

Company announcement – six months ended 30 June 2018

Netcompany grows at 60.5% on strong performance in all countries

Company
announcement
no 17/2018
21 August 2018

Summary

Netcompany has continued its strong momentum from 2017 and Q1 2018 into Q2 2018, with organic revenue growth of 36.8% well above the target of annual organic revenue growth of 20% to 25%, and 66.2% reported revenue growth when including the recently acquired business in the UK, resulting in reported growth of 60.5% for the first 6 months of 2018.

New contracts were won in both public and private segments and revenue visibility for the rest of 2018 has improved, reflecting the continued demand for Netcompany solutions in all segments and geographies. The integration of Netcompany Norway is progressing according to plan as is the integration of Netcompany UK, which has been accelerated during Q2.

The extraordinary high growth in Denmark and Norway is to a certain degree delivered using external freelancers, which in combination with the higher than expected growth in the UK, dilutes expected margins for the full year bringing the expectation to adjusted EBITA margin to be in the low end of the guided range.

On 7 June Netcompany transitioned into a publicly traded company with the completion of the IPO based on the Offering Circular of 23 May 2018. The demand for the Netcompany share was multiple times oversubscribed and the interest in the company was positive.

Performance highlights for the first six months of 2018

- Revenue increased by 60.5%, hereof 34.4%, from organic growth to DKK 1,019.6 million in reported currencies and revenue increased by 61.1% in constant currencies.
- Adjusted EBITA margin was 24.2% in reported currencies and 24.2% in constant currencies compared to 26.7% in reported currencies in 6M 2017.
- Profit before tax decreased by 17.1% to DKK 65.0 million in reported currencies and by 16.2% in constant currencies.

- Revenue visibility for the fiscal year of 2018 increased from DKK 1,170.0 million at the beginning of January 2018 to DKK 1,675.9 million at the beginning of July 2018, of which DKK 1,019.6 million reflected realised revenue in 6M 2018.
- Free cash flow remained strong and increased from DKK 93.5 million in 6M 2017 to DKK 158.6 million in 6M 2018, yielding a cash conversion ratio of 68.2% compared to 53.6% in the same period last year.
- During the Q2 2018 Netcompany won several tenders in the public sector.

Outlook for 2018

- Revenue growth in reported currencies is expected to be between in the top end of range of 37% to 42%.
- Organic revenue growth in reported currencies is expected to be between in the top end of range of 20% to 25%.
- Adjusted EBITA margin in reported currencies is expected to be between in the low end of the range of 24.5% to 27.5% (was 24.5%-27.5%).
- Profit before tax in reported currencies is expected to be between DKK 213 million - DKK 282 million, corresponding to a margin of between 11%-14%.
- Netcompany expects currency fluctuations to impact reported revenue negatively with between 0.5% and 1.0% (was previously positive with between 0.5% and 1.0%) and reported margins negatively with between zero and 0.5% (was previously positive with between 0.5% and 1.0%).

"I am proud and humble over the interest that new shareholders have shown in the company that we founded more than 18 years ago. During our numerous meetings in connection with our IPO we have been reaffirmed in our own assessment of our business model to be truly unique and we will stay committed to execute on our short and long-term targets. Our high activity level from 2017 and Q1 2018 has been maintained into Q2 2018 and we see a strong demand for our solutions in all segments and countries.

Our commitment to continued growth means that we will continue to hire talented people in all the countries in which we operate and our positive rating with students and general reputation of being a leading IT consulting company with exceptional career opportunities supports our high demand for new recruits".

André Rogaczewski, Netcompany CEO and Co-founder

Financial overview

DKK million	Q2 2018 (reported)	Q2 2018 (constant)*	Q2 2017	% change (reported)	Netcompany UK Ltd. (Netcompany UK) Non-organic Impact**	% change (constant)
Revenue	502.6	503.4	302.3	66.2%	29.4pp	66.5%
Gross profit	196.4	196.7	123.7	58.8%	14.8pp	59.0%
EBITA	92.7	92.8	71.8	29.1%	5.0pp	29.3%
EBITA margin	18.4%	18.4%	23.7%	-5.3pp	-3.1pp	0.0pp
Operating profit	63.8	64.0	49.2	29.9%	-4.9pp	30.1%
Operating profit margin	12.7%	12.7%	16.3%	-3.6pp	-3.3pp	0.0pp
Net profit / loss	-16.6	-16.6	22.0	-175.7%	-37.7pp	-175.2%
Capex	-5.1	N/A	-13.9	-63.3%	N/A	N/A
Net increase / decrease in cash and cash equivalents	18.6	N/A	-15.1	-223.6%	N/A	N/A

*Constant currencies measured using average exchange rates for Q2 2017

**Netcompany UK acquired in October 2017 and therefore not included in the reported figures for Q2 2017 and therefore shown separately to show the non-organic growth impact on Q2 2018 figures

DKK million	YTD 2018 (reported)	YTD 2018 (constant)*	YTD 2017	% change (reported)	Netcompany UK Ltd. (Netcompany UK) Non-organic Impact**	% change (constant)	Total 2017
Revenue	1,019.6	1,023.5	635.3	60.5%	26.1pp	61.1%	1,416.1
Gross profit	394.6	396.1	264.3	49.3%	12.1pp	49.9%	612.7
EBITA	212.8	213.5	167.5	27.0%	5.2pp	27.5%	369.0
EBITA margin	20.9%	20.9%	26.4%	-5.5pp	-3.0pp	0.0pp	26.1%
Operating profit	155.1	155.8	121.0	28.2%	-2.5pp	28.7%	273.2
Operating profit margin	15.2%	15.2%	19.0%	-3.8pp	-3.3pp	0.0pp	19.3%
Net profit / loss	34.6	35.1	57.9	-40.3%	18.8pp	-39.4%	141.6
Capex	-9.7	N/A	-18.8	-48.6%	N/A	N/A	-150.5
Net increase / decrease in cash and cash equivalents	-22.6	N/A	23.8	-195.0%	N/A	N/A	137.0

*Constant currencies measured using average exchange rates for the first 6M 2017

**Netcompany UK acquired in October 2017 and therefore not included in the reported figures for 6M 2017 and therefore shown separately to show the non-organic growth impact on 6M 2018 figures

About Netcompany

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

Conference call details

In connection with the publication of the results for Q2 2018, Netcompany will host a conference call on 21 August 2018 at 10.00 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:

Participants, DK:	+45 35 15 80 49
Participants, UK:	+44 (0)330 336 9125
Participants, Finland:	+358 (0)9 7479 0361

Confirmation code: 5345027

Webcast Player URL: <https://edge.media-server.com/m6/p/kuykf48p>

Additional information

For additional information, please contact:

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Financial Calendar

- 21 August 2018: The interim report for the six months ended 30 June 2018.
- 6 November 2018: The interim report for the nine months ended 30 September 2018.
- 6 February 2019: Annual report for the 2018 fiscal year.

Financial highlights and key figures

DKK million	Q2 2018	Q2 2017	YTD 2018	YTD 2017	% change YTD	Total 2017
Income statement						
Revenue						
Public	267.8	145.2	553.6	297.8	85.9%	730.2
Private	234.8	157.1	466.1	337.5	38.1%	685.9
<i>Revenue by segments, total</i>	<i>502.6</i>	<i>302.3</i>	<i>1,019.6</i>	<i>635.3</i>	<i>60.5%</i>	<i>1,416.1</i>
Development	217.4	132.4	440.6	273.0	61.4%	646.9
Maintenance	285.2	170.0	579.0	362.2	59.8%	769.2
<i>Revenue by types, total</i>	<i>502.6</i>	<i>302.3</i>	<i>1,019.6</i>	<i>635.3</i>	<i>60.5%</i>	<i>1,416.1</i>
Organic	413.6	274.0	853.5	571.8	49.3%	1,232.0
Acquisition	89.0	28.3	166.1	63.4	161.9%	184.0
<i>Revenue by growth, total</i>	<i>502.6</i>	<i>302.3</i>	<i>1,019.6</i>	<i>635.3</i>	<i>60.5%</i>	<i>1,416.1</i>
Special items	-26.6	-2.2	-34.3	-2.2	1451.3%	-32.9
EBITA	92.7	71.8	212.8	167.5	27.0%	369.0
Adjusted EBITA	119.3	74.0	247.1	169.7	45.6%	402.0
Operating profit (EBIT)	63.8	49.2	155.1	121.0	28.2%	273.2
Net financials	-65.4	-18.8	-90.1	-42.6	111.3%	-72.1
Net profit / loss	-16.6	22.0	34.6	57.9	-40.3%	141.6
Financial position						
Capex	-5.1	-13.9	-9.7	-18.8	-48.6%	-30.2
Total assets	3,477.5	2,943.4	3,477.5	2,943.4	18.1%	3,469.5
Equity	1,652.9	1,324.9	1,652.9	1,324.9	24.8%	1,643.9
Net increase in cash and cash equivalents	18.6	-15.1	-22.6	23.8	-195.0%	137.0
Free cash flow	63.9	14.7	158.6	93.5	69.5%	307.3
Earnings per share						
Earnings per share (DKK)	-0.3	0.5	0.7	1.1	-36.4%	2.9
Diluted Earnings per share (DKK)	-0.3	0.5	0.7	1.1	-36.4%	2.9
Employees						
Average number of full-time employees	1,817.6	1,075.1	1,792.0	1,039.7	72.4%	1,208.5

DKK million	Q2 2018	Q2 2017	YTD 2018	YTD 2017	% change YTD	Total 2017
Financial ratios						
Gross profit margin	39.1%	40.9%	38.7%	41.6%	-2.9pp	43.3%
EBITA margin	18.4%	23.7%	20.9%	26.4%	-5.5pp	26.1%
Adjusted EBITA margin	23.7%	24.5%	24.2%	26.7%	-2.5pp	28.4%
Operating profit margin	12.7%	16.3%	15.2%	19.0%	-3.8pp	19.3%
Effective tax rate	N/A	27.7%	46.9%	26.1%	20.7pp	-29.6%
Return on equity	-1.1%	1.7%	2.3%	4.5%	-2.2pp	9.8%
Solvency ratio	47.5%	45.0%	47.5%	45.0%	2.5pp	47.4%
Financial metrics						
Revenue growth	66.2%	48.4%	60.5%	88.2%	-27.7pp	57.4%
Operating profit margin	12.7%	16.3%	15.2%	19.0%	-3.8pp	19.3%
Return on invested capital (ROIC)	-0.6%	0.9%	1.3%	2.4%	-1.1pp	5.5%
Cash conversion ratio	62.1%	19.5%	68.2%	53.6%	14.6pp	76.4%

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

Gross profit margin	=	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$	Return on invested capital (ROIC)	=	$\frac{\text{Net profit} \times 100}{\text{Average invested capital}}$
EBITA margin	=	$\frac{\text{EBITA} \times 100}{\text{Revenue}}$	Free cash flow	=	EBIT + Depreciation and Amortisation + Non-cash + Change in net working capital
Adjusted EBITA margin	=	$\frac{(\text{EBITA} - \text{Special items}) \times 100}{\text{Revenue}}$	Cash conversion ratio	=	$\frac{\text{Free cash flow} \times 100}{\text{EBITDA}}$
Operating profit margin	=	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$	Solvency ratio	=	$\frac{\text{Equity} \times 100}{\text{Total assets}}$
EPS	=	$\frac{\text{Net profit for the period} - \text{Dividends on preferred stock}}{\text{Average outstanding common shares}}$	EPS diluted	=	$\frac{\text{Net profit / loss for the period} - \text{Dividends on preferred stock}}{\text{Average outstanding common shares} + \text{RSU}}$
Return on equity	=	$\frac{\text{Net profit for the period} \times 100}{\text{Average equity}}$			

Highlights

IPO of Netcompany

On 7 June 2018, the Group's shares were admitted to trading on the NASDAQ Copenhagen stock exchange. Existing shareholders sold 40% of their shares on a pro rata basis and the majority shareholder – FSN Capital – provided additional 15% shares in means of the Green Shoe.

