Annual Report
2022

Bringing Digital Transformation to Life

NNIT A/S, Oestmarken 3A, DK-2860 Soeborg • CVR no. 21 09 31 06

NNIT
We make a mark

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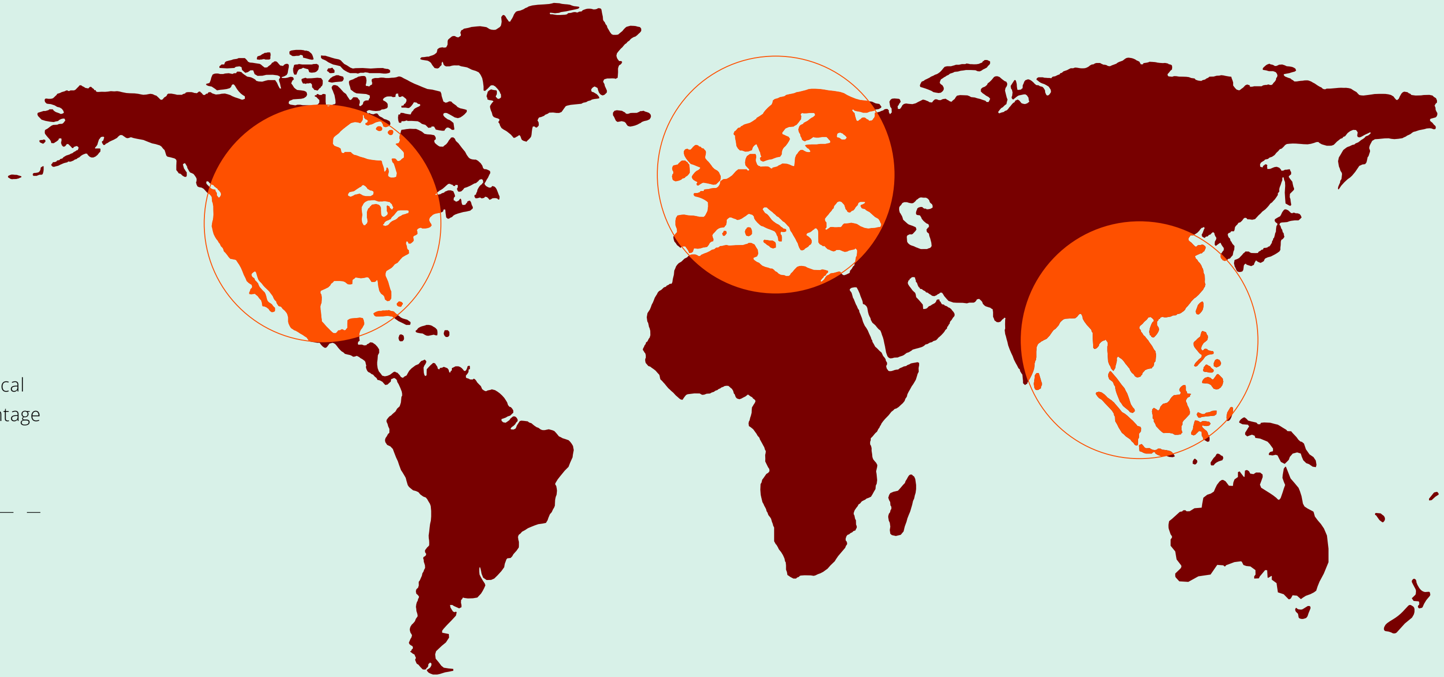
The Bigger Picture

- The NNIT Group at a Glance
- Words from Management
- Highlights
- Key Events
- Financial Performance
- Key Figures

The NNIT Group at a Glance

NNIT provides a wide range of IT and consulting services internationally. We advise, build, operate and support, enabling digital transformation and customers to reap the full potential of their organizations. The NNIT Group consists of group company NNIT A/S and subsidiaries SCALES, Excellis Health Solutions and SL Controls. Together, these companies employ over 3,100 people in Europe, Asia and USA.



OUR BUSINESS UNITS

Life Science Solutions

Highly specialized services within regulated IT solutions for the entire Life Sciences value chain globally

Cloud & Digital Solutions

Enabling customers to leverage business-critical applications in the cloud and taking full advantage of the growing Microsoft ecosystem

Discontinuing

Hybrid Cloud Solutions

Supporting customers' digital transformation through development and delivery of infrastructure and hybrid cloud solutions.

* Non-financial numbers and highlights in the chapters The Bigger Picture, Our Business, and Governance cover all three business units.

Employees	Certifications	Nationalities	Customer satisfaction
3,175	3,215	66	4.0 (from 1-5, 5 being the best)

WORDS FROM THE CHAIRMAN OF THE BOARD AND THE CEO

Enabling Future Growth

Carsten Dilling,
Chairman of the Board

Pär Fors,
CEO

In 2022, we knew we needed to deliver on our promise to accelerate NNIT's strategic journey and position ourselves even better to improve results in the future. And so, in addition to business as usual, the first six months of the year were dedicated to the planning of further strategic initiatives to unlock our full business potential, most notably leading to the announcement of the divestment of our infrastructure business.

Divesting half of the business and staff is a major change and undertaking. In NNIT's case also a necessary change, and the agreement with Agilitas was made with a view to ensure a more successful future for NNIT as a specialized and focused IT consulting business: To center investments, competencies and sales forces around the two core business areas Life Sciences Solutions and Cloud & Digital Solutions with strong growth prospects. At the same time, the infrastructure activities would be better positioned to fulfill service and growth goals and deliver customer value as a specialized, stand-alone infrastructure outsourcing business backed by Agilitas.

Consolidating Global Delivery Capabilities

Another significant strategic initiative in 2022, driven by geopolitical developments and our search for increased productivity, was the relocation of our Global Delivery Center from China to the Philippines, which was commenced in March and completed in December. With this move, we wanted to both consolidate operational services for our global accounts in the Philippines and accelerate our Life Sciences business in APAC.

During 2022, we built up our capabilities by approx. 400 FTEs in the Philippines to allow all global accounts to be managed from our Manila office starting in 2023. The move entailed reductions in China staff corresponding to the new hires in the Philippines. At the same time, we established an APAC Sales Hub to support our China and Singapore offices in their efforts to accelerate local business.

Changes in Management to Support Ongoing Strategic Transformation

In the second half of 2022, we announced a change in leadership, involving former CFO, Pernille Fabricius taking on a new, dedicated role as Executive Vice President for Strategy, Transformation and M&A and Carsten Ringius joining NNIT as CFO in December. For more words on the new NNIT and our revised strategy, please refer to page 13.

Important Wins Set the Tone for Improved Performance in 2023

In light of the significant workload from the above-mentioned strategic initiatives as well as market volatility, we did not get off to a good start in 2022. Our Q1 results were unsatisfactory with significant declines in both revenue and earnings. By Q2, we began to see modest improvements, primarily due to the effect from acquisitions and increased utilization following the capacity adjustments that were made in Q2.

This positive trend continued in Q3 and Q4 with further improvements in revenue and earnings in both our Life Sciences and Cloud & Digital Solutions businesses.

2022 was also a year, in which NNIT could report some important public and private wins. These included substantial, multi-year contracts with Danmarks Nationalbank, ATP/Udbetaling Danmark, the Danish Health Data Authority, Banedanmark, the Agency for Higher Education and Science, e-nettet and the Nordic Regional Security Coordinator.

In terms of our corporate profile, in 2022, we continued to focus on ESG activities: key initiatives were the implementation of an ISO14001 Environmental Management System and our commitment to the Science Based Targets initiative. Our ability to attract talent, customers and investors is strongly linked to our overall ESG profile, and we were happy to receive our third consecutive low risk ESG rating (16.2) from Sustainalytics in January 2023.

"In 2023, NNIT will be more asset light, and in the second half of the year, we expect to report improved revenue and earnings as a result of the initiatives rolled out in 2022 and by executing on our revised strategy in support of NNIT's new, focused business."

Pärs Fors
CEO

Improved Revenue and Earnings in 2023

In 2023, NNIT will be more asset light, and in the second half of the year, we expect to report improved revenue and earnings as a result of the initiatives rolled out in 2022 and by executing on our revised strategy in support of NNIT's new, focused business. We aim to grow both organically and through M&A, but initially our focus will be more on organic growth. Our goal remains to build critical mass and pursue specific business opportunities in our core business areas, while simultaneously launching agile services and entering into innovative partnerships to create customer value.

Thank You

We wish to thank our customers and investors who together with us continue to believe in our company and strategy – and that we have all the components we need to achieve success in the long-term. We also wish to express a sincere thank you to all NNIT eployees who continue to perform and deliver value to our customers in times of major change and transition.

Carsten Dilling
Chairman of the Board

Pär Fors
CEO

Highlights

In 2022, we focused on strategy execution with the aim of righting our business and creating value for our stakeholders.

