

Company announcement

No. 1/2018

8 May, 2018

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Netcompany announces intention to launch an initial public offering

Netcompany, a pure-play next-generation IT services company, focused on delivering business critical IT solutions to large Public and Private sector customers, today announces its intention to launch an initial public offering ("IPO" or "Offering") of its shares and to list on Nasdaq Copenhagen.

The contemplated IPO is expected to consist of the sale of existing shares by the current shareholders in Netcompany. The total offer size will be announced in connection with the publication of the Offering Circular, but is expected to represent a free float of at least 40%. The Company will not receive any proceeds from the contemplated IPO.

Netcompany is currently owned by FSN Capital IV L.P., FSN Capital IV (B) L.P., FSN Capital IV Invest L.P., FSN Capital IV Netcompany Co-Investment L.P. (together referred to as "FSN Capital"), André Rogaczewski Holding ApS, Holdingselskabet Claus Jørgensen ApS, Carsten Gomard Holding ApS, NC NorthCo AB, Danica Pension, Livsforsikringsaktieselskab and NC ShareCo ApS as well as participants in the Company's management incentive program and certain employee shareholders. It is the expectation that the shares held by André Rogaczewski Holding ApS and Holdingselskabet Claus Jørgensen ApS will be transferred to a joint holding company, to be established in connection with the Offering.

André Rogaczewski, CEO and Co-founder:

"Our vision for Netcompany is to become a Northern European beacon for how digital transformation can create strong, sustainable societies, successful companies and improve the quality of life for us all. I co-founded Netcompany 18 years ago with the ambition to create more value for our customers by doing things differently, delivering on promised time and price, and attracting the best talent. Today, we have succeeded, but the journey has just begun. Netcompany is leading the delivery of innovative, value-creating IT solutions that strengthen our customers' competitiveness. Our ambition is to become the market leader in Northern Europe by continuing to grow our revenue organically as we have done for the past 18 years, supported by expansion through international acquisitions, as we most recently have done in Norway and the UK. As part of this, we are targeting organic revenue growth of between 20% and 25% annually over the three year period ending 2021. I look forward to sharing that exciting journey with all the fantastic employees in the company and with new shareholders."

Pekka Ala-Pietilä, Chairman of the Board of Directors:

"Our societies are currently undergoing a massive digital transformation and as a provider of next-generation IT services that create strategic advantages for customers, Netcompany is at the epicentre of that digitalisation. An IPO of Netcompany will support the ambition to become a Northern European market leader by advancing the company's public and commercial profile and thus strengthen customer relations, the ability to gain market share, and not least continue to attract the best candidates from top universities."

Thomas Broe-Andersen, FSN Capital Partners, investment advisor to the FSN Capital funds:

"The two and a half years since FSN Capital joined Netcompany as shareholders have been truly remarkable. By building on its long track record of industry-leading growth and sustainable profitability, the company has moved from being a Danish IT service provider to a truly international company with a diversified public and private customer base. Netcompany has multiple growth levers and a unique business model, so FSN Capital look forward to also take part in the future development as investors together with new Danish and international shareholders."

Information on Netcompany

Netcompany is a pure-play next-generation IT services company, focused on delivering business critical IT solutions to large Public and Private sector customers to lead and support them in their digital transformation journeys. These solutions are at the heart of an organisation's core strategy or function and are thus highly significant for customers in conducting their core business.

The Company has developed and institutionalised a highly differentiated business model that, for over 18 years, has proven to be repeatable and scalable and enables the Company to deliver projects on time, on budget and within scope. The uniqueness of the Company's business model is characterised by an integrated sales and delivery approach, IT people leading IT people, a very customer transparent and deliverable-driven methodology and a highly skilled team of IT professionals, with an average age in 2017 of approximately 33 years.