Revenue visibility

At the beginning of July 2018, revenue visibility for the fiscal year of 2018 was DKK 1,675.9 million of which DKK 1,019.6 million was realised during 6M 2018. The revenue visibility for the remainder of the year is at a satisfactory level and in line with what has been the case in previous years at this point in time.

Organisation

The Group employed 1,792 FTEs including freelancers and contractors during 6M 2018 compared to 1,040 FTEs including freelancers and contractors during 6M 2017. A significant part of the growth in the FTE number is attributable to the acquisition of Netcompany UK in October 2017 which account for a total of 411 FTE's during 6M 2018.

Free cash flow and cash conversion ratio

Free cash flow remained strong during 6M 2018 and increased from DKK 93.5 million in 6M 2017 to DKK 158.6 million in 6M 2018, primarily driven by an increase in EBITDA and a lower increase in trade receivables compared to the increase in revenue. This development led to a cash conversion ratio of 68.2% in 6M 2018 compared to a cash conversion ratio of 53.6% in 6M 2017.

In Q2 2018, the Group has refinanced borrowings and terminated all derivatives contracts relating to previous borrowings. The repayment of borrowings amounted to DKK 1,200.0 million corresponding to EUR 148.4 million and DKK 92.0 million. The proceeds from new borrowings amounted to DKK 1,229.5 million.

Change in accounting principles

There have been no changes in accounting principles during Q2 2018 compared to the annual report for 2017.

Performance overview

DKK million	Q2 2018 (reported)	Q2 2018 (constant)*	Q2 2017	% change (reported)	Netcompany UK Ltd. (Netcompany UK) Non-organic Impact	% change (constant)
Revenue	502.6	503.4	302.3	66.2%	29.4pp	66.5%
Cost of services	-306.2	-306.6	-178.6	71.4%	39.6pp	71.7%
Gross profit	196.4	196.7	123.7	58.8%	14.8pp	59.0%
<i>Gross profit margin</i>	<i>39.1%</i>	<i>39.1%</i>	<i>40.9%</i>	<i>-1.8pp</i>	<i>-4.0pp</i>	<i>0.0pp</i>
Sales and marketing costs	-4.3	-4.3	-2.0	112.9%	9.8pp	113.1%
Administrative costs	-72.9	-73.0	-47.7	52.7%	18.8pp	52.9%
Adjusted EBITA	119.3	119.4	74.0	61.3%	12.4pp	61.4%
<i>Adjusted EBITA margin</i>	<i>23.7%</i>	<i>23.7%</i>	<i>24.5%</i>	<i>-0.7pp</i>	<i>-2.9pp</i>	<i>0.0pp</i>
Special items	-26.6	-26.6	-2.2	1115.0%	254.9pp	1115.0%
EBITA	92.7	92.8	71.8	29.1%	5.0pp	29.3%
<i>EBITA margin</i>	<i>18.4%</i>	<i>18.4%</i>	<i>23.7%</i>	<i>-5.3pp</i>	<i>-3.1pp</i>	<i>0.0pp</i>
Amortisation	-28.8	-28.8	-22.6	27.6%	51.9pp	27.6%
Operating profit (EBIT)	63.8	64.0	49.2	29.9%	-4.9pp	30.1%
<i>Operating profit margin</i>	<i>12.7%</i>	<i>12.7%</i>	<i>16.3%</i>	<i>-3.6pp</i>	<i>-3.3pp</i>	<i>0.0pp</i>
Net financials	-65.4	-65.4	-18.8	248.6%	19.5pp	248.6%
Profit / loss before tax	-1.5	-1.4	30.4	-105.0%	-20.0pp	-104.6%
Tax	-15.1	-15.1	-8.4	79.7%	26.2pp	80.1%
<i>Effective tax rate</i>	<i>N/A</i>	<i>N/A</i>	<i>27.7%</i>	<i>N/A</i>	<i>-1270.3pp</i>	<i>88.3pp</i>
Net profit / loss	-16.6	-16.6	22.0	-175.7%	-37.7pp	-175.2%

*Constant currencies measured using average exchange rates for Q2 2017

DKK million	YTD 2018 (reported)	YTD 2018 (constant)*	YTD 2017	% change (reported)	Netcompany UK Ltd. (Netcompany UK)		Total 2017
					Non-organic Impact	% change (constant)	
Revenue	1,019.6	1,023.5	635.3	60.5%	26.1pp	61.1%	1,416.1
Cost of services	-625.0	-627.4	-371.0	68.5%	36.2pp	69.1%	-803.4
Gross profit	394.6	396.1	264.3	49.3%	12.1pp	49.9%	612.7
<i>Gross profit margin</i>	<i>38.7%</i>	<i>38.7%</i>	<i>41.6%</i>	<i>-2.9pp</i>	<i>-3.8pp</i>	<i>0.0pp</i>	<i>43.3%</i>
Sales and marketing costs	-7.0	-7.0	-4.0	73.9%	13.6pp	74.4%	-9.7
Administrative costs	-140.6	-141.3	-90.6	55.2%	17.0pp	56.0%	-201.0
Adjusted EBITA	247.1	247.8	169.7	45.6%	9.4pp	46.0%	402.0
<i>Adjusted EBITA margin</i>	<i>24.2%</i>	<i>24.2%</i>	<i>26.7%</i>	<i>-2.5pp</i>	<i>-2.8pp</i>	<i>0.0pp</i>	<i>28.4%</i>
Special items	-34.3	-34.3	-2.2	1451.3%	327.3pp	1451.3%	-32.9
EBITA	212.8	213.5	167.5	27.0%	5.2pp	27.5%	369.0
<i>EBITA margin</i>	<i>20.9%</i>	<i>20.9%</i>	<i>26.4%</i>	<i>-5.5pp</i>	<i>-3.0pp</i>	<i>0.0pp</i>	<i>26.1%</i>
Amortisation	-57.7	-57.7	-46.5	24.1%	25.2pp	24.1%	-95.9
Operating profit (EBIT)	155.1	155.8	121.0	28.2%	-2.5pp	28.7%	273.2
<i>Operating profit margin</i>	<i>15.2%</i>	<i>15.2%</i>	<i>19.0%</i>	<i>-3.8pp</i>	<i>-3.3pp</i>	<i>0.0pp</i>	<i>19.3%</i>
Net financials	-90.1	-90.1	-42.6	111.3%	16.7pp	111.3%	-72.1
Profit / loss before tax	65.0	65.7	78.4	-17.1%	13.0pp	-16.2%	201.0
Tax	-30.5	-30.6	-20.5	48.8%	3.5pp	49.5%	-59.4
<i>Effective tax rate</i>	<i>46.9%</i>	<i>46.6%</i>	<i>26.1%</i>	<i>20.7pp</i>	<i>7.3pp</i>	<i>0.3pp</i>	<i>-29.6%</i>
Net profit / loss	34.6	35.1	57.9	-40.3%	18.8pp	-39.4%	141.6

*Constant currencies measured using average exchange rates for the first 6M 2017

Revenue increased by 66.2% (constant 66.5%) to DKK 502.6 million in Q2 2018 and by 60.5% (constant 61.1%) in 6M 2018 to DKK 1,019.6 million in 6M 2018. The impact on revenue growth from the acquisition of Netcompany UK in October 2017 was 29.4 percentage points in Q2 2018 and 26.1 percentage points in 6M 2018 resulting in an organic revenue growth in Q2 2018 of 36.8% and 34.4% in 6M 2018. The increase in revenue in Q2 2018 was driven by a 84.4% growth in the public segment and a 49.4% revenue growth in the private segment, while the revenue growth in 6M 2018 was driven by a 85.9% growth in the public segment and a 38.1% growth in the private segment.

Cost of services increased by 71.4% (constant 71.7%) in Q2 2018 to DKK 306.2 million and by 68.5% (constant 69.1%) to DKK 625.0 million in 6M 2018. The increase in cost of services was in both Q2 2018 and 6M 2018, besides the natural impact from the increased activity level in both periods, primarily driven by the by purchase of Netcompany UK, which had a significantly higher share of cost to serve as the UK operation utilise a higher proportion of independent external contractors compared to Netcompany's other business operations in Denmark and Norway. UK's proportion of cost of services amounted to 39.6 percentage points in Q2 2018 and 36.2 percentage points in 6M 2018 of the total increase in cost of services, which was higher than the UK contribution to revenue in the same periods. As a result, gross profit margin decreased by 1.8

percentage points in Q2 2018 and by 2.9 percentage points in 6M 2018 with no currency impact. Adjusted for the acquisition of Netcompany UK, the gross profit margin in Q2 2018 and 6M 2018 was at level as the gross profit margin in the same period last year.

Sales and marketing costs increased by 112.9% (constant 113.1%) to DKK 4.3 million in Q2 2018 and by 73.9% (constant 74.4%) to DKK 7.0 million in 6M 2018. The increase in sales and marketing costs in Q2 2018 and 6M 2018 was primarily driven by advisory costs and customizing the company's website, which all related to the listing of Netcompany, hence there was an increase in sales and marketing costs in Q2 2018 and 6M 2018, which is not expected going forward.