Divestment

Infrastructure Operations

To establish NNIT as a highly specialized IT services provider focusing exclusively on Life Sciences Solutions and Cloud & Digital Solutions, on June 22, we announced an agreement to divest Hybrid Cloud Solutions and select parts of Cloud & Digital Solutions to funds advised by Agilitas Private Equity LLP.

Consolidation

Global Delivery Capabilities

Due to geopolitical developments and a search for increased productivity, in March, we commenced a consolidation of our Global Delivery Center (GDC) in the Philippines with a plan to have all our global accounts managed from our Manila office in 2023. All GDC functions were moved to Manila, and simultaneously we built up our capabilities by approx. 400 FTE. The project was completed by year-end.

Acquisition

prime4services

To further boost our Production IT offering to the life sciences industry, on February 25, we announced the acquisition of prime4services, a leading European Manufacturing Execution System (MES) services provider.

Major Contract Wins

Danmarks Nationalbank

We demonstrated skill and competitiveness by landing a number of substantial new contracts, particularly within the public sector, and most notably the DKK 1 billion contract with Danmarks Nationalbank and a new contract with the Danish Agency for Higher Education and Science, exceeding DKK 300 million. For all major contract wins, please refer to the next page.

Key Events

JAN

- Outsourcing contract with the Nordic Regional Security Coordinator
- Five-year agreement with e-nettet

FEB

- Acquisition of prime4services
- Full-service contract for Banedanmark's administrative IT systems
- Six-year contract for the operation, support, maintenance, and development of ATP's maternity/paternity benefits system

MAR

- Consolidation of Global Delivery Center initiated, moving capabilities from China to the Philippines

MAY

- Four-year contract with the Danish Health Data Authority in cooperation with Muninn

JUN

- NNIT divests infrastructure operations
- Substantial contract for administrative IT systems and services for Danmarks Nationalbank

JUL

- SCALES and Lantmännen Unibake sign significant contract for the global implementation of Microsoft Dynamics

AUG

- Pernille Fabricius is appointed Executive Vice President for Strategy, Transformation and M&A; and Carsten Ringius is announced as new CFO
- NNIT commits to the Science Based Targets initiative

OCT

- Eight-year contract for the Future State Educational Grant and Loan Payment System in Denmark for The Agency for Higher Education and Science

Legend:
- Strategic initiatives
- Major wins

Financial Performance

Continued and discontinued operations
On June 22, 2022 the Board of Directors announced its decision to divest its Hybrid Cloud Solutions business unit as well as select parts of its Cloud & Digital Solutions business unit to funds advised by Agilitas Private Equity LLP. The associated assets and liabilities have been evaluated at year end and found eligible for the carve out and presented as held for sale in the 2022 financial statements.

Consolidated revenue, gross profit and operating profit before tax will therefore only comprise the continuing operations. The profit after tax from the discontinued operations will be presented on a single line after the profit after tax from the continuing operations. The classification has retrospective effects.

Revenue development
Revenue increased 9.6% to DKK 1,500 million. The growth was mainly explained by inorganic growth from SL Controls full year impact as well as the prime4services acquisition in February 2022, and positive effects from a streghtening of the US dollar. Organic growth was -1%, due to weak performance in H1 somewhat offset in H2.

Gross profit, costs and operating profit
In 2022, gross profit increased by DKK 24 million from DKK 127 million in 2021 to DKK 151 million in 2022 leading to a gross profit margin of 10.1% compared to 9.3% in 2021.

Sales and marketing costs increased by 9.4%, and administrative expenses increased by 13.2% in 2022, both primarily related to added costs in connection with the acquisitions.

In 2022, operating profit before special items ended at a loss of DKK 7 million compared to a loss of DKK 15 million in 2021. Operational performance was impacted by focus and work related to the carve-out.

Operating profit for 2021 and 2022 years includes unallocated costs in connection to the carveout that is not allocated to the remaining business segments, Life Sciences Solutions and Cloud & Digital Solutions. Furthermore, the Gross profit includes a reclassification between Production cost and SG&A.

Special items amounted to DKK 278 million and mainly related to costs incurred when relocating the Global Delivery Center from China to the Philippines, costs incurred in connection with the carve-out and employee benefit costs as part of contingent consideration agreements (previously recognized as goodwill but changed in 2021 with retrospective effects), and impairment of the headquarter building in Søborg.

Net financials and tax
Net financials showed an expense of DKK 9 million in 2022 compared to an expense of DKK 12 million in 2021. The net financials was positively impacted by gains on currency hedges countered by increased interest expenses and bank charges. In 2022, income tax was an income of DKK 36 million compared to an income of DKK 60 million in 2021. The effective tax rate for 2022 was 25.5%, an increase compared to 2021 due to an increase in non-deductible costs.

Free cash flow
Free cash flow for 2022 was negative at DKK 292 million compared to a negative free cash flow of DKK 102 million in 2021. Both years were significantly negatively impacted by both special items, DKK 278 million and DKK 208 million respectively, as well as by investing activities, DKK 85 million and DKK 83 million respectively, bringing the cashflows to negative. In 2022, the free cash flow was furthermore impacted by repayment of COVID-19 aid packages DKK 95 million.

Balance sheet

On December 31, 2022, total assets were DKK 2,755 million, which is an increase of DKK 181 million compared to December 31, 2021. The increase is mainly due to the acquisition of prime4services, transition costs capitalized, and an increase in tax receivables. On December 31, 2022, net cash and cash equivalents amounted to DKK (649) million, which is a decrease of DKK 383 million compared to December 31, 2021. The decrease was mainly driven by negative cash flow from operations explained by negative operating profit, special items that included payments of earn-outs (DKK 67 million), and the acquisition of prime4services (DKK 81 million).

On December 31, 2022, equity amounted to DKK 814 million, which is a decrease of DKK 179 million compared to December 31, 2021. The decrease was mainly due to the negative result for the year countered by discontinued operations. For 2022, no dividends have been proposed.

Financing

NNIT increased the credit facility from DKK 900 million to DKK 1,050 million in 2022 to cater for the increased costs in connection with the carve-out. Utilization of the facility amounted to DKK 857 million by December 31, 2022. The entire facility has been classified as short-term in the financial statements. Initial conversations by NNIT with potential lenders has been positively received, and the company does not envisage undue problems in refinancing. Please refer to section 1.6 on page 51.

Events after the balance sheet date

Referring to company announcement 4/2023, NNIT has issued a restatement of the annual financial statement for 2021, following the Danish Business Authority's final decision on NNIT’s accounting treatment of earn-out payments related to acquisitions. NNIT has appealed the ruling.

Referring to company announcement 5/2023, following delayed FDI approval from the Danish Business Authority, the closing of the Infrastructure Operations divestment is now expected first half of Q2.

There have been no further events after the balance sheet date that would have a significant impact on an assessment of NNIT's financial position on December 31, 2022.

Key Figures

Financial key figures for 2021 and 2022 is excluding discontinued operations, while 2018 - 2020 is including discontinued operations.

DKK million	2022	2021	2020	2019	2018
Financial performance					
Total revenue	**1,500**	**1,369**	**2,830**	**3,058**	**3,007**
EBITDA before special items	57	114	401	501	556
Depreciation, amortisation and impairment	64	129	234	259	247
Operating profit (EBIT) before special items	(7)	(15)	167	242	309
Special items, costs[1]	278	208	90	68	22
Operating profit (EBIT)	(285)	(223)	77	174	287
Net financials	(9)	(12)	(7)	7	(4)
Net profit/loss for the year	**(258)**	**(175)**	**47**	**138**	**215**
Earn-out Restatement impact[2]	(40)	(42)	(29)	(45)	(21)
Net profit/loss for the year before restatement	**(218)**	**(133)**	**76**	**183**	**236**
Investement in tangible assets	-	-	(95)	(134)	(146)
Investement in intangible assets incl. acquisition of subsidiary	(78)	(40)	(159)	(67)	(117)
Total assets	2,755	2,574	2,468	2,485	2,432
Equity	814	993	1,030	1,092	1,053
Dividends proposed/paid	-	-	(74)	(98)	(113)
Free cash flow	(292)	(102)	143	242	116
Interest-bearing debt, net	805	473	377	438	518

DKK million	2022	2021	2020	2019	2018
Earnings per share (DKK)	(10.39)	(7.05)	1.90	5.60	8.75
Diluted earnings per share (DKK)	(10.39)	(7.05)	1.89	5.55	8.67
Employees					
Average number of full-time employees[5]	3,169	3,162	3,083	3,237	3,129
Financial ratios					
Revenue growth	9.6%	N/A	(7.5)%	1.7%	5.5%
Gross profit margin	10.1%	9.3%	13.7%	15.6%	18.1%
EBITDA before special items margin	3.8%	3.8%	14.2%	16.4%	18.5%
Operating profit margin before special items	(0.5)%	(1.1)%	5.9%	7.9%	10.3%
Operating profit margin	(19.0)%	(16.3)%	2.7%	5.7%	9.5%
Effective tax rate	25.5%	12.2%	32.9%	23.8%	24.0%
Investments/Revenue	0.1%	2.5%	4.8%	5.3%	5.3%
Return on equity[3]	(28.6)%	(17.3)%	4.4%	12.9%	21.3%
Solvency ratio	29.5%	38.6%	41.7%	43.9%	43.3%
Return on invested capital (ROIC)[3, 4]	(19.2)%	(13.6)%	3.6%	8.4%	15.0%
Cash to earnings	50,5%	102.5%	304.3%	175.4%	54.0%

