888	262,880	388,470
<b>Other comprehensive income:</b>						
Foreign currency translation subsidiaries		-1,421	-3,347	7,535	-3,935	-11,928
<b>Other comprehensive income, net of tax</b>		<b>-1,421</b>	<b>-3,347</b>	<b>7,535</b>	<b>-3,935</b>	<b>-11,928</b>
<b>Total comprehensive income / loss</b>		<b>126,660</b>	<b>99,126</b>	<b>324,423</b>	<b>258,945</b>	<b>376,542</b>

# Statement of financial position

DKK thousands	Note	30 September 2020	30 September 2019	31 December 2019
<b>Assets</b>				
Intangible assets		2,474,664	2,576,024	2,550,560
Tangible assets		145,679	147,419	146,223
Deferred tax assets		9,373	2,850	3,526
Other receivables		17,000	15,373	15,980
<b>Total non-current assets</b>		<b>2,646,716</b>	<b>2,741,666</b>	<b>2,716,290</b>
Trade receivables	7	459,136	459,165	531,402
Contract work in progress	8	490,156	330,142	319,354
Other receivables		43,243	23,945	28,182
Cash		236,688	176,630	132,350
<b>Total current assets</b>		<b>1,229,222</b>	<b>989,881</b>	<b>1,011,288</b>
<b>Total assets</b>		<b>3,875,938</b>	<b>3,731,548</b>	<b>3,727,577</b>

DKK thousands	Note	30 September 2020	30 September 2019	31 December 2019
<b>Equity and liabilities</b>				
Share capital		50,000	50,000	50,000
Treasury shares		-175,000	-175,000	-175,000
Share-based remuneration		35,433	14,365	17,724
Exchange differences on trans- lating foreign subsidiaries		-6,509	-6,051	-14,044
Retained earnings		2,509,906	2,067,428	2,193,018
<b>Total equity</b>		<b>2,413,830</b>	<b>1,950,743</b>	<b>2,071,699</b>
Borrowings	9	760,077	1,108,163	958,642
Leasing		26,448	69,596	64,621
Deferred tax liability		73,063	77,670	73,341
<b>Total non-current liabilities</b>		<b>859,589</b>	<b>1,255,429</b>	<b>1,096,604</b>
Leasing		74,520	38,262	39,359
Prebilled invoices	8	28,817	28,290	51,016
Trade payables		29,483	40,448	44,055
Other payables	10	424,595	368,797	394,414
Provisions	11	0	16,395	3,525
Income tax payable		45,105	33,184	26,905
<b>Total current liabilities</b>		<b>602,520</b>	<b>525,376</b>	<b>559,275</b>
<b>Total liabilities</b>		<b>1,462,109</b>	<b>1,780,805</b>	<b>1,655,879</b>
<b>Total equity and liabilities</b>		<b>3,875,938</b>	<b>3,731,548</b>	<b>3,727,577</b>

# Cash Flow statement

DKK thousands	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Total 2019
Operating profit (EBIT)	170,185	137,531	444,986	356,902	511,280
Depreciation and amortisation	41,779	40,884	124,253	116,513	157,946
Non-cash items	4,328	4,156	6,750	11,917	19,160
Working capital changes	-56,013	-46,093	-123,712	-60,100	-86,706
<b>Total</b>	<b>160,279</b>	<b>136,477</b>	<b>452,277</b>	<b>425,233</b>	<b>601,679</b>
Income taxes paid	-3,472	-281	-74,989	-70,676	-115,669
Financial income received	579	1,245	2,106	2,559	3,816
Financial expenses paid	-2,171	-6,612	-11,113	-22,755	-29,497
<b>Cash flow from operating activities</b>	<b>155,215</b>	<b>130,830</b>	<b>368,281</b>	<b>334,362</b>	<b>460,329</b>
Net cash outflow on acquisition of subsidiaries	0	0	0	-37,325	-37,325
Acquisition of property, plant and equipment	-5,271	-4,338	-20,178	-15,449	-24,578
Other receivables (deposits)	-995	-751	-1,056	-2,275	-2,880
<b>Cash flow from investment activities</b>	<b>-6,266</b>	<b>-5,090</b>	<b>-21,235</b>	<b>-55,049</b>	<b>-64,784</b>
Payment of treasury shares	0	0	0	-175,000	-175,000
Proceeds from borrowings	0	0	0	75,000	75,000
Repayment of borrowings	-200,000	-75,000	-200,000	-75,000	-225,000
Repayment of right of use assets	-11,665	-9,935	-33,897	-27,453	-38,414
<b>Cash flow from financing activities</b>	<b>-211,665</b>	<b>-84,935</b>	<b>-233,897</b>	<b>-202,453</b>	<b>-363,414</b>
<b>Net increase in cash and cash equivalents</b>	<b>-62,716</b>	<b>40,805</b>	<b>113,150</b>	<b>76,859</b>	<b>32,131</b>
Cash and cash equivalents at the beginning	300,196	136,406	132,350	107,666	107,666
Cash and cash equivalents balances acquired	0	0	0	-8,519	-8,519
Effect of exchange rate changes on the balance cash held in foreign currencies	-793	-580	-8,813	624	1,072
<b>Cash and cash equivalents at the end</b>	<b>236,688</b>	<b>176,630</b>	<b>236,688</b>	<b>176,630</b>	<b>132,350</b>