Administrative costs increased by 52.7% (constant 52.9%) to DKK 72.9 million in Q2 2018 and by 55.2% (constant 56.0%) to DKK 140.6 million in 6M 2018. The increase in administrative costs in Q2 2018 and 6M 2018 was primarily driven by an increase in administrative staff needed to handle the increased level of activity as well as the increased requirements in relation to the listing of Netcompany. In addition to this, the increase in administrative costs was also driven by more employees spending time on certifications and other course training, as the Group employed an average of 1,415 employees in 6M 2018 compared to 944 FTEs employees in 6M 2017, when excluding administration staff, contractors and freelancers. Time spend per consultant on certifications and other course training per consultant during 6M 2018 was in line with expected level.

Adjusted EBITA increased by 61.3% (constant 61.4%) to DKK 119.3 million in Q2 2018 and by 45.6% (constant 46.0%) to DKK 247.1 million in 6M 2018. This led to an adjusted EBITA margin of 23.7% in Q2 2018 and to an adjusted EBITA margin of 24.2% in 6M 2018, which was a decrease of 0.7 percentage points and 2.5 percentage points compared to the same periods last year. The decrease in EBITA margin in Q2 2018 and 6M 2018 was primarily driven by the decrease in gross profit margin, which was somewhat offset by a lower increase in administrative costs compared to the increase in revenue in both periods.

Special items were DKK 26.6 million in Q2 2018 and DKK 34.3 million in 6M 2018, of which currency fluctuations had no impact. The level of special items was significantly higher than last year naturally driven by the recent IPO and activities in connection hereto. Special items in Q2 2018 primarily related to the listing of Netcompany, while special items in relation to the listing of Netcompany in 6M 2018 amounted to DKK 33.0 million. The remaining amount constituting DKK 1.3 million in 6M 2018 related to the purchase of Netcompany UK.

EBITA increased by 29.1% (constant 29.3%) to DKK 92.7 million in Q2 2018 and by 27.0% (constant 27.5%) to DKK 212.8 million in 6M 2018. This led to an EBITA margin of 18.4% in Q2 2018 and 20.9% in 6M 2018, which was a decrease of 5.3 percentage points and 5.5 percentage points compared to the same periods last year, driven by the higher amount of special items in both Q2 2018 and 6M 2018 relating to the IPO of Netcompany, but also driven by the lower gross profit margin as mentioned previously.

Amortisation of intangibles recognized upon business combinations in the past increased by 27.6% (constant 27.6%) to DKK 28.8 million in Q2 2018 and by 24.1% (constant 24.1%) to DKK 57.7 million in 6M 2018. The increase in amortisation was driven by the purchase of Netcompany UK in October 2017, which had full financial effect in Q2 2018 and 6M 2018, but no financial impact in neither Q2 2017 or 6M 2017.

Operating profit (EBIT) increased by 29.9% (constant 30.1%) to DKK 63.8 million in Q2 2018 and by 28.2% (constant 28.7%) to DKK 155.1 million in 6M 2018. This led to an operating profit margin of 12.7% in Q2 2018 and 15.2% in 6M 2018. The decrease in operating profit margin was primarily driven by the decrease in EBITA margin, which was somewhat offset by a lower increase in amortisation compared to revenue in both Q2 2018 and 6M 2018.

Net financial costs increased by 248.6% (constant 248.6%) to DKK 65.4 million in Q2 2018 and by 111.3% (constant 111.3%) to DKK 90.1 million in 6M 2018. As part of the IPO Netcompany refinanced all its external borrowings, which has led to significantly lower interest rates. In connection with the refinancing, past capitalized loan costs and a value of derivative contracts relating to past borrowings, a total of DKK 34.9 million was expensed through financial expenses and DKK 19.6 million through other comprehensive income in Q2 2018. Adjusted for this, net financial costs increased by 62.5% to DKK 30.5 million in Q2 2018 and by 29.5% to DKK 55.2 million in 6M 2018, primarily driven by an increase in the total amount borrowed compared to the same periods last year, which related to the acquisition of Netcompany UK.

The effective tax rate in Q2 2018 was negative compared to 27.7% in Q2 2017. In 6M 2018 the effective tax rate was 46.9% (constant 46.6%) compared to 26.1% in 6M 2017. The increase in tax calculated for the period was primarily driven by a negative impact of interest deduction limitation rules adjustments, and by an increase in special items, categorised as non-tax-deductible costs.

The net result in Q2 2018 was a net loss of DKK 16.6 million compared to a net profit of DKK 22.0 million in Q2 2017 corresponding to a decrease of 175.7% and from DKK 57.9 million in 6M 2017 to DKK 34.6 million in 6M 2018 corresponding to a decrease of 40.3%. The decrease was driven by the factors explained above.

Business Segments

Public

DKK million	Q2 2018			Q2 2017		% change (reported)	Non-organic Impact
	Q2 2018	Q2 2017	% change (reported)	Q2 2017	% change (reported)		
Revenue	267.8	145.2	84.4%	13.2pp			
Allocated Costs	-208.8	-119.4	74.9%	13.5pp			
Adjusted EBITA	59.0	25.8	128.2%	11.3pp			
Adjusted EBITA margin	22.0%	17.8%	4.2pp	-0.5pp			
Allocated special items	-14.8	-1.2	1164.8%	89.5pp			
EBITA	44.2	24.7	79.1%	7.6pp			
EBITA margin	16.5%	17.0%	-0.5pp	-0.5pp			
Amortisation	-16.1	-11.8	35.9%	9.1pp			
Operating profit	28.1	12.8	118.8%	6.2pp			
Operating profit margin	10.5%	8.8%	1.6pp	-0.5pp			

DKK million	YTD 2018			YTD 2017		% change (reported)	Non-organic Impact
	YTD 2018	YTD 2017	% change (reported)	YTD 2017	% change (reported)		
Revenue	553.6	297.8	85.9%	10.4pp			
Allocated Costs	-429.8	-239.1	79.7%	11.1pp			
Adjusted EBITA	123.8	58.6	111.0%	7.3pp			
Adjusted EBITA margin	22.4%	19.7%	2.7pp	-0.5pp			
Allocated special items	-19.1	-1.2	1513.9%	107.3pp			
EBITA	104.7	57.5	82.2%	5.2pp			
EBITA margin	18.9%	19.3%	-0.4pp	-0.5pp			
Amortisation	-32.0	-23.8	34.4%	7.7pp			
Operating profit	72.7	33.7	115.9%	3.5pp			
Operating profit margin	13.1%	11.3%	1.8pp	-0.6pp			

Public segment revenue increased by 84.4% to DKK 267.8 million in Q2 2018 and by 85.9% to DKK 553.6 million in 6M 2018. The increase in revenue in both Q2 2018 and 6M 2018 was primarily driven by high activity at Danish customers such as Danish Ministry of Taxation, ATP, KOMBIT, Danish Business Authority and the Danish Working Environment Authority, but also the Norwegian and English customers such as

Oslo Municipality, the Norwegian Toll Service and the British Home Office contributed positively to the significant revenue growth in the public segment.

Allocated segment costs increased by 74.9% in Q2 2018 to DKK 208.8 million and by 79.7% in 6M 2018 to DKK 429.8 million, which was lower than the increase in revenue in both periods. The primary driver for this development was a lower increase in administration costs compared to revenue at group level, but also driven by a decrease in average salary cost per employee in the public segment, as the usage of Vietnamese and Polish employees has increased compared to the same periods last year.

Adjusted EBITA increased by 128.2% to DKK 59.0 million in Q2 2018 and by 111.0% to DKK 123.8 million, which led to an adjusted EBITA margin of 22.0% in Q2 2018 and 22.4% in 6M 2018. The increase in EBITA margin was partly driven by development in allocated costs as mentioned above, but also as a result of an increase in the average hourly rate in both Q2 2018 and 6M 2018 compared to the same periods last year. As maintenance in the public segment increased in both Q2 2018 and 6M 2018, the average hourly rate also increased, but was slightly offset by additional hours spent in connection with “going live” in both Q2 2018 and 6M 2018 compared to the same periods last year.

As part of its regular review of the contract portfolio, the Group may identify contracts where the completion of a contract most likely will result in a negative contribution. In these circumstances, the Group will record a provision to cover the unavoidable loss. The Group has in Q2 2018 recorded a provision of DKK 0.5 million to cover any unavoidable loss. DKK 5.0 million has been realised from the provision in connection with specific projects going into production. The estimates of the provision may be subject to uncertainty depending on project complexity and on whether there are any disputes with customers in relation to project performance, claims and counter claims, contract interpretation and alike.

EBITA increased by 79.1% to DKK 44.2 million in Q2 2018 and by 82.2% to DKK 104.7 million in 6M 2018. This led to an EBITA margin of 16.5% in Q2 2018 and 18.9% in 6M 2018, which was a decrease of 0.5 percentage points and 0.4 percentage points compared to the same periods last year, which was driven by the significant increase in special items at group level, as well as a slight dilution in EBITA margin from the impact of UK constituting -0.5 percentage point in Q2 2018 and -0.5 percentage point in 6M 2018, as the UK operation both in the public and private segment generates a significantly lower EBITA margin than the rest of the group.

Operating profit (EBIT) increased by 118.8% to DKK 28.1 million in Q2 2018 and by 115.9% in 6M YTD to DKK 72.7 million. This led to an operating profit margin of 10.5% in Q2 2018 and 13.1% in 6M 2018, which was an increase of 1.6 percentage point compared to Q2 2017 and 1.8 percentage point compared to 6M 2017. The increase in operating profit margin was primarily driven by the decrease in EBITA margin, which was offset by a lower increase in amortisation than revenue growth in both Q2 2018 and 6M 2018.