1) Special items comprise costs that cannot be attributed directly to NNIT's ordinary activities and are non-recurring of nature.
2) The Danish Business Authority has required NNIT to change the applied accounting treatment of the earn-out payment, cf. Accounting policy.
3) Financial metrics are moving annual total (MAT), i.e. annualized.
4) Net profit/average invested capital.
5) The full-time employee numbers are for the total operations, the number of employees for the continuing operation for 2022 are 1,482

Our Business

- Strategy
- Outlook 2023
- Life Sciences Solutions
- Cloud & Digital Solutions
- Markets and Customers
- People and Sustainability

Strategy

We conducted a strategic review in 2022, leading to the decision to divest our infrastructure operations to enable a sharper focus on our core strengths in the Life Sciences Solutions and Cloud & Digital Solutions business units.

The Life Sciences area will continue to pursue strong international growth in focused solutions areas within the life sciences value chain, while the Cloud & Digital Solutions business will center its focus on the Danish market, specifically within the public and enterprise sectors.

The exclusive focus on our two core business areas will establish NNIT as a specialized IT services provider, enabling higher growth and profitability in 2023 and the years ahead.

Strategy

Following the expected completion of the Group's infrastructure operations, NNIT will become an increasingly international, people-centric consultancy company with an asset-light business model.

NNIT's strategy builds upon a strong suit of technical and domain specific capabilities, new and existing customer engagements and innovative partnerships. Addressing our targeted markets requires a combination of this deep IT solutions expertise and strong process and domain knowledge.

We will deliver digital solutions internationally with a regional approach as we focus on leveraging specific market strongholds in highly regulated industries where NNIT has a clear competitive edge. Our business units will therefore sharpen their focus on the life sciences and public sectors while also providing technology-based solutions to a variety of larger enterprises that have strong digital ambitions, face great complexity, or operate in a highly regulated space.

Life Sciences

The Life Sciences Solutions business unit will maintain its focus on developing and delivering the best digital solutions to support selected parts of the life sciences value chain and address a fast-growing global market. This focus area includes assignments within Regulatory Affairs, Clinical Development, Quality Management, Drug Safety, Med Tech, Production and Laboratory. This approach is supported by dedicated partnerships with leading solution providers such as Veeva Systems.

Public sector

The Cloud & Digital Solutions business unit draws on NNIT's comprehensive experience from highly regulated industries to deliver tailored solutions for public sector clients, focusing specifically on central and regional government opportunities. Key service areas include custom application development, cloud services, dedicated business consulting and security services building on a strong portfolio of reference cases for public companies and agencies.

Enterprises

NNIT will cater to larger enterprises with complex IT demands – in segments such as manufacturing, utilities, transport and finance, focusing on Microsoft-related services strongly led by Scales' unique position within Microsoft Dynamics 365 Finance and Operations. Additional Microsoft capabilities related to Dynamics Customer Experience, Microsoft Power BI and Power Platform will be leveraged and supplemented with SAP consultancy services.

Outlook 2023

After expected completion of the divestment of NNIT's infrastructure operations, the Group will leverage its sharpened focus on its two core business units with the ambition to significantly strengthen revenue and profitability of its continuing activities from 2023 and in the years ahead.

NNIT expects to generate revenue growth in its continuing activities of around 10% in 2023, not least from a solid trajectory in Custom Application Development services in CDS and Production IT services in LSS. The operating profit margin before special items is expected to increase to around 5% as a result of higher revenue and improvements in utilization. And special items is expected to amount to up to DKK 180 million, relating mainly to carve-out and separation activities as well as earn-out payments related to the technical changes to historical accounting policies on acquisitions, please refer to section 1.1 on page 43.

Summary of current expectations

	Current guidance
Revenue growth	around 10%
Operating profit margin before special items	around 5%
Special items	Up to DKK 180 million

The profitability level in 2023 will be impacted by a higher cost base in the first half of the year until the separation of the infrastructure operations and transition of all support and back office assignments have been completed.

In the strategy horizon towards 2026, it is in scope to look for M&A opportunities that will either offer industry-specific solutions areas for life sciences or opportunities that allow us to further improve our competitiveness in other relevant solution areas.

The guidance is based on a number of important assumptions, including an assumption of no further deterioration in relation to the macro situation, that business performance, customer and competitor actions will remain stable and that key currency exchange rates will remain at the current levels versus Danish kroner.

Currency sensitivities

	Estimated annual impact on NNIT's operating profit of a 10% increase in the outlined currencies against DKK[1]	
EUR[2]	DKK	6 million
CNY	DKK	6 million
CZK	DKK	(6) million
PHP	DKK	(8) million
CHF	DKK	1 million
USD	DKK	17 million

[1] The above sensitivities address hypothetical situations and are provided for illustrative purposes only. The sensitivities assume our business develops consistently with our current 2023 business plan.

[2] The sensitivity for EUR is based on 2.25%

Key currency assumptions

	Rate		
	2021	Avg 2022	2023 14/3
EUR	743.70	743.97	744.47
USD	628.99	709.02	693.37
CNY	97.55	105.56	100.93
CZK	29.00	30.29	31.29
PHP	12.76	13.01	12.59
CHF	687.94	741.43	760.91

Forward-looking statements

This Annual Report contains forward-looking statements. Words such as 'believe', 'expect', 'may', 'will', 'plan', 'strategy', 'prospect', 'foresee', This Annual Report contains forward-looking statements. Words such as 'believe', 'expect', 'may', 'will', 'plan', 'strategy', 'prospect', 'foresee', 'estimate', 'project', 'anticipate', 'can', 'intend', 'outlook', 'guidance', 'target' and other words and terms of similar meaning in connection with any discussion of future operating or financial performance identify forward-looking statements. Statements regarding the future are subject to risks and uncertainties that may result in considerable deviations from the outlook set forth. Furthermore, some of these expectations are based on assumptions regarding future events which may prove incorrect. Please also refer to the overview of risk factors in the 'Risk Management' section on page 27.

Life Sciences Solutions

Revenue	Gross Profit	Gross Margin	Operating Profit
873 DKKm	158 DKKm	18%	7 DKKm

The Life Sciences Solutions business unit focuses on delivering industry-specific solutions catering to specific parts of the life sciences value chain, namely Production, Quality Management, Clinical Development, Drug Safety, Regulatory Affairs and Laboratory solutions.

This business unit grew revenue by 20% to DKK 873 million in 2022 driven mainly by acquisitions of SL Controls and prime4services combined with positive impact from currencies.

The revenue in Q4 amounted to DKK 221m (Q4 2021: DKK 199m). In full year 2022, the business unit generated gross profit of DKK 158 million and a gross profit margin of 18%, and LSS is expected to remain on the current positive trajectory in the coming quarters.

During the fourth quarter, the LSS business continued the trend of accelerating sales and solidifying its leading position within especially Regulatory Affairs and Clinical supported by new engagements Internationally within Veeva engagements and other digital transformation solutions totaling a lower-range triple digit DKK million order entry on new as well as existing clients. Moreover, the business unit further strengthened Its strong position within Production for life sciences supported by recent acquisitions – totaling a mid-range double digit DKK million order entry. Finally, LSS had solid order intake in next generation/automated testing and validation for current customers totaling a lower-range double digit DKK million order entry.

In 2022, Life Sciences Solutions was recognized by leading analyst companies such as Gens & Associates and Everest Consulting Group for its leading position within the Regulatory Affairs and Veeva solutions space.

Cloud & Digital Solutions

Revenue	Gross Profit	Gross Margin	Operating Profit
853 DKKm	137 DKKm	16%	64 DKKm

The Cloud & Digital Solutions unit consults, develops and delivers the best digital solutions, enabling business-critical applications in the cloud and taking full advantage of the growing Microsoft ecosystem, coupled with core services within custom application development and management consulting.

The Cloud & Digital Solutions business unit had a stable revenue amounting at to DKK 853 million in 2022. The unit won a number of notable deals in 2022, including a significant contract with the Danish Agency for Higher Education and Science, which has a lower three-digit mDKK net worth.

The business unit continued to consolidate and improve earnings and profitability throughout 2022 driven by improvements in utilization. The revenue in Q4 amounted to DKK 230m (Q4 2021: DKK 226m). In full year 2022, the business unit generated gross profit of DKK 137 million and a gross profit margin of 16%.