# Statement of changes in Equity

DKK thousands	Share capital	Treasury shares	Share-based remuneration	Foreign currency translation subsidiaries	Retained earnings	Total
<b>Equity at 1 July 2020</b>	<b>50,000</b>	<b>-175,000</b>	<b>29,335</b>	<b>-5,088</b>	<b>2,381,825</b>	<b>2,281,072</b>
Share-based remuneration for the period	0	0	6,098	0	0	6,098
Profit for the period	0	0	0	0	128,081	128,081
Other comprehensive income	0	0	0	-1,421	0	-1,421
<b>Equity at 30 September 2020</b>	<b>50,000</b>	<b>-175,000</b>	<b>35,433</b>	<b>-6,509</b>	<b>2,509,906</b>	<b>2,413,830</b>
<b>Equity at 1 January 2020</b>	<b>50,000</b>	<b>-175,000</b>	<b>17,724</b>	<b>-14,044</b>	<b>2,193,018</b>	<b>2,071,699</b>
Share-based remuneration for the period	0	0	17,709	0	0	17,709
Profit for the period	0	0	0	0	316,888	316,888
Other comprehensive income	0	0	0	7,535	0	7,535
<b>Equity at 30 September 2020</b>	<b>50,000</b>	<b>-175,000</b>	<b>35,433</b>	<b>-6,509</b>	<b>2,509,906</b>	<b>2,413,830</b>

**CONTINUED STATEMENT OF CHANGES IN EQUITY**

DKK thousands	Share capital	Treasury shares	Share-based remuneration	Foreign currency translation subsidiaries	Retained earnings	Total
<b>Equity at 1 July 2019</b>	<b>50,000</b>	<b>-175,000</b>	<b>10,560</b>	<b>-2,704</b>	<b>1,964,956</b>	<b>1,847,811</b>
Share-based remuneration for the period	0	0	3,805	0	0	3,805
Profit for the period	0	0	0	0	102,473	102,473
Other comprehensive income	0	0	0	-3,347	0	-3,347
<b>Equity at 30 September 2019</b>	<b>50,000</b>	<b>-175,000</b>	<b>14,365</b>	<b>-6,051</b>	<b>2,067,428</b>	<b>1,950,743</b>
<b>Equity at 1 January 2019</b>	<b>50,000</b>	<b>0</b>	<b>3,818</b>	<b>-2,116</b>	<b>1,754,548</b>	<b>1,806,250</b>
Treasury Shares for the period	0	-175,000	0	0	50,000	-125,000
Share-based remuneration for the period	0	0	10,547	0	0	10,547
Profit for the period	0	0	0	0	262,880	262,880
Other comprehensive income	0	0	0	-3,935	0	-3,935
<b>Equity at 30 September 2019</b>	<b>50,000</b>	<b>-175,000</b>	<b>14,365</b>	<b>-6,051</b>	<b>2,067,428</b>	<b>1,950,743</b>
<b>Equity at 1 January 2019</b>	<b>50,000</b>	<b>0</b>	<b>3,818</b>	<b>-2,116</b>	<b>1,754,548</b>	<b>1,806,250</b>
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
<b>Equity at 31 December 2019</b>	<b>50,000</b>	<b>-175,000</b>	<b>17,724</b>	<b>-14,044</b>	<b>2,193,018</b>	<b>2,071,699</b>

NOTE 1

## Segment information

### Segment information related to geographical areas

DKK thousands	Q3 2020					Total
	Denmark	Norway	UK	Netherlands	Other	
Revenue from external customers	543,069	43,983	78,674	29,007	0	694,733
<b>EBITA, operating entities</b>	<b>192,472</b>	<b>2,204</b>	<b>-4,677</b>	<b>5,486</b>	<b>0</b>	<b>195,484</b>
Allocated cost	1,452	1,129	-3,545	-902	1,867	0
<b>EBITA, reported in legal entities</b>	<b>193,924</b>	<b>3,332</b>	<b>-8,222</b>	<b>4,584</b>	<b>1,867</b>	<b>195,484</b>