Netcompany's business is comprised of two main segments:

- **Public sector.** Through the Company's Public sector segment, the Company offers end-to-end IT services to central and local government, i.e. the state and large municipalities and regions. The Company's projects in the Public sector encompass the delivery of society critical systems, including tax collection from citizens and on vehicles, payments of public benefits to citizens (e.g. pensions, children/family and property/housing), central registries for companies, properties, employees and public self-service portals relating to public services, including health. The Public sector segment accounted for 52% of total revenue in 2017
- **Private sector.** Through the Company's Private sector segment, the Company offers end-to-end IT services to mid- and large-sized businesses as well as membership organisations, such as trade unions. The Company delivers business critical IT solutions covering various areas such as e-commerce, billing, document and case management, system integration, customer relationship management and enterprise risk management, artificial intelligence and information management, very often in combination with each other. The Private sector segment accounted for 48% of total revenue in 2017

Netcompany's end-to-end IT services cover development through to maintenance and operations. The Company's development services include design, development and implementation of IT solutions driven by customer requirements in the digital transformation areas of systems modernisation or differentiation and system innovation projects. Its maintenance and operations services include long term benefit

realisation initiatives, to continuously maintain, operate and support customer IT solutions that the Company has delivered.

As at 31 March 2018, the Company had approximately 1,403 employees based in Denmark, Norway and the United Kingdom and an additional 315 employees based in Poland and Vietnam.

Key financials

Over the past few years, Netcompany has shown strong financial performance with revenue increasing by 57.4% from 2016 to 2017. In 2017, organic revenue growth was 37.0% and adjusted EBITA margin was 28.4%. The strong performance has continued in Q1 2018 with revenue increasing by 55.3% when compared to Q1 2017. In Q1 2018, organic revenue growth was 33.1% and adjusted EBITA margin was 24.7%.

The table below summarises key financials for Q1 2018 and 2017, as well as for the financial years 2015-2017.

DKK million	Q1 2018	Q1 2017	2017	2016	2015
Revenue	517.0	332.9	1,416.1	899.6	758.1
Gross profit	198.2	140.6	612.7	372.6	311.3
EBITA ¹	120.1	95.7	369.0	212.9	207.4
Adjusted EBITA ¹	127.8	95.7	402.0	248.0	207.4
Adjusted EBITA margin ¹	24.7%	28.8%	28.4%	27.6%	27.4%

1) Non-IFRS. EBITA is defined as earnings before interest, taxes and amortization. Adjusted EBITA and adjusted EBITA margin are adjusted for acquisition-related costs, transaction costs and Offering-related costs, which are non-recurring in nature

Financial guidance

For the financial year 2018, Netcompany targets:

- reported revenue at the top end of the range of DKK 1,940-2,011 million (equal to revenue growth at the top end of the range of 37-42%)
- organic revenue to grow at the top end of the range of 20-25%
- adjusted EBITA margin of 24.5-27.5%
- earnings before tax of DKK 213-282 million (equal to an earnings before tax margin of 11-14%)

Special items are estimated to be DKK 30-35 million and capital expenditure is assumed to be around 2% of reported revenue.

In the medium term, for the three year period ending 2021, Netcompany targets:

- annual reported and organic revenue growth of 20-25%
- EBITA margin in the mid to high 20s% range in 2021 at the latest
- earnings before tax margin in the low to mid 20s% range in 2021 at the latest

Netcompany Group A/S, which is contemplated to be admitted to trading and official listing on Nasdaq Copenhagen, has been formed for the purpose of acquiring NC TopCo A/S, the current parent holding company of the Netcompany operating group, pursuant to an IPO reorganisation, which will be carried out in connection with the IPO. Netcompany Group A/S does not currently have any material assets or liabilities and does not conduct any operating activities prior to the effectiveness of the IPO reorganisation and there are no financial statements reflecting the operations of the business conducted by the Company. Accordingly, the key financial results included in this announcement relate to combined consolidated historical financial information of NC TopCo A/S and Netcompany Holding I A/S, which

reflects the operations of the Netcompany group, and which is contemplated to be acquired by the Company upon completion of the IPO reorganisation.

Key strengths

Excellent track record in project delivery, high customer satisfaction and customer retention

Netcompany has an excellent track record of delivering business critical IT solutions to customers on time, on budget and within scope. This has created high customer satisfaction among the Company's customers, which has led to high customer retention and significant repeat customer business. The excellent delivery track record and high customer satisfaction is a key to the Company's high revenue visibility and growth trajectory.

Pure-play next-generation approach designed for delivering complex business critical systems

Digitalisation (or industry 4.0 as it is often called) is changing business models and whole industries. Netcompany's customers are embarking on digital transformation journeys where old legacy IT systems, such as mainframe or ERP systems, are integrated into, minimised or completely replaced by more differentiated, innovative parts of the future IT system landscape, so-called "next-generation IT". This includes aspects such as self-service, artificial intelligence, workflow automation and robotisation, modern case management and knowledge sharing, all of which are focus areas of the Company. The Company considers itself to be a "pure-play next-generation" IT company, leading and supporting its Public and Private sector customers in their digital transformation journeys.