As part of the divestment of our infrastructure business we have also included the SAP Basis and Cloud Native Solutions operations of the CDS business unit with a total revenue of approximately DKK 0.2bn. Please see note 2.1 for further details

During Q4, CDS continued to build the order entry backlog for the coming years. This was the case across the CDS solutions area, albeit with a particularly strong performance within its Custom Application Development (CAD) area. Here, strong growth was seen in the local Chinese life sciences market, and in a Danish context, CAD was able to extend and expand on existing contracts within the public sector.

The win of the large Danish Agency for Higher Education and Science project will also serve as a platform for further expansion.

CDS also saw low-range double digit DKK million wins within Microsoft Solutions across both development and support.

Markets and Customers

NNIT will increase its position as a strong player with significant international presence in the life sciences market and in Denmark within the public sector and enterprise space. This is based on a strong foundation as an asset-light, people-strong organization focusing on consultancy services.

In NNIT, we are focused on serving the life sciences industry within our core business areas with highly specialized life science-specific solutions within our primary geographical markets in the EU, US, and certain markets in Asia. In Denmark, NNIT focuses on selected industries; life sciences and the public and enterprise sector, providing both industry-specific solutions and offering digital solutions to larger organizations with critical applications and digital transformation ambitions.

We expect strong market growth in our core segments and to be able to outgrow the market in selected growth pockets.

NNIT continually monitors the market development, and current key trends are positively aligned to the NNIT solutions portfolio.

Customer Satisfaction is Key

NNIT is rigorously keeping customer satisfaction a key priority by measuring, analyzing, and acting on key findings from various customer satisfaction data points. Overall, our customer satisfaction remains high and steady – as evidenced by various customer satisfaction scores encompassing both end users and key decision makers.

Our services continued to be well-received by customers, and we continue to monitor satisfaction based on an extensive Customer Feedback Program and daily interactions with customers and partners, providing a solid base for continued improvement.

Customer satisfaction (from 1-5, 5 being the best)

2019
4.1

2020
4.2

2021
4.1

2022
4.0

Key market trends are favorable to the solutions NNIT offer

Digital Transformation of Industries

Digitalization of societies and business will continue to drive demand for NNIT's services and solutions in the coming years despite potential negative short-term effects caused by the prevailing macro economic volatility. Certain segments of NNIT's customer base may be taking a more cautious approach to spending and aim to lower the overall cost base through implementation of IT services. Core NNIT customer segments such as life sciences and public sector are regarded as resistant to a potential recession.

Cybersecurity and Regulation

An elevated cybersecurity threat level and potentially more state-sponsored cyberattacks in the wake of geopolitical unrest drive increasing demand for strong cyber defense measures and systems. The ongoing increase in remote work, and migration of applications and data to cloud services cause further exposure to cyber criminals underlining the need for organizations to rethink their approach to security safeguarding and need for critical security solutions. A common trait across the life sciences and public sector is that they are highly regulated industries with specific requirements for validated IT solutions that must comply with either industry-specific or country-specific regulation. This trait aligns with one of NNIT's core strengths – understanding how regulation impacts IT system landscapes in order for our customers to stay compliant.

Continued cloud migration

The proportion of enterprise IT spending on public cloud computing continues to increase, driven by a preference for public cloud solutions over traditional on-premises solutions. Growing geopolitical regulatory scrutiny and compliance requirements may increase the demand for regional clouds. Cloud computing will be a key technological foundation for innovative environments catering for virtual workspaces, medical devices and telemedicine proof of concepts, etc. NNIT sees increased consolidation on the major public cloud provider platforms, especially AWS and Microsoft Azure, which are core NNIT partners.

Talent Scarcity and Employee Experience

The IT skills shortage is growing increasingly predominant, impacting customers looking to deploy alternative methods of attracting and retaining key talent or outsource more to external services providers if they fall short on resources. Companies are making significant investments in providing an attractive workplace for scarce talent through improvement of the employee experience, including efforts to lower the "digital friction" from legacy IT systems and replace aging systems.

Sustainable IT

Customers are increasingly focused on reducing the CO_2 emissions related to the procurement of IT equipment and services through management decisions and investments. Intelligent IT solutions hold a strong potential for improving sustainability performance across sectors, and Gartner Group estimates that IT can contribute to lowering global $C0_2$ emissions by 10% by 2030. This trend has a significant impact on the need for high quality data on sustainability impact, reporting and analytics, as well as increasing demand for climate friendly IT solutions.

Automation, Data and AI

As the business impact of AI and machine learning grows, the demand increases for new and smarter technology and solutions that are ethically responsible and easier to deploy. AI usage will be scaled through increased automated deployment to cloud environments, which also provides improved computing infrastructure for faster training and execution. AI will increasingly be deployed in innovative use cases aimed at providing sustainable outcomes. As AI technologies are still maturing the need for consultancy and advisory services will remain significant

People and Sustainability

Together, our aspiration, our values, and our strategy outline the way we work in NNIT. Working in NNIT means being part of an international team with talented colleagues who all work The NNIT Way doing their best to make a mark on business and society; bringing digital transformation to life.

2022 was a year of transition, and naturally, this had an affect on our people. We therefore maintained a focus on diversity and inclusion, making sure that initiatives were implemented to ensure a healthy work environment for everybody.

In our Sustainability Report, you can read more about our people agenda.

Sustainability Report 2022

https://www.nnit.com/about-us/corporate-responsibility/sustainability-reports/

Gender distribution in NNIT

Top Management

♀ 33% ♂ 67%

All Employees

♀ 30% ♂ 70%

Sustainability

SUSTAINALYTICS ESG INDUSTRY TOP RATED 2023

The role of IT in a sustainable transition of society and the sustainability of our own operations are responsibilities that have matured in our organization during 2022. Besides continuing our existing initiatives, 2022 has included important extensions of our efforts.

As an IT company, we are presented with both challenges and opportunities in relation to contributing to a sustainable future. What role should digitalization play, how do we ensure that our environmental and social footprint is a positive one, and how do we handle the increasing electricity consumption with our ambition to further digitalize society?

We do not hold absolute answers to these questions alone, and we employ a collaborative approach to partners, peers, and suppliers. To us, collaboration is key to almost every aspect of operating our business, but it is especially true when it comes to the matter of sustainability where new ways of conducting ourselves as a business and part of society need to be developed. As a term, sustainability hosts a great variety of understandings. We work with the concept based on a set of internationally recognized frameworks and methodologies.

In our Sustainability Report 2022, you can read more about how we work with the ESG principles, the UN Global Compact, the Sustainable Development Goals and the EU taxonomy frameworks. Due to the split of our organization into two new companies and the fact that the identified activity "8.1: Data processing, hosting and related activities" is handled as discontinued operations in the AnnualReport, we have chosen not to investigate whether the identified activity is considered aligned with the screening criteria of the taxonomy. We will continue to monitor the activities closely and consider whether changes are needed moving forward.

Sustainability Report 2022

	Unit	**2022**	2021	2020
Environment data[1]				
Global electricity consumption	kWh	19,657,000	19,264,000	18,733,200
Renewable energy share	%	97%	96%	95%
Scope 1 emissions	tCO_2e	118.7	88.7	127.6
Scope 2 emissions	tCO_2e	3,122.5	2,933.7	3,400.3
Scope 3 emissions[2]	tCO_2e	20,372.6	463.0[10]	169.9[10]
Social data[3]				
Full-time workforce (end of year)	Number	3,175	3,130	3,171
Gender diversity (male/female)	%	70%/30%	68%/32%	68%/32%
Gender split in top management (male/female)	%	67%/33%	67%/33%	69%/31%
Gender split among all leaders	%	71%/29%	-	-
Employee turnover rate	%	34%	24.1%	18.7%
Unmanaged employee turnover rate[4]	%	19%	18.1%	11.4%
Sickness absence[5]	%	3.5%	2.3%	1.7%
Employee satisfaction score[6]	1 to 5	--	4.3	4.3
Governance data[7]				
Gender split, Board (male/female)[8]	%	67%/33%	67%/33%	67%/33%
Board meeting attendance rate[9]	%	100%	100%	98.8%

1 Data collected from locations with >100 employees (China, Czech Republic, Denmark (incl. two data centers), the Philippines). Data in Scope 1-3 is collected internally in NNIT and based on information from third parties/suppliers. Data is processed in CEMAsys.
2 See method description pp. 13-14 in NNIT Sustainability Report 2022. In 2022, we expanded our Scope 3 reporting, now covering five categories. Previous reporting only included one (business travel).
3 Data collected for all employees.
4 All employees excl. students as they are employed on contracts with fixed end date.
5 Denmark only.
6 Survey not conducted in 2022 due to divestment of IO business.
7 Data collected internally in NNIT from HR and Legal departments.
8 Gender diversity on the Board in 2022 incl. the three employee elected members (male/female) 67/33.
9 Excl. employee elected members. 97.8 % incl. employee elected members.
10 Business travel only.