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

**CONTINUED** NOTE 1 SEGMENT INFORMATION

DKK thousands	YTD 2020					Total
	Denmark	Norway	UK	Netherlands	Other	
Revenue from external customers	1,599,270	141,662	257,132	67,776	0	2,065,841
<b>EBITA, operating entities</b>	<b>503,480</b>	<b>6,329</b>	<b>3,018</b>	<b>8,056</b>	<b>0</b>	<b>520,882</b>
Allocated cost	5,904	5,651	-12,580	-2,438	3,464	0
<b>EBITA, reported in legal entities</b>	<b>509,383</b>	<b>11,979</b>	<b>-9,563</b>	<b>5,618</b>	<b>3,464</b>	<b>520,882</b>

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

DKK thousands	Total 2019					Total
	Denmark	Norway	UK	Netherlands	Other	
Revenue from external customers	1,818,811	198,396	399,286	37,361	0	2,453,853
<b>EBITA, operating entities</b>	<b>541,145</b>	<b>31,306</b>	<b>47,053</b>	<b>-6,549</b>	<b>0</b>	<b>612,954</b>
Allocated cost	30,499	-3,965	-21,004	-1,649	-3,882	0
<b>EBITA, reported in legal entities</b>	<b>571,643</b>	<b>27,341</b>	<b>26,049</b>	<b>-8,198</b>	<b>-3,882</b>	<b>612,954</b>



## NOTE 2 **Cost of services**

DKK thousands	<b>Q3 2020</b>	<b>Q3 2019</b>	<b>YTD 2020</b>	<b>YTD 2019</b>	<b>Total 2019</b>
Cost of services	-59,928	-72,114	-189,868	-258,856	-341,354
Salaries	-337,368	-260,870	-1,036,835	-802,560	-1,103,599
Depreciation	-4,109	-3,438	-11,581	-9,449	-13,149
<b>Cost of services total</b>	<b>-401,405</b>	<b>-336,422</b>	<b>-1,238,285</b>	<b>-1,070,864</b>	<b>-1,458,102</b>

## NOTE 3 **Administrative costs**

DKK thousands	<b>Q3 2020</b>	<b>Q3 2019</b>	<b>YTD 2020</b>	<b>YTD 2019</b>	<b>Total 2019</b>
Administrative costs	-42,589	-45,713	-133,212	-132,571	-181,372
Salaries	-38,595	-31,732	-124,178	-102,431	-142,164
Depreciation	-12,371	-11,473	-36,776	-30,854	-43,122
<b>Administrative costs total</b>	<b>-93,555</b>	<b>-88,917</b>	<b>-294,166</b>	<b>-265,856</b>	<b>-366,658</b>

## NOTE 4 **Special items**

DKK thousands	<b>Q3 2020</b>	<b>Q3 2019</b>	<b>YTD 2020</b>	<b>YTD 2019</b>	<b>Total 2019</b>
Costs related to IPO	0	0	0	-0	0
Costs related to M&A	0	-639	-3	-4,373	-4,398
<b>Total special items</b>	<b>0</b>	<b>-639</b>	<b>-3</b>	<b>-4,373</b>	<b>-4,398</b>

## NOTE 5 **Financial income and expenses**

DKK thousands	<b>Q3 2020</b>	<b>Q3 2019</b>	<b>YTD 2020</b>	<b>YTD 2019</b>	<b>Total 2019</b>
<b>Financial income</b>					
Exchange rate adjustments	4,750	10,965	17,657	26,752	39,873
Other financial income	19	12	61	30	57
<b>Financial income total</b>	<b>4,788</b>	<b>10,977</b>	<b>17,737</b>	<b>26,782</b>	<b>39,930</b>
<b>Financial expenses</b>					
Interest expense, bank loan	-3,522	-4,904	-11,071	-14,418	-18,788
Interest expense, leasing	-1,008	-880	-3,076	-2,281	-3,313
Exchange rate adjustments	-5,181	-7,778	-41,346	-22,626	-23,974
Other financial expenses	-1,321	-1,141	-3,792	-6,565	-7,879
<b>Financial expenses total</b>	<b>-11,031</b>	<b>-14,703</b>	<b>-59,286</b>	<b>-45,889</b>	<b>-53,954</b>

