

# Remuneration report

The remuneration policy of Netcompany aims to set market-based salary level for the Board of Directors as well as Executive Management with a clear link to creation of long-term share-holder value. The current remuneration packages were put in place in connection with the IPO in June 2018.

Prior to the IPO, the remuneration package in place, for especially the CEO and the COO, was structured differently with a substantial element of direct investment into the unit eventually taken public rather than fixed salary, and as such the comparison of total remuneration levels in 2016 and 2017 cannot be made meaningfully towards the 2018 remuneration package. The same goes for the Board of Directors that has also been changed significantly in connection with the IPO in 2018.

The current remuneration package consists of the following elements:

REMUNERATION	BOD	EM	COMMENTS
Fixed fee / Fixed base salary	●	●	
Fee for committee work	●		Fee for Audit Committee, Remuneration Committee and nomination committee work
Short term based incentive		●	Up to 60% of fixed base salary against defined objectives and targets
Long term share-based incentive		●	Up to 80% of fixed base salary measured at the time of grant
Travel allowances and other expenses	●		
Benefits		●	Company car, phone, etc. comprising up to 10% of fixed base salary
Severance payment		●	12 months fixed base salary

Remuneration policy of Netcompany can be found on our homepage at <https://www.netcompany.com/int/Investor-Relations/Governance>

## THE OVERALL REMUNERATION MODEL

The overall remuneration level of the BoD proposed to the Annual General Meeting, is assessed to be in line with market practice of companies of similar market capitalization and size of Netcompany, and is in line with Danish and international corporate governance guidelines; "Vejledning om vederlagspolitik, version 3.0, - 29. august 2018". The fees and fixed base salaries are unchanged from that reported in the prospectus forming the basis of the IPO in June 2018.

## FIXED FEE AND FEES FOR COMMITTEE WORK

All fees for Board work and Board committee work is based on fixed fee, and there exists no model for the Board to achieve short term bonus related to financial performance of the Company, as well as the Board is not remunerated in shares related to the Board work. However, all members of the Board of Directors, (exclusive Thomas Broe-Andersen) have invested directly into Netcompany.

In the event that the Chairman or the Vice-Chairman of the Board of Directors participated in any committee work, the fee related hereto shall be considered included in the fee received as either Chairman or Vice-Chairman of the Board of Directors, and they shall not be entitled to any additional committee work related fees.

## TRAVEL EXPENSES AND OTHER RELEVANT EXPENSES

Netcompany reimburses all relevant and reasonable travel costs for any Board member for travel related

with board meetings or board committee meetings. All other relevant and reasonable out of pocket costs are also reimbursed.

The Audit Committee consists of: Pernille Fabircius (C), Thomas Broe-Andersen, Carsten Gomard.

The Remuneration Committee consist of: Juha Christensen (C), Bo Rygaard, Pekka Ala-Pietilä.

The Nomination Committee consists of: Thomas Broe-Andersen (C), Pekka Ala-Pietilä.

Thomas Broe-Andersen has waived all fees related to Board and Board Committee work entitled to.

In 2018 Carsten Gomard has performed consulting work for the Board amounted to DKK 0.6m, for which he has been remunerated separately in addition to the Board fee.



## BOARD OF DIRECTORS FEE 2016

In 2016, the Board members consisted of Thomas Broe-Andersen (Chairman of the Board), Nicholas Hjorth, Lars Denkov, Carsten Gomard, Juha Christensen and Bo Rygaard.

Thomas Broe-Andersen, Nicholas Hjorth and Lars Denkov waived all fees.

Carsten Gomard waived all BoD fees, and was compensated as Executive Management.

Juha Christensen and Bo Rygaard both joined in November 2016 and had a Board fee of DKK 23k in 2016.

There were no committee fees or travel allowances in 2016.

## BOARD OF DIRECTORS FEE

Board of Directors fee determined in connection with the IPO on June 7 2018

	DKK'000
<b>Board fee</b>	
Chairman of the Board	1,050
Vice-Chairman of the Board Member	700
Member	350
<b>Audit Committee fee</b>	
Chairman	175
Member	88
<b>Remuneration Committee Fee</b>	88
<b>Nomination Committee Fee</b>	88

The Board of Directors fees are proposed to be unchanged for 2019 compared to the 2018 level.

## BOARD OF DIRECTORS REMUNERATION

DKK'000	Board fee			Committee fee			Travel Allowance			Other fee			Total Remueration			Number of shares
	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	
Pekka Ala-Pietilä – Chairman of the Board	1,050	500	-	0	0	-	7	0	-	0	0	-	1,057	500	-	65,624
Thomas Broe-Andersen – Vice-Chairman of the Board	0	0	0	0	0	-	0	0	-	0	0	-	0	0	0	0
Pernille Fabirius	350	131	-	175	0	-	21	0	-	0	0	-	546	131	-	15,023
Juha Christensen	350	333	23	88	0	-	65	26	-	0	0	-	502	359	23	27,209
Bo Rygaard	350	332	23	88	0	-	0	0	-	0	0	-	438	332	23	10,203
Carsten Gomard	350	357	0	88	0	-	0	0	-	563	0	-	1,000	357	0	1,319,172
Nicholas Hjorth	-	-	0	-	-	-	-	-	-	-	-	-	-	-	0	0
Lars Denkov	-	-	0	-	-	-	-	-	-	-	-	-	-	-	0	0
<b>Total</b>	<b>2,450</b>	<b>1,653</b>	<b>46</b>	<b>438</b>	<b>0</b>	<b>0</b>	<b>93</b>	<b>26</b>	<b>0</b>	<b>563</b>	<b>0</b>	<b>0</b>	<b>3,543</b>	<b>1,679</b>	<b>46</b>	

## EXECUTIVE MANAGEMENT REMUNERATION MODEL

Fixed base salary was changed in connection with the IPO to reflect a market based total remuneration, and hence remuneration for 2018 is a combination of the remuneration policy in place prior to the IPO and the new remuneration policy effective as of 7 June 2018. Salary for the CFO in 2017 covered the period from 1 June to 31 December.