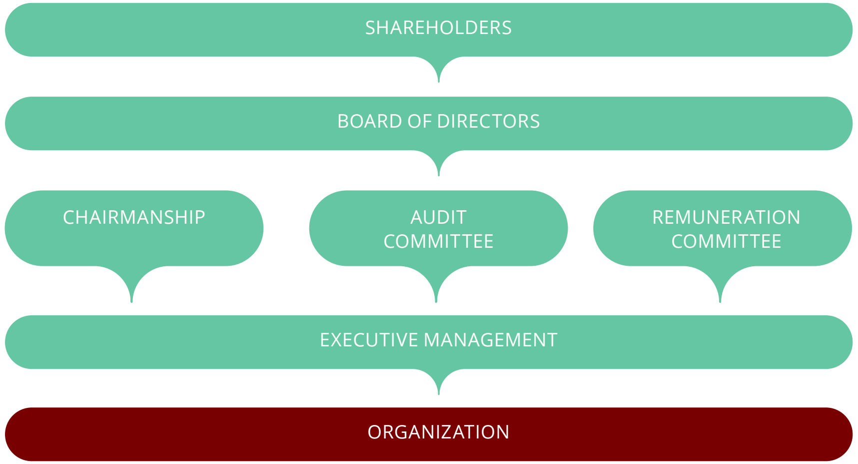
Governance

Corporate Governance
Risk Management
Board of Directors
Group Management
Shareholder Information

Corporate Governance

The Board of Directors of NNIT has a continued focus on good governance practices and complies with all suggested recommendations except for a separate nomination committee, the role of which is handled by the Chairmanship.

Corporate governance structure



Governance structure

Annual general meetings

The shareholders of NNIT have the ultimate authority over the company and exercise their right to make decisions at general meetings. At the Annual General Meeting, shareholders approve the Annual Report and any amendments proposed to the company's Articles of Association. Shareholders also elect board members and the independent auditor. The Board of Directors and Executive Management operate under a two-tier management structure.

The Board of Directors supervises the work of the Executive Management and is responsible for the overall management and strategic direction, while the Executive Management is in charge of the day-to-day management. The Executive Management has established a Group Management consisting of the chief executive officer, the chief financial officer, the chief strategy and transformation officer and senior vice presidents. As of 31 December 2022, NNIT's Board of Directors consisted of six shareholder-elected members and three employee-elected members. One board member is a member of the Executive Management of Novo Holdings A/S, and one board member is a former senior vice president of Novo Nordisk A/S. Both are regarded as representing the interests of a controlling shareholder. The remaining four of the six shareholder-elected board members are independent as defined by the Danish Corporate Governance Recommendations. The composition of the Board of Directors ensures that its members represent the required professional breadth, industry knowledge, diversity and international experience.

Board members elected by the shareholders at the Annual General Meeting serve for a one-year term and are eligible for re-election. Board members elected by employees serve for a statutory four-year term and have the same rights, duties and responsibilities as shareholder-elected board members.

Pursuant to the Articles of Association, board members must retire at the first Annual General Meeting after reaching the age of 70.

In 2022, the Board of Directors held six ordinary meetings and three extraordinary meetings.

Read more about the members of the Board of Directors on pages 29-31

The Chairmanship

At the Annual General Meeting, the chairman and deputy chairman of the Board of Directors are elected directly. The Chairmanship carries out administrative tasks, such as planning board meetings to ensure a balance between overall strategy-setting and financial and managerial supervision of the company.

At the March 2022 Annual General Meeting, the shareholders re-elected the chairman, Carsten Dilling (independent), elected a new deputy chairman, Eivind Kolding, and elected Nigel Govett as a new member of the Board of Directors.

For a detailed view of the Chairmanship's tasks please refer to the Chairmanship Charter on NNIT's website.

The Audit Committee

The Board of Directors has established an Audit Committee, which is responsible for assisting the Board in overseeing the financial reporting process and the effectiveness of the internal control and risk management systems. Furthermore, the Audit Committee is responsible for assisting the Board of Directors with evaluating the effectiveness of NNIT's level of quality management and the maturity level of internal security management.

In 2022, the Audit Committee conducted four ordinary meetings; all members of the committee participated in all meetings.

The Remuneration Committee

The Board of Directors has established a Remuneration Committee, which is responsible for assisting the Board with overseeing the Remuneration Policy for the members of the Board of Directors and Executive Management, including guidelines on incentive pay to Executive Management, the remuneration of the members of the Board of Directors, its committees and the members of Executive Management, as well as the preparation of the annual remuneration report. In 2022, the Remuneration Committee conducted two meetings. All members of the Remuneration Committee participated in all meetings in 2022.

	Board & committees			**Meeting attendance 2022**		
Name	Board	Audit	Remuneration	Board of Directors	Audit Committee	Remuneration Committee
Carsten Dilling	Chairman		Member	9/9 ● ● ● ● ● ● ● ● ●		2/2 ● ●
Eivind Kolding	Deputy Chairman		Chairman	9/9 ● ● ● ● ● ● ● ● ●		2/2 ● ●
Anne Broeng	Member	Chairman		9/9 ● ● ● ● ● ● ● ● ●	4/4 ● ● ● ●	
Christian Kanstrup	Member	Member	Member	9/9 ● ● ● ● ● ● ● ● ●	4/4 ● ● ● ●	2/2 ● ●
Nigel Govett	Member	Member		9/9 ● ● ● ● ● ● ● ● ●	4/4 ● ● ● ●	
Caroline Serfass	Member			9/9 ● ● ● ● ● ● ● ● ●		
Anders Vidstrup*	Member			8/9 ● ● ● ● ● ● ● ●		
Camilla K. Kongsted/Kenn K. Jensen*	Member			8/9 ● ● ● ● ● ● ● ●		
Trine Io Bjerregaard*	Member			8/9 ● ● ● ● ● ● ● ●		

* Employee-elected representative

Board evaluation

Every year, the Board of Directors conducts a self-assessment and review of the Executive Management's performance and succession preparedness. The chairman of the Board has the overall responsibility for conducting the self-assessment of the Board of Directors and review of the Executive Management. Every third year, the self-assessment and review is facilitated by external consultants who interview all members of the Board of Directors and the Executive Management. In 2022, the evaluation process, based on a questionnaire, was carried out and reported by an external consultant.

The annual self-assessment in 2022 was less comprehensive, but included an assessment of strategy development and implementation, cooperation between the Board of Directors and the Executive Management, Board composition and dynamics, preparation and accomplishment of board meetings, Committee value contribution and evaluation of the chairman.

Overall, the self-assessment revealed good performance by the Board of Directors as well as good cooperation between the Board of Directors and the Executive Management.

The Board found that:

1) The workload for Group management is very high.
2) The transaction around carving out the Infrastructure Outsourcing business is comprehensive and complex.
3) The overall strategy work in NNIT is important as we need to relaunch the remaining business as a modern and appealing IT consulting services partner for life sciences customers and public customers in Denmark.

Diversity

As of December 31, 2022, two shareholder elected board members were female and four were male, thus, the company has fulfilled the ambition of having at least 30% of the underrepresented gender on the Board. The Board of Directors remains committed to having international members of the Board. Currently, two shareholder-elected board members are non-Danish.

Tax Policy

In 2022, in accordance with the revised Corporate Governance Recommendations, NNIT has updated its Tax Policy. The policy is available from the company's website at www.nnit.com/about-us/corporate-responsibility/policies/.

Data Ethics Policy

At NNIT, we process large amounts of data on behalf of our customers and within our own organization. Data and information security have always been a fundamental part of NNIT's business, as it is of great importance to us that our customers and employees always feel safe when entrusting us with their data.

NNIT's Data Ethics Policy embodies three key principles: Security, Fairness and Transparency.

- Security
  In order to safeguard high ethical data standards, NNIT ensures appropriate technical and organizational security measures are implemented to prevent the accidental or unlawful destruction, accidental loss, alteration or change and unauthorized disclosure of or access to data.

- Fairness
  Fairness is about doing what is right and only handling personal data in ways that people would reasonably expect and not using it in ways that have unjustified adverse effects on them. In that regard, NNIT considers whether the use of personal information can be justified and whether processing is compatible with what can be expected in a free and democratic society and in accordance with human rights.

- Transparency
  NNIT values being transparent about its data processing activities and being clear, open and honest about how and why it uses personal data.

Corporate governance documentation

- Articles of Association
- Remuneration Policy
- Rules of Procedure of the Board of Directors as well as the Executive Management
- Competence Profile of the Board of Directors
- Board Committee Charters
- Corporate Responsibility Policy
- Diversity Policy for Management Levels

In NNIT, the type off data we process is part of our data ethical considerations, as security measures must correspond to the sensitivity of the data being processed. These considerations are also part of our customer dialog when advising about the software development of their IT solutions, so that privacy-by-design and privacy-by-default are considered from the beginning.