## NOTE 6 Earnings per share

DKK thousands	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Total 2019
<b>Earnings per share - EPS (DKK)</b>	<b>2.61</b>	<b>2.09</b>	<b>6.45</b>	<b>5.34</b>	<b>7.90</b>
<b>Diluted earnings per share - EPS-D (DKK)</b>	<b>2.60</b>	<b>2.08</b>	<b>6.42</b>	<b>5.33</b>	<b>7.88</b>
Profit	128,081	102,473	316,888	262,880	388,470
Average number of shares	50,000	50,000	50,000	50,000	50,000
Average number of treasury shares	900	900	900	791	818
Average number of shares in circulation	49,100	49,100	49,100	49,209	49,182
Average number of outstanding restricted stock units	243	125	243	99	111
Average number of diluted shares in circulation	49,343	49,225	49,343	49,308	49,293

## NOTE 7 Trade receivables

DKK thousands	30 September 2020	30 September 2019	31 December 2019
Not overdue	347,610	304,187	356,596
0-30 days overdue	93,247	121,296	134,702
31-60 days overdue	7,610	14,929	24,286
61-90 days overdue	2,830	14,434	5,763
Over 90 days overdue	14,586	4,318	10,870
<b>Total trade receivables excl. expected credit loss</b>	<b>465,882</b>	<b>459,165</b>	<b>532,217</b>
Expected credit loss	-6,747	0	-816
<b>Total trade receivables</b>	<b>459,136</b>	<b>459,165</b>	<b>531,402</b>

The Group is continuously conducting individual assessments of bad debt. If this leads to an assessment that the Group will not be able to collect the amount accounted for, an allowance for expected credit loss is made. At 30 September 2020, the Group recognised an allowance for expected credit losses of DKK 6.7m (30 September 2019: DKK 0m), and no credit losses have incurred during Q3 2020.

The credit quality of trade receivables at 30 September 2020, is considered satisfactory.

NOTE 8

## Contract work in progress

DKK thousands	30 September 2020	30 September 2019	31 December 2019
Selling price of work performed on fixed price projects	1,183,721	810,505	850,415
Invoiced amount on fixed price projects	-722,381	-508,653	-582,077
<b>Total contract work in progress</b>	<b>461,340</b>	<b>301,852</b>	<b>268,339</b>

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

Contract work in progress	490,156	330,142	319,354
Prebilled invoices	-28,817	-28,290	-51,016
<b>Total contract work in progress</b>	<b>461,340</b>	<b>301,852</b>	<b>268,339</b>

NOTE 9

## Borrowings

DKK thousands	Currency	Maturity	Fixed or floating interest	Loan cost	Nominal value	Carrying amount
Bank loan	DKK	2023	Floating	5,104	765,182	760,077
<b>30 September 2020</b>				<b>5,104</b>	<b>765,182</b>	<b>760,077</b>

DKK thousands	Currency	Maturity	Fixed or floating interest	Loan cost	Nominal value	Carrying amount
Bank loan	DKK	2023	Floating	7,018	1,115,182	1,108,163
<b>30 September 2019</b>				<b>7,018</b>	<b>1,115,182</b>	<b>1,108,163</b>

Bank loan	DKK	2023	Floating	6,540	965,182	958,642
<b>31 December 2019</b>				<b>6,540</b>	<b>965,182</b>	<b>958,642</b>

## NOTE 10 **Other payables**

DKK thousands	30 September 2020	30 September 2019	31 December 2019
Wages and salaries, payroll taxes, social security costs, etc payable	52,048	36,749	44,521
Holiday pay obligation	145,530	114,007	126,595
VAT and duties	60,703	51,709	58,684
Contingent purchase price & earn out	120,441	121,125	120,441
Other costs payable	45,873	45,208	44,173
<b>Total other payables</b>	<b>424,595</b>	<b>368,797</b>	<b>394,414</b>

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

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

## NOTE 11 **Provision**

DKK thousands	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Total 2019
<b>Onerous contracts and warranty obligations beginning of period</b>	<b>0</b>	<b>26,395</b>	<b>3,525</b>	<b>36,087</b>	<b>36,087</b>
Decrease in the period	0	-10,000	-3,525	-19,692	-32,562
<b>Onerous contracts and warranty obligations end of period</b>	<b>0</b>	<b>16,395</b>	<b>0</b>	<b>16,395</b>	<b>3,525</b>