Private

DKK million	Netcompany UK Ltd. (Netcompany UK)			Non-organic Impact
	Q2 2018	Q2 2017	% change (reported)	
Revenue	234.8	157.1	49.4%	44.4pp
Allocated Costs	-174.6	-109.0	60.1%	57.8pp
Adjusted EBITA	60.3	48.1	25.2%	13.0pp
Adjusted EBITA margin	25.7%	30.6%	-5.0pp	-7.1pp
Allocated special items	-11.8	-1.0	1056.7%	445.2pp
EBITA	48.5	47.1	3.0%	3.6pp
EBITA margin	20.7%	30.0%	-9.3pp	-7.7pp
Amortisation	-12.8	-10.8	18.4%	-45.7pp
Operating profit	35.7	36.3	-1.6%	-8.9pp
Operating profit margin	15.2%	23.1%	-7.9pp	-8.4pp

DKK million	Netcompany UK Ltd. (Netcompany UK)			Non-organic Impact
	YTD 2018	YTD 2017	% change (reported)	
Revenue	466.1	337.5	38.1%	40.0pp
Allocated Costs	-342.8	-226.4	51.4%	54.3pp
Adjusted EBITA	123.3	111.0	11.0%	10.5pp
Adjusted EBITA margin	26.5%	32.9%	-6.4pp	-7.3pp
Allocated special items	-15.2	-1.0	1379.7%	579.8pp
EBITA	108.1	110.0	-1.8%	5.2pp
EBITA margin	23.2%	32.6%	-9.4pp	-7.7pp
Amortisation	-25.7	-22.7	13.3%	43.7pp
Operating profit	82.4	87.3	-5.7%	-4.8pp
Operating profit margin	17.7%	25.9%	-8.2pp	-8.5pp

Private segment revenue increased by 49.4% to DKK 234.8 million in Q2 2018 and by 38.1% to DKK 466.1 million in 6M 2018. The increase in revenue was primarily driven by the UK operation, as organic growth in the private segment grew 5.0% in Q2 2018 and decreased by 1.9% in 6M 2018. The development in the private segment in Denmark and Norway was partly due to the big public engagements, that engaged a significant proportion of current employees, but also due to strategic considerations concerning the development in the private segment in

Denmark, which is expected to result in serving fewer smaller private customers and instead focusing on larger private tenders, to utilize Netcompany's ability to deliver large and complex solutions even better.

Allocated segment costs increased by 60.1% to DKK 174.6 million in Q2 2018 and by 51.4% to DKK 342.8 million in 6M 2018, primarily driven by the UK operation, which was the primary revenue driver in the private segment in both Q2 2018 and 6M 2018. As a result of this, UK's proportion of the total increase in allocated costs exceeded the total increase in allocated costs in both Q2 2018 and 6M 2018, since the UK operation utilise a higher proportion of independent external contractors compared to Netcompany's other business operations in Denmark and Norway. Adjusting for the impact of the UK operation, allocated cost increased by 2.3% in Q2 2018 and decreased by 2.9% in 6M 2018, primarily driven by the Danish and Norwegian operations spending more hours in the public segment, as well as a decrease in salary cost per employee in the private segment compared to the same periods last year.

Adjusted EBITA increased by 25.2% to DKK 60.3 million in Q2 2018 and by 11.0% to DKK 123.3 million in 6M 2018, which led to an adjusted EBITA margin of 25.7% in Q2 2018 and 26.5% in 6M 2018. The development in EBITA margin in both Q2 2018 and 6M 2018 was highly impacted by the UK operation, which diluted adjusted EBITA margin by 7.1 percentage points and 7.3 percentage points. Adjusted for this, EBITA margin increased by 2.1 percentage points in Q2 2018 and by 0.9 percentage points in 6M 2018 driven by higher average hourly rate, as well lower salary cost per employee in the private segment compared to the same periods last year.

EBITA increased by 3.0% to DKK 48.5 million in Q2 2018 and decreased by 1.8% to DKK 108.1 million in 6M 2018. This led to an EBITA margin of 20.7% in Q2 2018 and 23.2% in 6M 2018, which was a decrease of 9.3 percentage points and 9.4 percentage points, driven by the decrease in adjusted EBITA margin and a significant increase in special items at group level.

Operating profit (EBIT) decreased by 1.6% to DKK 35.7 million in Q2 2018 and by 5.7% to DKK 82.4 million in 6M 2018. This led to an operating profit margin of 15.2% in Q2 2018 and 17.7% in 6M 2018, which was a decrease of 7.9 percentage points and 8.2 percentage point compared to the same periods last year. The decrease in operating profit margin was primarily driven by the decrease in EBITA margin, which was offset by a lower increase in amortisation compared to revenue growth in both Q2 2018 and 6M 2018.

Revenue types

DKK million	Q2 2018			Netcompany UK Ltd. (Netcompany UK)
	Public	Private	Total	Non-organic Impact
Revenue				
Development	115.6	101.8	217.4	51.1
Maintenance	152.1	133.0	285.2	37.9
Revenue by types, total	267.8	234.8	502.6	89.0
<i>% development</i>	43.2%	43.3%	43.3%	
<i>% maintenance</i>	56.8%	56.7%	56.7%	

DKK million	Q2 2017			Netcompany UK Ltd. (Netcompany UK)
	Public	Private	Total	Non-organic Impact
Revenue				
Development	90.0	42.4	132.4	0.0
Maintenance	55.2	114.8	170.0	0.0
Revenue by types, total	145.2	157.1	302.3	0.0
<i>% development</i>	62.0%	27.0%	43.8%	
<i>% maintenance</i>	38.0%	73.0%	56.2%	

DKK million	YTD 2018			Netcompany UK Ltd. (Netcompany UK)
	Public	Private	Total	Non-organic Impact
Revenue				
Development	243.6	196.9	440.6	90.7
Maintenance	309.9	269.1	579.0	75.3
Revenue by types, total	553.6	466.1	1,019.6	166.1
% development	44.0%	42.3%	43.2%	
% maintenance	56.0%	57.7%	56.8%	

DKK million	YTD 2017			Netcompany UK Ltd. (Netcompany UK)
	Public	Private	Total	Non-organic Impact
Revenue				
Development	177.6	95.5	273.0	0.0
Maintenance	120.2	242.0	362.2	0.0
Revenue by types, total	297.8	337.5	635.3	0.0
% development	59.6%	28.3%	43.0%	
% maintenance	40.4%	71.7%	57.0%	

In the public segment, development revenue constituted 43.2% in Q2 2018 and 44.0% in 6M 2018, which was a decrease of 18.8 percentage points and 15.6 percentage points compared to the same periods last year. This development was primarily driven by several large public engagements in Denmark "going live" during 2018. This development was slightly offset by the Norwegian operation where the engagement won at Oslo Municipality in Q3 2017 was in full development during Q2 2018 and 6M 2018. As a result of the above, maintenance increased by 18.8 percentage points to 56.8% in Q2 2018 and by 15.6 percentage points to 56.0% in 6M 2018.

In the private segment, development revenue constituted 43.3% in Q2 2018 and 42.3% in 6M 2018, which was an increase of 16.3 percentage points from Q2 2017 to Q2 2018 and an increase of 14.0 percentage points from 6M 2017 to 6M 2018. The significant increase in development was primarily driven by the UK operation, which contributed to 50.1% of the total development revenue in Q2 2018 and 46.1% in 6M 2018 compared to no effect in the same periods last year. In addition to this, there was a slight trend towards more development in the private segment in the Norwegian operation, driven by the 5 largest private customers in the Norwegian private segment. This development was

somewhat offset by the Danish operation, which generated more maintenance revenue in the private segment in both Q2 2018 and 6M 2018 compared to the same periods last year, primarily driven by activity at union customers going from development to maintenance after the implementation of Dagpengereformen 2017, which was commissioned in Q3 2017. As a result of the above, maintenance decreased by 16.3 percentage points to 56.7% in Q2 2018 and by 14.0 percentage points in 6M 2018 to 57.7%.

Currency exposures

Local currency thousands	Q2 2018				
	DKK	NOK	GBP	VND	PLN
Revenue	372,620	52,802	10,446	0	0
EBIT	33,015	8,464	701	2,319,357	10,102
Net result	-38,702	6,468	447	1,639,682	7,330

Local currency thousands	YTD 2018				
	DKK	NOK	GBP	VND	PLN
Revenue	769,178	108,575	19,664	0	0
EBIT	97,948	18,223	1,308	3,893,809	17,576
Net result	-12,025	13,899	1,228	3,206,686	13,977

The Group is exposed to exchange rate risk in the countries where the Group has its sales activities outside Denmark, which means Norway and UK and to a lesser extent, exchange rate risk in Poland and Vietnam, which is used as sourcing centers and therefore do not have an exchange rate risk related to sales activities, but only net costs exposures. As most of the Group'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. At present, the Group has not entered into any hedging contracts regarding exchange rates.

Revenue visibility

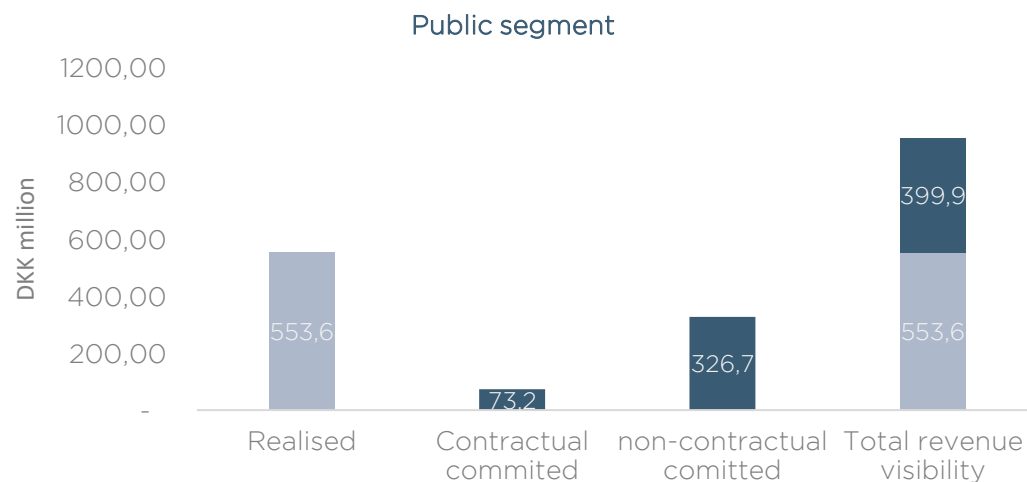
The Group measures revenue visibility for the fiscal year 2018 based on realised revenue for 6M 2018 combined with two other main input parameters for the remainder of the year, defined as total value of committed engagements, which comprise the value of fixed price engagements and service agreements, while ongoing time and material engagements with a high likelihood of conversion and/or prolongation are defined as total value of non-contractual-committed engagements.

The public segment has a high degree of visibility from already known tenders and is typically driven by long, multi-year tender contracts with a significant share of maintenance and operations revenue. In contrast, private segment contracts typically have a duration of approximately 12 to 18 months reflecting a fundamental difference in the purchasing pattern for private sector segment customers compared to public sector segment customers. Private customers typically renew their engagement with the Group and a higher proportion of revenue will therefore by definition be development-based, which is also different from the dynamics in the public segment.