NNIT does not sell any data to any third parties or profit from it in any way.

The Board of Directors approves the Data Ethics Policy, which is updated annually. NNIT reports on the work with Data Ethics and GDPR to the Audit Committee on a regular basis.

Corporate Governance Report 2022

https://www.nnit.com/about-us/leadership/corporate-governance/

Remuneration Report 2022

https://www.nnit.com/about-us/leadership/corporate-governance/

Compliance with corporate governance recommendations

As a publicly listed company, NNIT is subject to the Danish recommendations on corporate governance. In accordance with section 107b of the Danish Financial Statements Act, NNIT discloses its Statutory Corporate Governance Statement for the financial year 2022 at www.nnit.com/about-us/nnit-leadership/corporate-governance/.

Today, NNIT adheres to all but the following recommendation:

- 3.4.6 establishing a separate nomination committee
  Due to the size of NNIT, the Board of Directors has not found it necessary or appropriate to establish a nomination committee. The tasks of the nomination committee are handled by the Chairmanship. For more information, please refer to the Statutory Corporate Governance Statement 2022.

Risk management and control activities

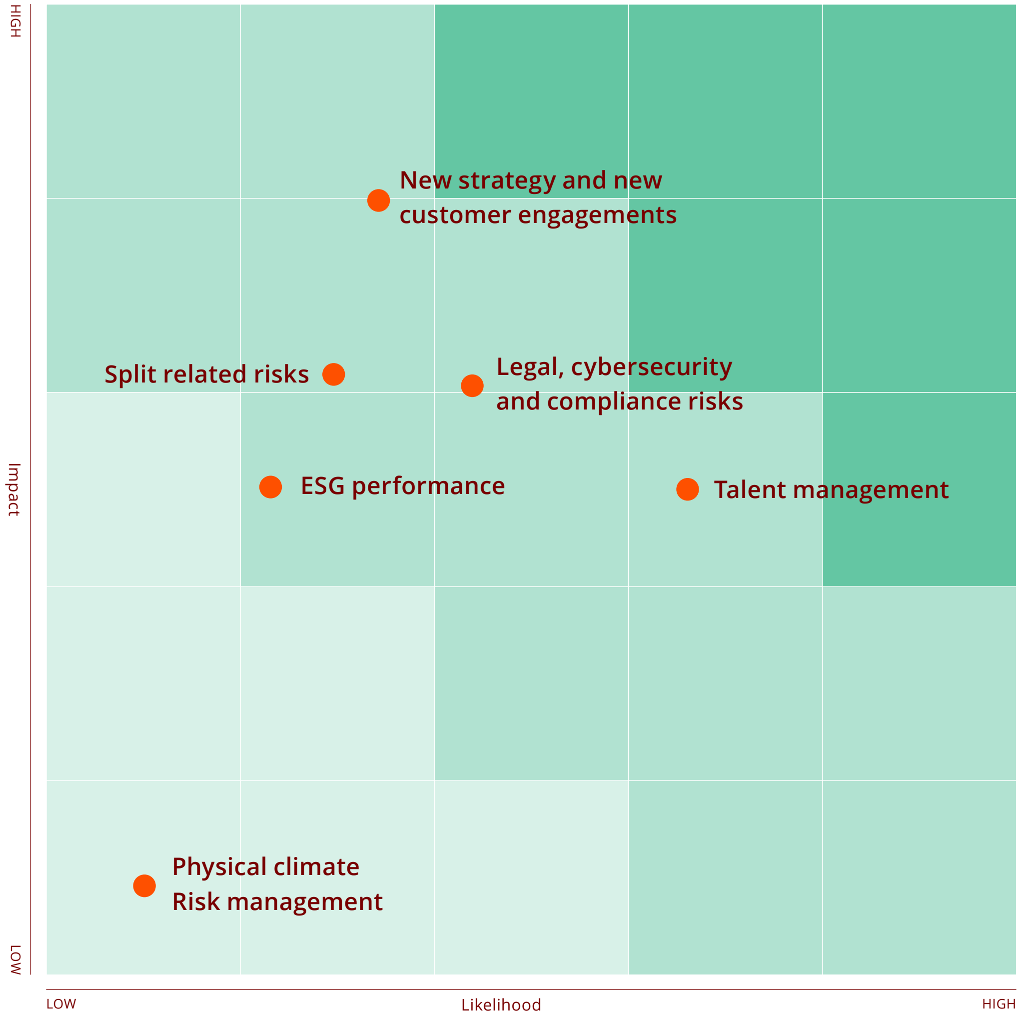
In order to sustain a robust business, risk monitoring and control activities are designed and implemented to obtain the desired overview and assurance. The control activities are based on a risk assessment performed by Group Management and installed to prevent, detect and take steps to counter any material risks. A general description of risks is provided in the 'Risk Management' section on pages 27-28 As part of its risk management, the company has also set up a whistleblower function which, in addition to the usual control functions, is intended to provide access to reports on suspected irregularities in the business.

NNIT's statutory statement on Corporate Responsibility (CR) pursuant to section 99 a, section 99 b and section 107 d of the Danish Financial Statements Act for the financial year 2022 is available from the company's website at www.nnit.com/about-us/corporate-responsibility/cop-reports/

Risk Management

After the divestiture of the infrastructure business, NNIT will be operating in a highly competitive market, which is also exposed to significant internal and external events. Mitigating the potential negative impact of these events requires a structured and holistic approach to risk management. Key identified risks are described below.

The key risks are assessed for likelihood and impact.



Talent management

NNIT's future business is founded on the expertise and innovation of people. NNIT's ability to maintain and win new business depends on its ability to attract, retain and develop qualified IT professionals in a current market characterized by shortage of talent in select areas. Poor talent management performance could impact NNIT's aspirations to meet customers demand and impede its ability to grow its business profitably. The ability to attract new talent and retain and develop current employees is therefore very important. We have a group specialist program and graduate programs in place to attract young professionals. We continually track the capabilities needed to deliver on our ambitions within our key solution areas in both the short and long-term. Key employee identification processes and retention programs are also in place to manage attraction/retention risks.

Legal, Cybersecurity and Compliance Risks

Protecting NNIT's long-term business interests is vital to its continued operations. Increasing contract complexity and intensified regulatory compliance are expected e.g. EU legislation on data transfers increase geo-restrictions and significant GDPR regulation changes, which also impact NNIT's business and therefore pose a risk. For instance, this also impacts the public cloud related business, which makes up an increasing share of NNIT's business. Cybersecurity risks is an ongoing concern, and with the current unstable geopolitical situation, new risk scenarios needs continual monitoring.

Split-related Risks

The purpose of divestiting NNIT's infrastructure business is to create two new successful companies. Going forward, there will be significant interactions between the two companies on existing joint customers, which needs to be managed efficiently and with the customers experiencing the same or higher level of quality in delivery. Failure to continue to deliver high quality solutions in joint deliveries is a notable risk.

New Strategy and New Customer Engagements

The new strategy of increased focus on fewer services as well as a higher number of smaller customer engagements requires NNIT to transform it business processes and deliveries to a more agile set-up reflecting this new reality. Customers also need to see NNIT increasingly change its offerings and services to cater for a more vertical and industry-specific approach with focus on life sciences, the public sector and enterprise customers. Successful strategy execution also requires a diligent approach to new services innovation. The new business setup requires an accelerated service innovation model. In short, more new services need to be developed as the lifetime of these new services is typically shorter in a more consultancy-focused business compared to an infrastructure business, which has a longer lifetime for services.

ESG Performance

NNIT has always had a strong focus on the ESG agenda – clearly visible in e.g. in our Sustainalytics score of 16.2 (from Jan 20, 2023), which states that NNIT is a low risk company and that we compare nicely in our industry / sub-industry. Our aspiration of "making a mark on business and society bringing digital transformation to life" underlines the wider intent of NNIT to serve a higher purpose. A medium or high risk ESG rating, e.g. due to lack of necessary ESG-related investments and attention, will have materially negative impact on the attractiveness of the NNIT share and send a negative signal to customers, employees, investors, and other key stakeholders.

Physical Climate Risk Management

NNIT recognizes that evaluating physical risks related to climate change is important and consider it part of its regular risk assessments. Given the current and expected operation of NNIT, we have not found any significant physical risks associated to climate change.