## NOTE 12 **Income Statement classified by function**

DKK thousands	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Total 2019
<b>Income statement</b>					
Revenue	694,733	592,076	2,065,841	1,782,860	2,453,853
Cost of services, incl. depreciation and amortisation	-401,405	-336,422	-1,238,285	-1,070,864	-1,458,102
<b>Gross profit</b>	<b>293,328</b>	<b>255,654</b>	<b>827,556</b>	<b>711,996</b>	<b>995,751</b>
Sales and marketing costs, incl. depreciation and amortisation	-4,289	-2,594	-12,505	-8,654	-11,742
Administrative costs, incl. depreciation and amortisation	-118,854	-115,529	-370,065	-346,440	-472,729
<b>Operating profit (EBIT)</b>	<b>170,185</b>	<b>137,531</b>	<b>444,986</b>	<b>356,902</b>	<b>511,280</b>
Financial income	4,788	10,977	17,737	26,782	39,930
Financial expenses	-11,031	-14,703	-59,286	-45,889	-53,954
<b>Profit / loss before tax</b>	<b>163,942</b>	<b>133,805</b>	<b>403,436</b>	<b>337,795</b>	<b>497,256</b>
Tax on the profit for the period	-35,861	-31,332	-86,548	-74,915	-108,786
<b>Net profit / loss for the period</b>	<b>128,081</b>	<b>102,473</b>	<b>316,888</b>	<b>262,880</b>	<b>388,470</b>

### Depreciation and Amortisation have been presented as follows in the income statement:

Cost of services	-4,109	-3,438	-11,581	-9,449	-13,149
Administrative costs depreciation	-12,371	-11,473	-36,776	-30,854	-43,122
Administrative costs amortisation	-25,299	-25,973	-75,896	-76,210	-101,674
<b>Depreciation and amortisation</b>	<b>-41,779</b>	<b>-40,884</b>	<b>-124,253</b>	<b>-116,513</b>	<b>-157,946</b>

NOTE 13

## Collateral provided and contingent liabilities

There have been no changes in collateral provided and contingent liabilities during Q3 2020 compared to the Annual Report for 2019.

NOTE 14

## Related party transactions

There have been no related party transactions with any significant shareholders in Q3 2020.

NOTE 15

## Financial figures and highlights

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



**CONTINUED** NOTE 15 FINANCIAL FIGURES AND HIGHLIGHTS

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

## NOTE 17 **Events after the balance sheet date**

After the balance sheet date, Netcompany A/S has entered into an agreement with Copenhagen Airport A/S to establish a Joint Venture named Smarter Airports A/S with the aim to develop and market a fully digital platform for airport management. Copenhagen Airport and Netcompany each own 50% of Smarter Airports,

which will be formed with a total share capital of DKK 150m of which DKK 100m was paid in cash in connection with the establishment.

# Formulas

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

$$\text{Gross profit margin} = \frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

$$\text{EBITDA} = \text{EBIT} + \text{Depreciation and amortisation}$$

$$\text{Days sales outstanding} = \frac{\text{Trade receivables} \times \text{days}}{\text{Revenue}}$$

$$\text{EBITA} = \text{Operating profit} + \text{Amortisation}$$

$$\text{EPS} = \frac{\text{Net profit} - \text{Dividends on preferred stock}}{\text{Average outstanding shares}}$$

$$\text{Return on equity} = \frac{\text{Net profit} \times 100}{\text{Average equity}}$$

$$\text{EBITA margin} = \frac{\text{EBITA} \times 100}{\text{Revenue}}$$

$$\text{EPS diluted} = \frac{\text{Net profit} - \text{Dividends on preferred stock}}{\text{Average outstanding shares} + \text{RSUs}}$$

$$\text{ROIC} = \frac{\text{Net profit} \times 100}{\text{Average invested} - \text{average capital}}$$

$$\text{Adjusted EBITA} = \text{EBITA} + \text{Special items}$$

$$\text{Free cash flow} = \text{Cash flow from operating activities} - \text{Capex}$$

$$\text{ROIC (Adjusted for Goodwill)} = \frac{\text{Net profit} \times 100}{\text{Average invested} - \text{average capital} - \text{average Goodwill}}$$

$$\text{Adjusted EBITA margin} = \frac{\text{Adjusted EBITA} \times 100}{\text{Revenue}}$$

$$\text{CAPEX} = \text{Cost spent to buy intangible and tangible assets, excluding impact from business acquisitions}$$

$$\text{Solvency} = \frac{\text{Equity} \times 100}{\text{Total assets}}$$

$$\text{Operating profit margin} = \frac{\text{Operating profit} \times 100}{\text{Revenue}}$$

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

# 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 2019 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 2019 of Netcompany Group A/S is available at our website [www.netcompany.com](http://www.netcompany.com)

## About Netcompany

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