In total revenue visibility was DKK 1,675.9 million at the beginning of July 2018 consisting of DKK 1,019.6 million of realized revenue and DKK 656,4 million in contractually committed and non-contractually committed revenue for the remaining part of 2018.

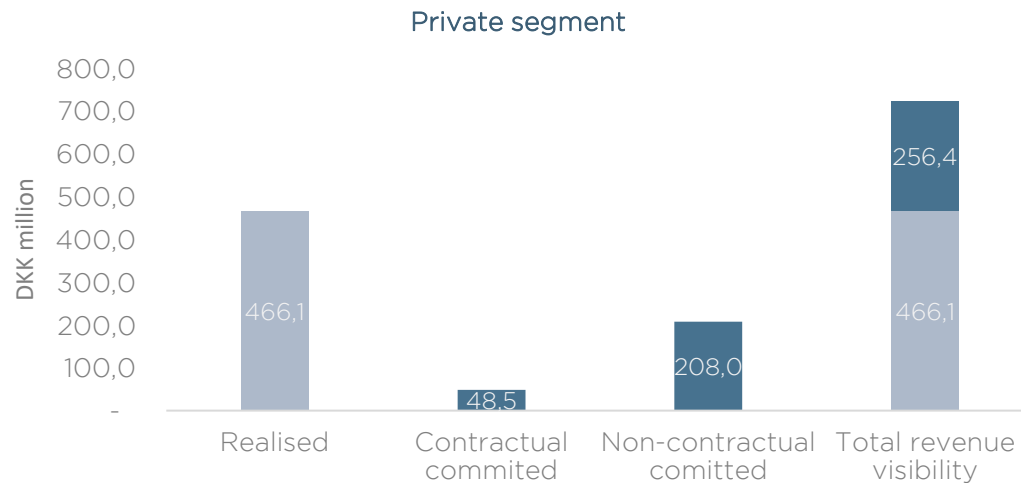
Revenue visibility public segment

By the beginning of July 2018, revenue visibility for the fiscal year of 2018 in the public segment amounted to DKK 953.4 million. Of this, contractual committed revenue amounted to DKK 73.2 million and non-contractual committed revenue amounted to DKK 326.7 million, while realised revenue in 6M 2018 amounted to DKK 553.6 million. As a result, contractual and non-contractual committed revenue covering the last six months of 2018 constituted 72.2% of the revenue realised in 6M 2018 in the public segment at the beginning of July 2018.



Revenue visibility private segment

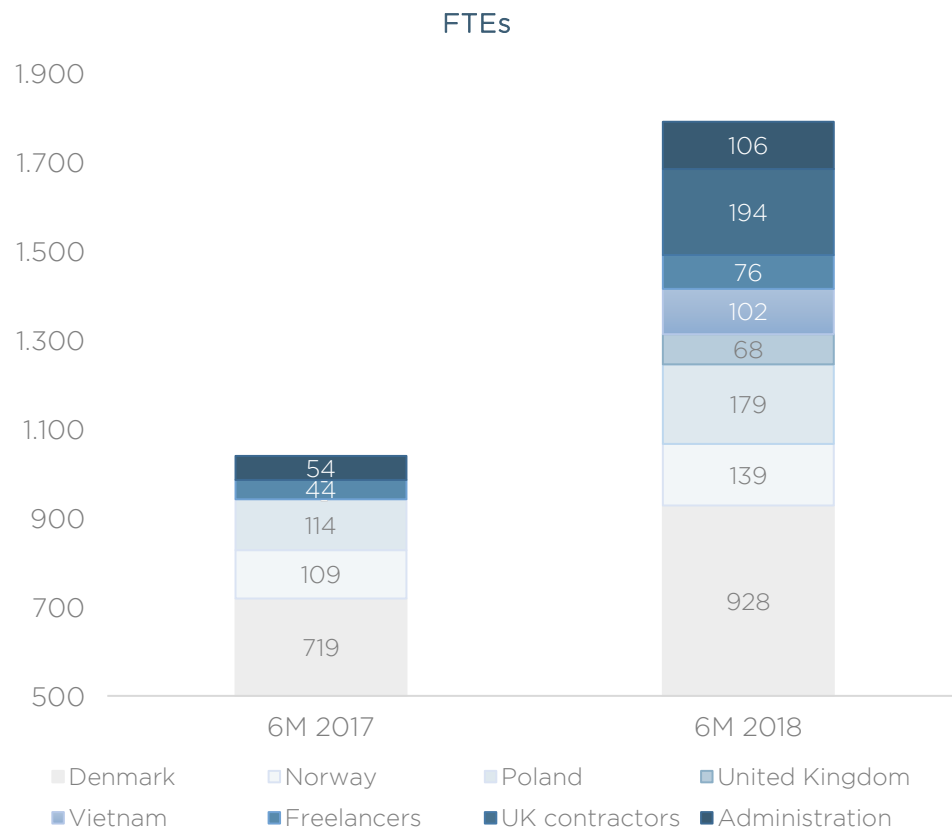
By the beginning of July 2018, revenue visibility for the fiscal year of 2018 in the private segment amounted to DKK 722.5 million. Of this, contractual committed revenue amounted to DKK 48.5 million and non-contractual committed revenue amounted to DKK 208.0 million, while realised revenue amounted to DKK 466.1 million in 6M 2018. As a result, contractual and non-contractual committed revenue covering the last six months of 2018 constituted 55.0% of the revenue realised in 6M 2018 in the private segment at the beginning of July 2018.



Employees

During 6M 2018, Netcompany employed 1,792 FTEs, which was an increase of 752 FTEs compared to 6M 2017. The increase was driven by a high intake of new employees in Denmark, Norway and Poland and the purchase of Netcompany UK in October 2017.

The attrition rate for 6M 2018 was 17.8%, which was at level with the attrition rate in 6M 2017. Of this 14.6% was voluntary, bringing the total FTEs by the end of June 2018 to 1,888 including freelancers and contractors.



Cash flow and other significant balance sheet items

Free cash flow, cash conversion ratio and balance sheet

Overall, the free cash flow remained strong during 6M 2018 as the free cash flow increased to DKK 63.9 million in Q2 2018 and to DKK 158.6 million in 6M 2018 compared to the same periods last year. This development was primarily driven by the increase in EBITDA and a lower increase in trade receivables compared to the increase in revenue. This development led to a cash conversion ratio of 68.2% in 6M 2018 compared to cash conversion ratio of 53.6% in 6M 2017.

Funding and liquidity

On June 7, 2018, the Group entered a new bank agreement, which terminated the existing bank facility agreement. The new bank agreement consists of committed facilities constituting a primary facility agreement of a DKK 750 million, an ancillary facility of DKK 750 million and an optional facility of DKK 400 million limited to acquisitions. Both the primary facility agreement and the secondary facility are constituted as bullet term loans, of which the Group by the end of June 2018 utilised the full amount of the primary facility and DKK 630 million of the ancillary agreement. DKK 140 million of the utilized amount from the ancillary facility has been used by the Group to provide performance guarantees, as part of its contract commitments with customers.

The new bank agreement provides significantly reduced interest rates as well as reduced covenants.

Risk management

Please refer to the overview of risk factors provided by the Group in the annual report for 2017.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this Q2 2018 report.

Outlook for full year 2018

Based on the performance in Q2 2018 where Netcompany continued to see strong demand for its services leading to high organic revenue growth and taking into consideration the revenue visibility for the full year 2018, the Group maintains its original guidance for the full year. The UK have a significant lower margin than the rest of the Group and that, combined with increased usage of external freelancers have a dilutive impact on margins. Hence, the expectations for adjusted EBITA is in the low end of range provided by the Group as its original guidance range for the full year.

	Actuals 2017	Original Guidance 2018	Updated Guidance Q2 2018
Revenue growth in reported currencies	57.4%	Top range of 37-42%	Maintained
Organic revenue growth in reported currencies	37.0%	Top range of 20-25%	Maintained
Adjusted EBITA margin	28.4%	24.5-27.5%	Lower end of 24.5-27.5%
Profit / loss before tax	14.2%	11-14%	Maintained

In the Offering Circular dated 23 May 2018, Netcompany expressed the financial expectations for 2018 in accordance with the Prospectus directive, which meant that additional financial expectations were expressed in addition to the targets that Netcompany would be guiding for in the future. However, for the remaining part of 2018, guidance will be upheld for all financial targets as set forth in the Offering Circular.

- Reported revenue to be in the top end of the range of between DKK 1.940 million and DKK 2.011 million, corresponding to reported revenue growth expectations in the top of the range of 37% - 42%.
- Organic revenue growth in the top end of the range of 20% - 25%.
- Adjusted EBITA margin in the low end of the range of 24.5% - 27.5% (was 24.5%-27.5%).
- Profit before tax of between DKK 213 million and DKK 282 million, corresponding to a margin of between 11% - 14% given a level of special items of between DKK 30m and DKK 35m.
- Netcompany expects currency fluctuations to impact reported revenue negatively with between 0.5% and 1.0% (was previously positive with between 0.5% and 1.0%) and reported margins negatively with between zero and 0.5% (was previously positive with between 0.5% and 1.0%).

Other information

Shareholder information

Capital

In connection with the IPO of Netcompany Group A/S – referred to as Netcompany – the company recapitalised with a paid in capital of DKK 50m made up by 50 million shares with a nominal value of DKK 1. All shares have the same privileges and all shares will eventually be free float. In connection with the IPO, the selling shareholders sold 40% of their shareholding in a pro-rata sell down meaning that all shareholders sold the same number of shares, however with the exemption that FSN Capital also delivered shares for the overallocation – “the Green shoe” – option which was fully exercised.

For further details about the reorganisation of the company structure in connection with the IPO please refer to the Offering Circular of 23 May 2018.

In connection with the IPO, the Board of Directors have approved – among others – a remuneration policy whereby executive management are entitled to cash bonus of up to 60% of the annual fixed base salary and an annual grant of Restricted Stock Units corresponding to 80% of the annual fixed base salary that will be vesting over three-year period. Both the cash and share based remuneration element are revolving of nature and based on predefined targets. These targets, and the performance against them will be disclosed retrospectively in the annual remuneration report. Other senior managers will also be participating in the short-term incentive program (STIP) and the long-term incentive program (LTIP) but at conditions and targets that are different from those applicable to Executive Management. The implementation of the new LTIP and STIP replaces the previous incentive model in Netcompany and are structured to ensure that the new programs are incentivizing participants while at the same time also focuses on generating shareholder value. The implementation of the new incentive scheme has resulted in some adjustments in the various elements of participants total remuneration package. The cost of the LTIP will be expensed over the vesting period on a pro rata base.