Board of Directors

	Carsten Dilling Chairman	**Eivind Kolding** Deputy Chairman	**Anne Broeng** Board Member
Committee	Member of the Remuneration Committee	Chairman of the Remuneration Committee	Chairman of the Audit Committee
Personal and educational background	Born 1962. Danish citizen. Bachelor of Science and Bachelor of Commerce, Int. Marketing from Copenhagen Business School. Member of the Board of Directors since 2016.	Born 1959. Danish citizen. Master of Laws from the University of Copenhagen and AMP from Wharton Business School. Member of the Board of Directors since 2015.	Born 1961. Danish citizen. MSc in Economics from the University of Aarhus. Member of the Board of Directors since 2014.
Other directorships	Chairman of the Boards of SAS AB*, Icotera A/S, MT Højgaard Holding A/S* and Terma A/S, and member of the Investment Committees of Maj Invest.	Chairman of the Board of Directors of Nordic Transport Group (NTG) A/S*, Danmarks Skibskredit A/S, Den Erhvervsdrivende Fond Gl. Strand, DAFA Holding A/S and MFT Energy A/S. Deputy Chairman of the Board of Directors of LEO Fondet. Member of the board of Altor Fund Manager AB.	Chairman of the Board at Velliv, Pension & Livsforsikring A/S and Julius P. Justesen Fond. Deputy Chairman of Børns Vilkår. Member of the Boards of VKR Holding A/S, Rambøll Gruppen, Sleep Cycle AB*, ATP and Aquaporin A/S*.
Independence	Regarded as independent.	Regarded as independent.	Regarded as independent.
Special competences	Strong executive background as CEO and chairman of a number of boards, and extensive experience within the IT industry.	Extensive executive background as CEO and CFO, and strong competencies within finance, IT, and general management.	Extensive executive background as CFO and experience from serving on a number of boards with strong competencies in finance, risk management, M&A and ESG.
Attendance	Attended all Board of Directors meetings in 2022.	Attended all Board of Directors meetings in 2022.	Attended all Board of Directors meetings in 2022.

* Listed company

Caroline Serfass

Board Member

Christian Kanstrup

Board Member

Nigel Govett

Board Member

	Caroline Serfass – Board Member	Christian Kanstrup – Board Member	Nigel Govett – Board Member
Committee		Member of the Audit Committee Member of the Remuneration Committee	Member of the Audit Committee
Personal and educational background	Born 1961. French and British citizen. MSc in Robotics from the University of Montreal, Canada, Master in Electrical and Electronics Engineering, École Centrale de Paris, France. Member of the Board of Directors since 2018.	Born 1972. Danish citizen. Master of Science, Economics (cand. polit.) from the University of Copenhagen. Post graduate executive education from IMD. Member of the Board of Directors since 2018.	Born 1974. British citizen. BA (Hons) Historical Studies from University of Sunderland. IMD Lausanne Global Board Education Programme. Fellow Member of the Association of Chartered Certified Accountants (ACCA). Member of the Board of Directors since 2022.
Other directorships		Executive Vice President of Nordics, Baltics and UK of Mediq and Chairman of the Danish subsidiaries of Mediq.	CFO of Novo Holdings A/S. Non-Executive Member of Tanjun 1 GP Limited in Guernsey (UK).
Independence	Regarded as independent.	Not regarded as independent due to his previous relations to Novo Nordisk A/S, which is a major shareholder of NNIT A/S.	Not regarded as independent due to his CFO position in Novo Holdings A/S which is a major shareholder of NNIT A/S.
Special competences	Extensive background as a CIO in the international life sciences industry and strong competencies in IT and regulated industries.	Extensive background in the international life sciences industry as well as strong competences in finance and investor relations.	Extensive background in corporate finance, business structuring and M&A activity, and strong competencies within international debt finance and private equity markets.
Attendance	Attended all Board of Directors meetings in 2022.	Attended all Board of Directors meetings in 2022.	Attended all Board of Directors meetings in 2022 from the election in March onwards.

* Listed company

			
	Anders Vidstrup Employee-elected representative	**Kenn Kikkenborg Jensen** Employee-elected representative	**Trine Io Bjerregaard** Employee-elected representative
Committee			
Personal and educational background	Born 1962. Danish citizen. Graduate. Diploma in Business Administration from Copenhagen Business School. Senior IT Quality SME at NNIT A/S. Employee-elected member of the Board of Directors since 2015, re-elected in 2019, joined the Novo Nordisk Group in 2000 and NNIT in 2011. Subject Matter Expert, Quality & Security, at NNIT.	Born 1982. Danish citizen. Bachelor's in Computer Sciences from ARU, Cambridge, UK. Employee-elected member of the Board of Directors since 2022, joined NNIT in 2015. Director (Head of Architecture Life Science Delivery) at NNIT A/S.	Born 1968. Danish citizen. Master's in French and International Relations from Aalborg University. Diploma in African Area Studies from Copenhagen University. Employee-elected member of the Board of Directors since 2019, joined NNIT in 2004. Partner Manager at NNIT.
Other Directorships	Chairman of the Board of Directors of Residence Massena Nice A/S.		
Attendance	Attended eight out of nine Board of Directors meetings in 2022.	Attended all Board of Directors meetings in 2022 starting from May 2022 when he replaced Camilla K. Kongsted.	Attended eight out of nine Board of Directors meetings in 2022.

Group Management

Pär Fors

President and CEO, Member of the Executive Management

Born in 1966. Pär Fors joined NNIT in June 2021. Before joining NNIT, Pär was the CEO of CGI in Scandinavia. From 2017 to 2021, Pär was Chairman of the Board of the association for Swedish IT and Telecom Industries, and since moving to Denmark, he has been a member of the Board of the industry association IT Branchen. He holds an MSc in Business Administration and Economics from Linköping University.

Carsten Ringius

Executive Vice President and CFO, Member of the Executive Management

Born in 1972. Carsten Ringius joined NNIT in December 2022. Before joining NNIT, he was Group CFO at K.W. Bruun Import – and before that he held a number of divisional CFO positions at TDC. He holds an MSc. in Economics & Business Administration – Finance from Aarhus School of Business, Denmark/Oregon State University.

Pernille Fabricius

Executive Vice President Strategy, Transformation and M&A

Born in 1966. Pernille Fabricius joined NNIT in August 2020 and has held her present position since December 2022. She is a member of the Board of Directors and Chairman of the Audit Committee of Steelseries, MT Højgaard Holding A/S and Gabriel A/S. She holds an MSc in Audit and Accounting, MSc in Finance, LLM in European Union Law and an MBA, from CBS and Leicester University.

Camilla G. Møhl

Senior Vice President of People, Communication & Marketing

Born in 1975. Camilla G. Møhl joined NNIT in 2022. Before joining NNIT, she was the Senior Vice President of People & Culture at Coloplast – and before that she was the HR Director at Carlsberg Group. She holds and MSc in Business Administration – Human Resources Management from Copenhagen Business School.

Ricco Larsen

Senior Vice President, Life Sciences Solutions

Born in 1973. Ricco Larsen joined NNIT in 1999 and has held his present position since 2016. He holds an MSc in Business Administration and Total Quality Management from the Aarhus School of Business/ Aarhus University.

Kasper Søndergaard Andersen

Senior Vice President, Cloud & Digital Solutions

Born in 1978. Kasper Andersen joined NNIT in 2009 and has held his present position since December 2020. He holds an MSc in Business Administration – Intercultural Management from Copenhagen Business School.

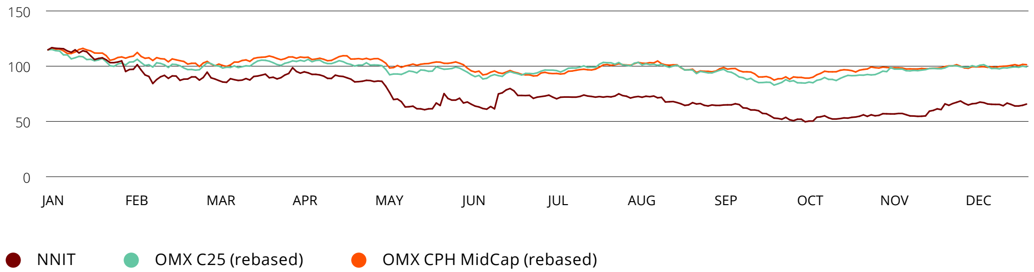
Shareholder Information

NNIT shares were priced at DKK 65.7 per share on December 31, 2022, for a market capitalization of DKK 1,642.5 million. The share price decreased 43% in 2022. By comparison, the Nasdaq Copenhagen A/S OMXC25 CAP index declined 13%, while the Nasdaq Copenhagen MidCap index, of which NNIT is a component, was down 12% in the same period.

In 2022, the average daily turnover in the NNIT share was DKK 2.6 million.

NNIT Share price compared to peers

DKK per share



Share capital and ownership

NNIT's share capital amounts to DKK 250,000,000 divided into 25,000,000 shares, each with a nominal value of DKK 10. NNIT has a single share class, each share carrying 10 votes. There are no restrictions on ownership or voting rights. NNIT had 17,700 registered shareholders at December 31, 2022.