Institutionalised, repeatable and scalable business model

Netcompany operates its own unique, institutionalised, repeatable and scalable business model designed to deliver excellence in digital transformation on time, on budget and within scope through three key pillars:

- *Outstanding talent and career development model.* Netcompany's IT professionals are highly skilled, many coming from top universities with advanced IT or science related degrees. The Company focuses on talent and career development through its accelerated merit based career development programme which rewards top performers with accelerated progression through the various career stages from Consultant to Partner.
- *Differentiated management model and integrated sales approach.* Netcompany's business model is centered around a decentralised management model focused on IT people leading IT people throughout all levels of the organisation. The Company employs an integrated sales and delivery approach whereby the same individuals responsible for selling IT services to customers are also responsible for delivering such systems and solutions, maintenance and operations. In addition, the Company's risk assessment calculation, which is important when pricing, scoping and committing to new projects, is based on an operational evaluation by the Company's experienced IT professionals.
- *Unique, transparent, agile, deliverable-driven methodology and toolkit.* Netcompany's business model involves the use of an agile, transparent and deliverable-driven methodology and toolkit which the Company believes is unique. This methodology and toolkit provides a complete set of guidelines, tools and templates for planning, delivering, managing and documenting complex integrated IT solutions. It is used across all projects and throughout all stages, from development to maintenance and operations. The Company's supporting toolkit includes stringent collaboration and approval processes with customers, in order to ensure that both the Company

and customers have a firm, common and completely transparent understanding of all deliverables as well as project progress.

Leader in driving digital transformation in Denmark

Netcompany has been a leader in driving the digital transformation agenda in Denmark. The Company delivers state-of-the-art, user-friendly and effective administrative systems regulating major social benefits areas for all Danish citizens, such as child, housing and benefits and pensions for the elderly. The Company also runs the majority of new IT projects for the Danish tax collection centre (ICI), and has been chosen and is currently delivering the highly prestigious AULA education platform for knowledge sharing that is aimed at all children in kindergartens and schools across Denmark. The Company has also built advanced solutions in the Private sector segment to companies with strategic focus on using digitalisation as a competitive advantage and complex projects where sophisticated IT capabilities are required.

As a result of these and other projects, the Company has a very visible presence in Denmark and voice in the public debate relating to the promotion of digitalisation as a main driver for creating and sustaining wealth in Danish society.

Experienced Executive Management and Partner team with proven track record

Netcompany's Executive Management and Partner team is comprised of individuals with strong operational experience and execution capabilities gained through extensive customer interactions during their tenure at the Company. The Company's founders continue to actively manage and lead the Company's business and strategy and exemplify how the Company's approach of IT people leading IT people runs all the way up the organisation. In addition, leadership is provided by the Company's Partners, substantially all of whom started in more junior roles within the Group and have progressed and developed through the Company's accelerated merit-based career model.

Bank syndicate supporting the IPO

Danske Bank A/S, Deutsche Bank AG, London Branch, and Morgan Stanley & Co. International plc have been appointed to act as Joint Global Co-ordinators and Joint Bookrunners and Skandinaviska Enskilda Banken, Danmark, Filial af Skandinaviska Enskilda Banken AB (publ.), Sverige has been appointed as Joint Bookrunner for the contemplated IPO.

Additional information

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Danske Bank A/S, Deutsche Bank AG, London Branch, and Morgan Stanley & Co. International plc and (together, the "Joint Global Coordinators and Joint Bookrunners") and Skandinaviska Enskilda Banken, Danmark, Filial af Skandinaviska Enskilda Banken AB (publ.), Sverige (as "Joint Bookrunner" and together with the Joint Global Coordinators and Joint Bookrunners, the "Managers") and their affiliates are acting exclusively for the Company and the selling shareholders and no-one else in connection with the offering. They will not regard any other person as their respective clients in relation to the offering and will not be responsible to anyone other than the Company and the selling shareholders for providing the protections afforded to their respective clients, nor for providing advice in relation to the offering, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

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