In connection with the IPO, a new long-term incentive program – LTIP – was introduced to replace the previous unit-based incentive program. The LTIP participants are the Executive Management team and other senior managers throughout the Group. At the IPO, Executive management was granted restricted stock units in accordance with the remuneration policy for the period covering 7 June 2018 to 30 June 2021. The restricted stock units will vest and be transferred into shares in Netcompany based on performance criteria's set forth in the vesting period. The LTIP for Executive Management is a three-year revolving program with annual grants.

Apart from the Executive Management team other senior managers were also granted RSUs in connection with the IPO with a value of 50% of the potential maximum grant that each participant is entitled to under the 2018 LTIP program that they participate in. Based on individual performance for the full 2018, an assessment will be made for each individual as to how many RSUs are to be granted for the full 2018 based on individual performance, The RSUs granted will vest fully after the reporting of the 2021 annual report given that the individual participant is still employed at the time of vesting.

In total, 138,310 RSU´s was granted at the IPO of which 33,637 was granted to Executive Management and 104,673 was granted to other senior managers. The fair value of the RSUs at grant was DKK 21,4 million. The cost associated herewith will be expensed over the vesting period. In connection with the IPO Netcompany entered into an agreement with Danske Bank whereby Danske Bank, on behalf of Netcompany, acquired shares for DKK 50m at the IPO price of 155 per share equalling 322,580 shares to be delivered in the future as restricted stock units vest under various LTIP programs.

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 2018 to 30 June 2018. The Q2 2018 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 2017.

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 June 2018 and of the results of the Group’s operations and cash flows for the period 1 January 2018 to 30 June 2018.

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, 21 August 2018

Executive Management:

André Rogaczewski
CEO

Claus Jørgensen
COO

Thomas Johansen
CFO

Board of Directors:

Pekka Ali Peitilä
Chairman of the Board

Thomas Broe-Andersen
Vice Chairman of the Board

Juha Christensen

Carsten Gomard

Pernille Fabricius

Bo Rygaard

Consolidated interim financial statements and notes

Income statement and Statement of comprehensive income

DKK thousands	Note	Q2 2018	Q2 2017	YTD 2018	YTD 2017	Total 2017
Income statement						
Revenue	1	502,606	302,347	1,019,625	635,264	1,416,085
Cost of services	2	-306,165	-178,627	-624,984	-370,972	-803,384
Gross profit		196,441	123,720	394,641	264,291	612,701
Sales and marketing costs	3	-4,298	-2,019	-7,003	-4,027	-9,707
Administrative costs	4	-72,882	-47,743	-140,550	-90,573	-201,024
Special items	5	-26,580	-2,188	-34,313	-2,212	-32,928
EBITA		92,681	71,771	212,775	167,479	369,042
Amortisation		-28,847	-22,612	-57,695	-46,472	-95,890
Operating profit (EBIT)		63,833	49,158	155,080	121,007	273,152
Financial income	6	12,418	358	19,482	739	10,189
Financial expenses	6	-77,783	-19,110	-109,545	-43,357	-82,304
Profit / loss before tax		-1,532	30,406	65,017	78,390	201,037
Tax on the profit for the period		-15,115	-8,409	-30,463	-20,478	-59,428
Net profit / loss for the period		-16,647	21,997	34,554	57,912	141,608
Earnings per share						
Earnings per share (DKK)	7	-0.33	0.46	0.70	1.20	2.92
Diluted Earnings per share (DKK)	7	-0.33	0.46	0.70	1.20	2.92
Statement of comprehensive income						
Net profit / loss for the period		-16,647	21,997	34,554	57,912	141,608
Other comprehensive income:						
Cash flow hedging, net fair value gain / (loss)		38,213	1,916	38,475	3,321	12,564
Foreign currency translation subsidiaries		-215	-1,081	-2,507	-3,049	-2,847
Change in deferred cost of hedging		-16,803	-4,310	-13,348	-563	-9,716
Tax of other comprehensive income		-4,710	527	-5,528	-607	-627
Other comprehensive income, net of tax		16,485	-2,948	17,092	-897	-625
Total comprehensive income / loss		-162	19,049	51,646	57,015	140,983

Balance Sheet

DKK thousands	Note	Jun. 30 2018	Jun. 30 2017	Dec. 31 2017
Assets				
Intangible assets		2,543,783	2,333,742	2,603,918
Tangible assets		47,215	45,322	54,507
Deferred tax assets		511	103	0
Other receivables		11,989	6,376	8,776
Total non-current assets		2,603,499	2,385,542	2,667,202
Trade receivables	8	398,954	325,276	445,363
Contract work in progress	9	289,524	172,452	139,166
Other receivables		13,101	6,467	23,287
Cash		172,447	53,633	194,479
Total current assets		874,025	557,828	802,296
Total assets		3,477,524	2,943,370	3,469,497

DKK thousands	Note	Jun. 30 2018	Jun. 30 2017	Dec. 31 2017
Equity and liabilities				
Share capital		50,000	48,172	49,637
Cash flow hedging reserve		0	-37,220	-30,011
Exchange differences on translating foreign subsidiaries		-5,439	-3,134	-2,932
Deferred cost of hedging reserve		0	17,551	10,412
Retained earnings		1,608,381	1,299,574	1,616,745
Total equity		1,652,943	1,324,941	1,643,851
Borrowings	10	1,229,716	1,177,182	1,264,895
Leasing		17,133	13,620	17,609
Deferred tax liability		109,594	100,889	112,418
Total non-current liabilities		1,356,443	1,291,690	1,394,922
Leasing		5,796	11,719	13,610
Prepayments received from customers	9	35,726	46,077	36,246
Trade payables		37,388	23,915	50,552
Other payables	11	284,890	190,511	223,087
Provisions	12	25,896	7,546	30,396
Income tax payable		78,443	46,971	76,833
Total current liabilities		468,138	326,739	430,724
Total liabilities		1,824,581	1,618,429	1,825,646
Total equity and liabilities		3,477,524	2,943,370	3,469,497
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Cash Flow statement

DKK thousands	Note	Q2 2018	Q2 2017	YTD 2018	YTD 2017	Total 2017
Operating profit (EBIT)		63,833	49,158	155,080	121,007	273,152
Depreciation and amortisation		39,031	25,900	77,489	53,613	129,213
Non-Cash		497	0	497	0	0
Working capital changes		-39,503	-60,389	-74,501	-81,076	-95,045
Total		63,859	14,669	158,566	93,543	307,320
Income taxes paid		-29,823	-1,145	-40,204	-20,585	-35,356
Financial income received		12,604	318	13,666	639	1,179
Financial expenses paid		-19,777	-14,521	-34,105	-30,430	-77,806
Cash flow from operating activities		26,862	-679	97,923	43,168	195,337
Net cash outflow on acquisition of subsidiaries		0	0	0	0	-120,260
Acquisition of intangible assets		0	-10,105	0	-10,105	-11,103
Acquisition of property, plant and equipment		-2,992	-3,827	-6,451	-8,741	-16,744
Other receivables (deposits)		-2,128	-1	-3,240	-1	-2,344
Cash flow from investment activities		-5,120	-13,933	-9,691	-18,847	-150,451
Dividends received		0	0	0	0	0
Dividends paid		0	0	0	0	0
Proceeds from issue of share capital		0	3,550	6,949	7,424	16,728
Proceeds from borrowings		1,229,539	0	1,229,539	0	92,000
Repayment of borrowings		-1,232,649	-4,018	-1,347,332	-7,936	-16,573
Cash flow from financing activities		-3,110	-468	-110,844	-512	92,154
Net increase in cash and cash equivalents		18,632	-15,080	-22,612	23,809	137,040
Cash and cash equivalents at the beginning		154,230	70,670	194,479	31,988	31,988
Cash and cash equivalents balances acquired		0	0	0	0	26,287
Effect of exchange rate changes on the balance cash held in foreign currencies		-416	-1,957	579	-2,164	-836
Cash and cash equivalents at the end		172,447	53,633	172,447	53,633	194,479

Reconciliation of liabilities arising from financing activities

DKK thousands	Borrowings (note 10)	Leasing	Interest rate swaps fair value hedging or economically hedging financing liabilities	Total
Opening balance 1 April 2017	1,175,734	25,339	26,741	1,227,814
Repayment	0	-4,018	0	-4,018
Fair value adjustments (non-cash)	0	0	2,586	2,586
Leasing (non-cash)	0	4,018	0	4,018
Amortisation loan costs (non-cash)	1,640	0	0	1,640
Exchange rate adjustments (non-cash)	-193	0	0	-192
Closing balance 30 June 2017	<u>1,177,182</u>	<u>25,339</u>	<u>29,327</u>	<u>1,231,847</u>
Opening balance 1 January 2017	1,178,012	25,339	27,974	1,231,325
Repayment	0	-7,936	0	-7,936
Fair value adjustments (non-cash)	0	0	1,352	1,352
Leasing (non-cash)	0	7,936	0	7,936
Amortisation loan costs (non-cash)	3,280	0	0	3,280
Exchange rate adjustments (non-cash)	-4,110	0	0	-4,110
Closing balance 30 June 2017	<u>1,177,182</u>	<u>25,339</u>	<u>29,327</u>	<u>1,231,847</u>
Opening balance 1 January 2017	1,178,012	25,339	27,974	1,231,325
Financing obtained	92,000	0	0	92,000
Repayment	0	-16,573	0	-16,573
Fair value adjustments (non-cash)	0	0	33	33
Leasing (non-cash)	0	21,438	0	21,438
Amortisation loan costs (non-cash)	6,560	0	0	6,560
Acquired entities (non-cash)	0	1,016	0	1,016
Exchange rate adjustments (non-cash)	-11,677	0	0	-11,677
Closing balance 31 December 2017	<u>1,264,895</u>	<u>31,219</u>	<u>28,007</u>	<u>1,324,121</u>