The CEO and COO did not participate in any cash bonus programme prior to the IPO, whereas the CFO did. Hence, the CFO will for 2018 have obtained cash bonus for the full calendar year under two different programmes, however with targets in both programmes related to the IPO and / or the financial performance for 2018 against targets set forth in the Prospectus.

Further the CFO received a one-off cash bonus related to the IPO.

The LTIP value for each member of the Executive Management is the value of the grant in connection with the IPO, transferred into RSU's at the IPO offer price of 155.

Number of shares at 31 December 2018 is the number of shares held by each member of the Executive Management as direct investment, either personally or via a personal owned holding company.

In line with the Remuneration policy, the Board of Directors proposes the remuneration of the Executive Management for the coming year. For 2019, the Board of Directors does not propose any changes to the current remuneration of the Executive Management. The remuneration model for Executive Management is set to reflect market-based remuneration for

similar publicly traded companies in respect to growth, profitability, size and international reach. The total remuneration is constructed to be aligned with the long-term objectives of the shareholders with Executive Management incentives.

The target salary for Executive Management assumes a full allocation of variable incentives, and will at full pay out of incentives be a total of 250% including the fixed base salary.

Base	STIP	LTIP	Benefits	Total
100%	60%	80%	10%	250%

The STIP is based on targets ensuring focus on day to day operations, while LTIP grants are tied up on targets in line with the long term strategy of Netcompany to grow 20-25% organically, and move margins from 25-29%, before any impact from new acquisitions.

## EXECUTIVE MANAGEMENT REMUNERATION

DKK'000	Fixed base salary			STIP		Other Bonus			Benefits			Total Remuneration			Number of shares	Granted RSU's LTIP 2018	
	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017			2016
André Rogaczewski, CEO	4,005	3,075	3,075	1,523	0	0	0	0	0	7	7	7	5,535	3,082	3,082	2,575,294	2,447
Claus Jørgensen, COO	4,005	3,075	3,075	1,523	0	0	0	0	0	7	7	7	5,535	3,082	3,082	2,575,294	2,447
Thomas Johansen, CFO	2,235	615	-	1,160	420	-	1,100	0	-	7	3	-	4,502	1,038	-	12,384	1,359
Carsten Gomard	-	2,060	3,071	-	0	0	-	0	0	-	7	7	-	2,067	3,078	1,319,172	0
<b>Total</b>	<b>10,245</b>	<b>8,825</b>	<b>9,222</b>	<b>4,205</b>	<b>420</b>	<b>0</b>	<b>1,100</b>	<b>0</b>	<b>0</b>	<b>21</b>	<b>24</b>	<b>21</b>	<b>15,572</b>	<b>9,273</b>	<b>9,242</b>		<b>6,252</b>

The Executive Management are entitled to spend up to 10% of their fixed base salary on a company car. The CEO has utilised DKK 203k (DKK 136k) (2016, DKK 46), the COO has utilised DKK 415k (DKK 397k) (2016, DKK 213k) and the CFO has utilised DKK 157k (DKK 66k). Carsten Gomard has not utilised any amounts on company car in 2017 and 2016.

## FIXED BASE SALARY AND BENEFITS

The fixed based salary includes all contributions to pension schemes. Other benefits such as company car, phones etc. may not exceed 10% of the fixed base salary.

## SHORT TERM INCENTIVE PROGRAMME (STIP)

The STIP is a cash-based bonus of up to 60% of the fixed base salary, granted annually on basis of performance in the year that has past. Targets in the STIP vary from year to year and are set by the Board of Directors at the beginning of a year. For 2018, the targets were related to the IPO and processes around that, and the achievement of financial results for 2018 to be in line with the targets defined in the Prospectus. All targets under the 2018 STIP were fully met, and hence full bonus for the STIP has been accrued and will be paid for 2018.

Financial Performance	Targets 2018	Actual performance 2018
Reported revenue growth	> 42%	45%
Organic revenue growth	> 25%	25,5%
Adjusted EBITA margin	> 24,5%	25%
Profit before tax	> 12%	12,5%

The STIP 2019 targets are based on organic revenue growth, and adjusted EBITA before acquisitions.

## LONG TERM INCENTIVE PROGRAMME (LTIP)

The LTIP is a share-based incentive programme that is granted annually, and will vest in three years pending performance in the given three-year period. The programme is revolving in character, and the annual grant cannot exceed more than 80% of the fixed base salary. The value of the annual grant is transferred into Restricted Stock Units (RSU) based on the weighted average share price the first three days following the release of the annual report. The targets in the LTIP is based on top line growth and operating profit, in the three year period each grant covers. The targets are in line with the strategic objectives of the Group.

In connection with the IPO, Executive Management received a LTIP grant for the period covering 1 July 2018 to 30 June 2021, with a value of 80% of the fixed base salary for the period 7 June 2018 to 31 December 2018. The RSUs under this programme will vest on June 30, 2021, following the reporting of the half year report for the period 1 January to 30 June 2021. The amount of RSUs transferred to the Executive Management is dependent on the performance in the period.

For 2019, the Board of Directors has granted Executive Management RSUs with a value of 80% of the fixed base salary for 2019. These RSUs will cover the period 1 January 2019 to 31 December 2021, and will vest following the release of the Annual report for 2021, in February 2022, dependent on performance in the period in line with the remuneration policy.