DKK thousands	Borrowings (note 10)	Leasing	Interest rate swaps fair value hedging or economically hedging financing liabilities	Total
Opening balance 1 April 2018	1,167,303	27,801	25,240	1,220,343
Financing obtained	1,229,538	0	0	1,229,538
Repayment	-1,200,000	-6,013	-26,637	-1,232,649
Fair value adjustments (non-cash)	0	0	1,397	1,397
Leasing (non-cash)	0	1,140	0	1,140
Amortisation loan costs (non-cash)	30,946	0	0	30,946
Exchange rate adjustments (non-cash)	1,929	0	0	1,929
Closing balance 30 June 2018	<u>1,229,716</u>	<u>22,928</u>	<u>0</u>	<u>1,252,644</u>
Opening balance 1 January 2018	1,264,895	31,219	28,007	1,324,121
Financing obtained	1,229,538	0	0	1,229,538
Repayment	-1,308,865	-11,830	-26,637	-1,347,331
Fair value adjustments (non-cash)	0	0	-1,370	-1,370
Leasing (non-cash)	0	3,539	0	3,539
Amortisation loan costs (non-cash)	37,571	0	0	37,571
Exchange rate adjustments (non-cash)	6,576	0	0	6,576
Closing balance 30 June 2018	<u>1,229,716</u>	<u>22,928</u>	<u>0</u>	<u>1,252,644</u>

Statement of changes in Equity

DKK thousands	Share capital	Fair value adjustment of interest rate swap	Currency	Deferred cost of hedging reserve	Retained earnings	Total
Equity at 1 April 2017	69,381	-38,715	-2,053	20,913	1,252,820	1,302,345
Capital increase	78	0	0	0	3,471	3,549
Effect as of 1 Januar 2017 of the exchange of shares in Netcompany for shares in NC TopCo	-21,288	0	0	0	21,288	0
Profit for the period	0	0	0	0	21,997	21,997
Other comprehensive income	0	1,495	-1,081	-3,362	0	-2,948
Equity at 30 June 2017	48,172	-37,220	-3,134	17,551	1,299,574	1,324,941
Equity at 1 January 2017	69,283	-39,811	-85	17,990	1,213,125	1,260,502
Capital increase	146	0	0	0	7,280	7,426
Effect as of 1 Januar 2017 of the exchange of shares in Netcompany for shares in NC TopCo	-21,258	0	0	0	21,258	0
Profit for the period	0	0	0	0	57,912	57,912
Other comprehensive income	0	2,591	-3,049	-439	0	-897
Equity at 30 June 2017	48,172	-37,220	-3,134	17,551	1,299,574	1,324,941
Equity at 1 January 2017	69,283	-39,811	-85	17,990	1,213,125	1,260,502
Capital increase	1,611	0	0	0	240,754	242,365
Effect as of 1 Januar 2017 of the exchange of shares in Netcompany for shares in NC TopCo	-21,258	0	0	0	21,258	0
Profit for the period	0	0	0	0	141,608	141,608
Other comprehensive income	0	9,800	-2,847	-7,578	0	-625
Equity at 31 December 2017	49,637	-30,011	-2,932	10,412	1,616,745	1,643,851

DKK thousands	Share capital	Fair value adjustment of interest rate swap	Currency	Deferred cost of hedging reserve	Retained earnings	Total
Equity at 1 April 2018	49,725	-29,806	-5,224	13,106	1,674,806	1,702,607
Capital increase	275	0	0	0	-275	0
Obligation to purchase treasury shares	0	0	0	0	-50,000	-50,000
Share based remuneration	0	0	0	0	497	497
Profit for the period	0	0	0	0	-16,647	-16,647
Other comprehensive income	0	29,806	-215	-13,106	0	16,485
Equity at 30 June 2018	50,000	0	-5,439	0	1,608,381	1,652,943
Equity at 1 January 2018	49,637	-30,011	-2,932	10,412	1,616,745	1,643,850
Capital increase	363	0	0	0	6,585	6,949
Obligation to purchase treasury shares	0	0	0	0	-50,000	-50,000
Share based remuneration	0	0	0	0	497	497
Profit for the period	0	0	0	0	34,554	34,554
Other comprehensive income	0	30,011	-2,507	-10,412	0	17,092
Equity at 30 June 2018	50,000	0	-5,439	0	1,608,381	1,652,943

Notes

Note 1 - Segment information

Segment information related to operating entities:

DKK thousands	Q2 2018				Total
	Denmark	Norway	United Kingdom	Other	
Revenue from external customers	372,425	41,175	89,007	0	502,606
EBITA, operating entities	83,524	5,581	3,575	0	92,681
Allocated cost	9,733	1,014	2,374	-13,121	0
EBITA, reported in legal entities	93,257	6,595	5,949	-13,121	92,681

DKK thousands	Q2 2017				Total
	Denmark	Norway	United Kingdom	Other	
Revenue from external customers	274,023	28,324	0	0	302,347
EBITA, operating entities	67,291	4,480	0	0	71,771
Allocated cost	-5,640	1,426	0	4,215	0
EBITA, reported in legal entities	61,650	5,905	0	4,215	71,771

DKK thousands	YTD 2018				Total
	Denmark	Norway	United Kingdom	Other	
Revenue from external customers	769,749	83,786	166,090	0	1,019,625
EBITA, operating entities	189,534	14,532	8,709	0	212,775
Allocated cost	10,072	-464	2,341	-11,948	0
EBITA, reported in legal entities	199,606	14,068	11,049	-11,948	212,775

DKK thousands	YTD 2017				Total
	Denmark	Norway	United Kingdom	Other	
Revenue from external customers	571,843	63,421	0	0	635,264
EBITA, operating entities	155,215	12,265	0	0	167,479
Allocated cost	-17,546	2,927	0	14,619	0
EBITA, reported in legal entities	137,669	15,191	0	14,619	167,479

Segment information related to geographical areas:

DKK thousands	Denmark	Norway	Poland	Q2 2018 United Kingdom	Vietnam	Elimination	Total
Revenue from external	372,620	41,175	0	88,811	0	0	502,606
Revenue from internal sales	9,471	447	37,872	339	5,646	-53,775	0
Revenue, Oper. entities	382,091	41,623	37,872	89,151	5,646	-53,775	502,606
EBITA, geogr. areas	63,082	6,595	16,420	5,949	634	0	92,681
Allocated cost	20,442	-1,014	-16,420	-2,374	-634	0	0
EBITA, operating entities	83,524	5,581	0	3,575	0	0	92,681

DKK thousands	Denmark	Norway	Poland	Q2 2017 United Kingdom	Vietnam	Elimination	Total
Revenue from external	274,023	28,324	0	0	0	0	302,347
Revenue from internal sales	1,648	0	23,266	0	0	-24,914	0
Revenue, Oper. entities	275,671	28,324	23,266	0	0	-24,914	302,347
EBITA, geogr. areas	58,577	5,905	7,288	0	0	0	71,771
Allocated cost	8,714	-1,426	-7,288	0	0	0	0
EBITA, operating entities	67,291	4,480	0	0	0	0	71,771

DKK thousands	Denmark	Norway	Poland	YTD 2018 United Kingdom	Vietnam	Elimination	Total
Revenue from external	769,178	84,109	0	166,338	0	0	1,019,625
Revenue from internal sales	17,568	447	74,064	339	10,648	-103,067	0
Revenue, Oper. entities	786,747	84,556	74,064	166,677	10,648	-103,067	1,019,625
EBITA, geogr. areas	158,080	14,068	28,524	11,049	1,054	0	212,775
Allocated cost	31,454	464	-28,524	-2,341	-1,054	0	0
EBITA, operating entities	189,534	14,532	0	8,709	0	0	212,775

DKK thousands	Denmark	Norway	Poland	YTD 2017 United Kingdom	Vietnam	Elimination	Total
Revenue from external	571,843	63,421	0	0	0	0	635,264
Revenue from internal sales	3,268	0	47,566	0	0	-50,833	0
Revenue, Oper. entities	575,111	63,421	47,566	0	0	-50,833	635,264
EBITA, geogr. areas	134,059	15,191	18,229	0	0	0	167,479
Allocated cost	21,156	-2,927	-18,229	0	0	0	0
EBITA, operating entities	155,215	12,265	0	0	0	0	167,479

Note 2 – Cost of services

DKK thousands	Q2 2018	Q2 2017	YTD 2018	YTD 2017	Total 2017
Cost of services	-89,384	-34,311	-191,831	-65,444	-168,585
Salaries	-213,822	-141,504	-427,370	-300,043	-624,070
Depreciation	-2,959	-2,812	-5,783	-5,484	-10,728
Cost of services total	-306,165	-178,627	-624,984	-370,972	-803,384

Note 3 – Sales & marketing costs

DKK thousands	Q2 2018	Q2 2017	YTD 2018	YTD 2017	Total 2017
Sales and marketing costs	-3,483	-1,557	-5,143	-3,061	-7,091
Salaries	-815	-462	-1,859	-966	-2,616
Sales and marketing costs total	-4,298	-2,019	-7,003	-4,027	-9,707

Note 4 – Administrative costs

DKK thousands	Q2 2018	Q2 2017	YTD 2018	YTD 2017	Total 2017
Administrative costs	-37,512	-31,327	-75,431	-59,731	-113,402
Salaries	-28,146	-15,940	-51,108	-29,186	-65,026
Depreciation	-7,225	-475	-14,012	-1,656	-22,595
Administrative costs total	-72,882	-47,743	-140,550	-90,573	-201,024

Note 5 – Special items

DKK thousands	Q2 2018	Q2 2017	YTD 2018	YTD 2017	Total 2017
Special items related to transaction with FSN	0	0	0	0	-1,719
Special items related to transaction with FSN total	0	0	0	0	-1,719
Special items related to IPO	-26,280	-140	-33,001	-140	-17,462
Special items related to M&A	-300	-2,048	-1,312	-2,072	-13,747
Special items related to IPO and M&A total	-26,580	-2,188	-34,313	-2,212	-31,209
Special items total	-26,580	-2,188	-34,313	-2,212	-32,928

Note 6 - Financial income and expenses

DKK thousands	Q2 2018	Q2 2017	YTD 2018	YTD 2017	Total 2017
Financial Income					
Interest on corporate income tax	92	40	252	100	211
Exchange rate adjustments	1,586	262	8,430	507	8,799
Other financial income	10,740	55	10,799	131	1,179
Financial income total	12,418	358	19,482	739	10,189
Financial expenses					
Income tax surcharge	786	421	1,289	1,028	2,257
Interest expense, bank loan	9,764	15,291	22,805	31,804	62,439
Interest expense, leasing	292	211	569	422	853
Exchange rate adjustments	297	425	9,079	4,740	7,702
Other financial expenses	66,643	2,762	75,803	5,363	9,053
Financial expenses total	77,783	19,110	109,545	43,357	82,304

For the item "Other financial income" DKK 9,6 million is due to the termination of the existing swap facility.

Note 7 - Earnings per share

DKK thousands	Q2 2018	Q2 2017	YTD 2018	YTD 2017	Total 2017
Profit	-16,647	21,997	34,554	57,912	141,608
Average number of shares	49,795	48,097	49,738	48,077	48,518
Average number of treasury shares	82	0	41	0	0
Average number of shares in circulation	49,713	48,097	49,697	48,077	48,518
Average number of diluted impact of outstanding restricted stock units	10	0	5	0	0
Average number of diluted shares in circulation	49,723	48,097	49,703	48,077	48,518
Earnings per share - EPS	-0.33	0.46	0.70	1.20	2.92
Diluted earnings per share - EPS-D	-0.33	0.46	0.70	1.20	2.92

Note 8 - Trade receivables

DKK thousands	Jun. 30 2018	Jun. 30 2017	Dec. 31 2017
Not overdue	254,888	233,194	314,867
0-30 days overdue	116,413	64,609	75,018
31-60 days overdue	18,277	16,354	22,501
61-90 days overdue	2,622	6,665	12,155
Over 90 days overdue	6,754	4,455	20,822
Total	398,954	325,276	445,363

The Group is continuously conducting individual assessments of bad debts. If this leads to an assessment that the Group will not be able to collect the amount accounted for, an allowance for bad debt is made. At 30 June 2018, the Group has recognised bad debt provision of DKK 0.0 million (30 June 2017: DKK 0.0 million), and no bad debt losses have been incurred during Q2 2018.

The credit quality of trade receivables at 30 June 2018, is considered satisfactory.

Note 9 - Contract work in progress

DKK thousands	Jun. 30 2018	Jun. 30 2017	Dec. 31 2017
Selling price of work performed	345,220	455,323	409,323
Prepayments received	-91,422	-328,947	-306,403
Total contract work in progress	253,798	126,376	102,920
<i>Net value - stated on a contract-per-contract basis - is presented in the balance sheet as follows:</i>			
Contract work in progress	289,524	172,452	139,166
Prepayments received from customers	-35,726	-46,077	-36,246
Total contract work in progress	253,798	126,376	102,920

Note 10 – Borrowings

DKK thousands	Currency	Maturity	Fixed or floating interest	Loan cost	Normal value	Fair Value
Bank loan	EUR	2023	Floating	29,855	1,103,889	1,074,034
Bank loan	NOK	2023	Floating	10,818	113,966	103,148
30 June 2017				40,673	1,217,855	1,177,182
Bank loan	EUR	2023	Floating	27,559	1,105,121	1,077,562
Bank loan	NOK	2023	Floating	5,247	105,167	99,920
Bank loan	DKK	2023	Floating	4,587	92,000	87,413
31 December 2017				37,393	1,302,288	1,264,895
Bank loan	DKK	2023	Floating	10,466	1,240,182	1,229,716
30 June 2018				10,466	1,240,182	1,229,716

Note 11 – Other current liabilities

DKK thousands	Jun. 30 2018	Jun. 30 2017	Dec. 31 2017
Interest and currency rate swap, fair value	0	29,327	28,007
Wages and salaries, payroll taxes, social security costs, etc payable	45,727	27,352	39,261
Holiday pay obligation	86,284	58,954	70,618
VAT and duties	34,680	42,641	57,607
Obligation to purchase treasury shares	50,000	0	0
Other costs payable	68,199	32,238	27,593
Total	284,890	190,512	223,087

The Group has entered into an agreement with Danske Bank to purchase 322,580 shares at a price of 155 per each equal to the IPO price for the shares, totally DKK 50 million. The agreement will be settled in April 2019 at which time the shares will be delivered to the Group. The shares will be used to honor the Group’s commitments under its RSU and LTIP programs.

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

Note 12 – Provision

DKK thousands	Jun. 30 2018	Jun. 30 2017	Dec. 31 2017
Onerous contracts and warranty obligations beginning of period	30,396	8,899	8,899
Used in the period	-5,000	-6,353	-6,353
Provisions for the period	500	5,000	27,850
Onerous contracts and warranty obligations end of period	25,896	7,546	30,396

Note 13 – Financial figures and highlights

DKK million	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Income statement						
Revenue						
Public	267.8	285.8	244.6	187.8	145.2	152.6
Private	234.8	231.2	198.8	149.7	157.1	180.3
<i>Revenue by segments, total</i>	502.6	517.0	443.4	337.5	302.3	332.9
Development	217.4	223.2	211.3	162.6	132.4	140.6
Maintenance	285.2	293.8	232.1	174.9	170.0	192.3
<i>Revenue by types, total</i>	502.6	517.0	443.4	337.5	302.3	332.9
Organic	413.6	439.9	353.7	306.5	274.0	297.8
Acquisition	89.0	77.1	89.7	30.9	28.3	35.1
<i>Revenue by growth, total</i>	502.6	517.0	443.4	337.5	302.3	332.9
Special items	-26.6	-7.7	-16.3	-14.4	-2.2	0.0
EBITA	92.7	120.1	99.0	102.5	71.8	95.7
Adjusted EBITA	119.3	127.8	115.3	117.0	74.0	95.7
Operating profit (EBIT)	63.8	91.2	62.2	85.0	54.2	71.8
Net financials	-65.4	-24.7	-11.3	-18.2	-18.8	-23.9
Net profit / loss	-16.6	51.2	46.1	42.9	21.8	30.8
Financial position						
Capex	-5.1	-4.6	-8.5	-2.8	-13.9	-4.9
Total assets	3,477.5	3,426.8	3,469.5	2,973.4	2,943.4	2,841.5
Equity	1,652.9	1,702.6	1,643.9	1,362.5	1,319.6	1,297.2
Net increase in cash and cash equivalents	18.6	-41.2	73.8	39.5	-15.1	38.9
Free cash flow	63.9	94.7	154.8	58.9	14.7	78.9
Earnings per share						
Earnings per share (DKK)	-0.3	1.0	0.9	0.9	0.5	0.6
Diluted Earnings per share (DKK)	-0.3	1.0	0.9	0.9	0.5	0.6
Employees						
Average number of full-time employees	1,817.6	1,766.3	1,579.3	1,175.5	1,075.1	1,005.9

DKK million	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Financial ratios						
Gross profit margin	39.1%	38.3%	41.1%	48.5%	40.9%	42.2%
EBITA margin	18.4%	23.2%	22.3%	30.4%	23.7%	28.7%
Adjusted EBITA margin	23.7%	24.7%	26.0%	34.7%	24.5%	28.8%
Operating profit margin	12.7%	17.6%	14.0%	25.2%	17.9%	21.6%
Effective tax rate	-986.8%	23.1%	-17.5%	23.9%	27.7%	35.9%
Return on equity	-1.1%	3.5%	3.2%	3.3%	1.7%	2.5%
Solvency ratio	47.5%	49.7%	47.4%	45.8%	44.8%	45.7%
Financial metrics						
Revenue growth	66.2%	55.3%	67.4%	47.1%	48.4%	62.4%
Operating profit margin	12.7%	17.6%	16.3%	22.5%	16.3%	21.6%
Return on invested capital (ROIC)	-0.6%	2.0%	1.8%	1.8%	0.9%	1.3%
Cash conversion ratio	62.1%	73.0%	127.4%	58.2%	19.5%	79.2%

Note 14 – Income Statement classified by function

DKK thousands	Q2 2018	Q2 2017	YTD 2018	YTD 2017	Total 2017
Income statement					
Revenue	502,606	302,347	1,019,625	635,264	1,416,085
Cost of services, incl. depreciation and amortisation	-306,165	-178,627	-624,984	-370,972	-803,384
Gross profit	196,441	123,720	394,641	264,291	612,701
Sales and marketing costs, incl. depreciation and amortisation	-4,298	-2,019	-7,003	-4,027	-9,707
Administrative costs, incl. depreciation and amortisation	-128,310	-72,543	-232,558	-139,257	-329,842
Operating profit (EBIT)	63,833	49,158	155,080	121,007	273,152
Financial income	12,418	358	19,482	739	10,189
Financial expenses	-77,783	-19,110	-109,545	-43,357	-82,304
Profit / loss before tax	-1,532	30,406	65,017	78,390	201,037
Tax on the profit for the period	-15,115	-8,409	-30,463	-20,478	-59,428
Net profit / loss for the period	-16,647	21,997	34,554	57,912	141,608
Depreciation and Amortisation have been presented as follows in the income statement:					
Cost of services	-2,959	-2,812	-5,783	-5,484	-10,728
Administrative costs depreciation	-7,225	-475	-14,012	-1,656	-22,595
Administrative costs amortisation	-28,847	-22,612	-57,695	-46,472	-95,890
Depreciation and amortisation	-39,031	-25,900	-77,489	-53,613	-129,213

Note 15 – Collateral provided and contingent liabilities

There have been no changes in collateral provided and contingent liabilities during Q2 2018 compared to the annual report for 2017.

Note 16 – Related party transactions

Related parties with a controlling interest:

FSN Capital GP IV Limited acting in its capacity as general partner for and on behalf of each of FSN Capital IV L.P., FSN Capital IV (B) L.P., FSN Capital IV Invest L.P. and FSN Capital IV Netcompany Co-Investment L.P. (Jointly referred to as the “Significant Shareholders”).

Transactions with related parties:

The Group has had the following transactions with other companies controlled by the Significant Shareholders:

DKK thousands	Q2 2018	Q2 2017	YTD 2018	YTD 2017	Total 2017
Revenue	2,291	700	4,747	977	2,750

Note 17 – Accounting policies

Netcompany Group A/S was founded by the then majority shareholder of NC TopCo A/S on 16 April 2018 and was dormant until 7 June 2018. On 7 June 2018, all shareholders of NC TopCo A/S exchanged their shares in NC TopCo A/S for new shares in Netcompany Group A/S via a share-for-share exchange and from which date Netcompany Group A/S became the parent company of the Group. Netcompany Group A/S is regarded in reality to be a continuation of the former NC TopCo A/S Group and considering that the shareholder structure until to the completion of the IPO was identical with NC TopCo A/S, the share-for-share exchange has been regarded as a transaction between common control parties exempted from IFRS 3 “Business Combinations”. On this basis, the consolidated financial statements of Netcompany Group A/S are prepared on basis of the historical financial information of NC TopCo A/S as if Netcompany Group A/S had always been the parent of the Group and hence no revaluations of the underlying identifiable assets and liabilities of the NC TopCo A/S Group has been reflected in the consolidated financial statements of Netcompany Group A/S.

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 Q2 2018 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 financial statements for 2017 for NC TopCo A/S.

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 NC TopCo A/S' Annual Report 2017 and other information made available by Netcompany.

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

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

The Annual Report 2017 of NC TopCo A/S is available at www.netcompany.com