51% of the share capital was directly or indirectly controlled by Novo Holdings A/S. The following investors reported holding of more than 5% of NNIT's share capital in pursuance of section 55 of the Danish Companies Act:

- Novo Holdings A/S, Gentofte, Denmark 33.50% directly and 51.00% through its holding in Novo Nordisk A/S
- Novo Nordisk A/S, Gladsaxe, Denmark 17.50%
- Chr. Augustinus Fabrikker Akts., Copenhagen, Denmark 5.86%
- Danske Bank A/S, Copenhagen, Denmark 5.12%

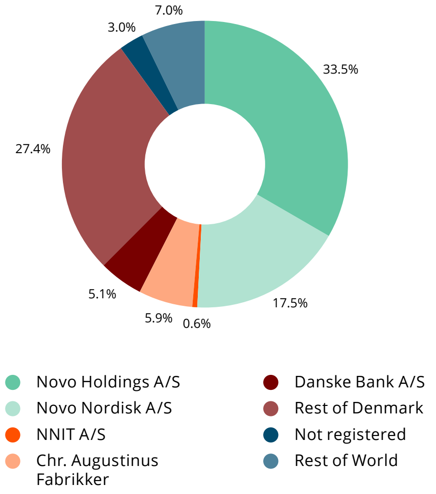
On December 31, 2022, approximately 90% of NNIT's shares were held by investors based in Denmark, while 7% were held by foreign investors. The outstanding 3% of shares were not registered by name.

Share information

Stock exchange:	Nasdaq CPH A/S
Index:	Mid Cap
Share capital (DKK):	250,000,000
Number of shares:	25,000,000
Nominal value (DKK):	10
ISIN code:	DK0060580512
Trading symbol:	NNIT
Share price at year-end (DKK):	65.7
Treasury shares:	161,762 (0.6%)

Shareholder overview

%



Treasury shares

As part of its internal incentive programs NNIT held 161,762 shares as of December 31, 2022 for a total value of DKK 10.6 million and transferred 59,547 shares related to incentive programs for a total value of DKK 5.7 million.

Dividend policy and capital structure

NNIT aims to deliver a competitive return to its shareholders through dividend payouts. The guiding principle is that excess capital after funding of NNIT's growth opportunities, including investments, should be returned to the shareholders.

Due to the ongoing transformation of NNIT, the Board of Directors intends to propose to the shareholders at the Annual General Meeting that ordinary dividends of DKK 0 per share be distributed for the financial year 2022, equal to a dividend payout ratio of 0% of the 2022 net results.

Annual General Meeting

The Annual General Meeting of NNIT A/S will be held virtually on April 17, 2023. The Board of Directors intends to propose Anne Broeng, Caroline Serfass, Carsten Dilling, Christian Kanstrup, Eivind Kolding and Nigel Govett for re-election. The Board of Directors also intends to propose the re-election of Carsten Dilling as Chairman and election of Eivind Kolding as Deputy Chairman. The members of the Board of Directors are elected for one-year terms.

Further, the Board of Directors intends to propose the re-election of PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab as the company's auditor.

Communication with shareholders

NNIT aims to give investors the best possible insight into the company to ensure fair and efficient pricing of NNIT shares. This is done by pursuing an open dialogue with investors and analysts. NNIT's Executive Management hosts conference calls following the release of quarterly financial results.

Members of the Executive Management participate in relevant seminars and meetings to ensure that investors with significant shareholdings in NNIT can meet with NNIT on a regular basis and to provide other shareholders and prospective shareholders access to NNIT's Executive Management. The NNIT stock is currently covered by three financial analysts, who regularly issue research reports on NNIT. A full list of the analysts covering NNIT can be found at www.nnit.com/investors-media/investors/ together with an overview of all company announcements, press releases, historical financial figures, latest consensus estimates, and further information on NNIT. NNIT's share register is managed by VP Securities A/S, Nicolai Eigtveds Gade 8, 1402 Copenhagen K, Denmark, and shareholders can register their shares by name by contacting their depository bank.

NNIT Investor Relations contact information:

Carsten Ringius
EVP and CFO
Contact +45 3077 8888, carr@nnit.com
www.nnit.com/investors-media/investors/

Financial calendar for 2023

April 17	Annual General Meeting
May 4	Interim report for the first three months of 2023
August 10	Interim report for the first six months of 2023
November 9	Interim report for the first nine months of 2023

Financial Statements

Consolidated Financial Statements
Parent Company Financial Statements
Statements

Consolidated Financial Statements

Income Statement
Statement of Comprehensive Income
Balance Sheet
Statement of Cash Flows
Statement of Changes in Equity
Notes

Income Statement

for the year ended December 31

DKK million	Note	2022	2021
Revenue	2.1	**1,500**	**1,369**
Cost of goods sold	2.2, 2.3, 2.4, 5.1	1,349	1,242
Gross profit		**151**	**127**
Sales and marketing costs	2.2, 2.4, 5.1	81	74
Administrative expenses	2.2, 2.4, 5.1	77	68
Operating profit before special items		**(7)**	**(15)**
Special items, costs	2.5	278	208
Operating profit/(loss)		**(285)**	**(223)**
Financial income	4.1	21	12
Financial expenses	4.1	30	24
Profit/(loss) before income taxes		**(294)**	**(235)**
Income taxes	2.6	(36)	(60)
Profit/(loss) from continuing operations		**(258)**	**(175)**
Profit/(loss) from discontinued operations	3.9	56	126
Profit/(loss) for the period		**(202)**	**(49)**
Earnings per share from continuing operations			
Earnings per share (DKK)	4.2	(10.39)	(7.05)
Diluted earnings per share (DKK)	4.2	(10.39)	(7.05)
Earnings per share from total operations			
Earnings per share (DKK)	4.2	(8.13)	(1.98)
Diluted earnings per share (DKK)	4.2	(8.13)	(1.98)

Statement of Comprehensive Income

for the year ended December 31

DKK million	Note	2022	2021
Net profit/(loss) for the year		**(202)**	**(49)**
Other comprehensive income:			
Items that will not subsequently be reclassified to the income statement:			
Remeasurement related to defined benefit pension obligations	3.7	14	3
Tax on other comprehensive income related to defined benefit pension obligations		(1)	-
Items that may be reclassified subsequently to the income statement, when specific conditions are met:			
Exchange rate adjustments related to subsidiaries (net)		22	39
Tax related to exchange rate adjustments related to subsidiaries (net)		(5)	(5)
Recycled to financial items		*21*	*11*
Unrealized value adjustments		*(32)*	*3*
Cash flow hedges		(11)	14
Tax on other comprehensive income related to cash flow hedges	2.6	3	(3)
Other comprehensive income, net of tax		**22**	**48**
Total comprehensive income		**(180)**	**(1)**
Total comprehensive income arises from:			
Discontinued operations		58	127
Continuing operations		(238)	(128)

Balance Sheet

as of December 31

ASSETS

DKK million	Note	2022	2021
Intangible assets	3.1, 5.5	706	703
Tangible assets	3.3	17	483
Lease assets	4.3	108	162
Transition cost	3.4	7	39
Deferred taxes	2.6	7	26
Deposits	3.5	27	34
Trade receivables		1	89
Other receivables		9	7
Total non-current assets		**882**	**1,543**
Inventories		4	3
Transition cost	3.4	2	31
Trade receivables	3.6, 5.7	383	489
Work in progress	3.4	54	107
Other receivables		26	15
Prepayments		32	101
Tax receivables	2.6	113	42
Derivative financial instruments	4.5	-	13
Cash and cash equivalents	4.4	208	230
Total current assets		**822**	**1,031**
Assets classified as held for sale	3.9	**1,051**	-
Total assets		**2,755**	**2,574**

EQUITY AND LIABILITIES

DKK million	Note	2022	2021
Share capital	4.2	250	250
Treasury shares	4.2	(1)	(2)
Retained earnings		527	714
Other reserves		38	31
Total equity		**814**	**993**
Lease liabilities	4.3	83	123
Employee benefit obligations	3.7	13	25
Provisions	3.8	30	25
Trade payables		33	40
Credit facilities	4.4	-	496
Other non-current liabilities		3	-
Total non-current liabilities		**162**	**709**
Prepayments received, transition cost	3.4	15	30
Prepayments received, work in progress	3.4, 5.7	55	116
Lease liabilities	4.3	73	84
Trade payables	5.7	118	86
Employee costs payables		131	204
Tax payables	2.6	33	2
Other current liabilities		248	281
Employee benefit obligations	3.7	50	69
Credit facilities		857	-
Total current liabilities		**1,580**	**872**
Liabilities directly associated with assets classified as held for sale	3.9	**199**	**-**
Total equity and liabilities		**2,755**	**2,574**

Statement of Cash Flows

for the year ended December 31

DKK million	Note	2022	2021
Net profit/(loss) for the year		**(202)**	**(49)**
Reversal of non-cash items	5.3	250	313
Interest (paid)/received	4.1	(30)	(17)
Income taxes paid	2.6	4	4
Cash flow before changes in working capital		**22**	**251**
Changes in working capital [1]	5.4	(123)	(65)
Cash flow from operating activities		**(101)**	**186**
Cash flow from operating activities, discontinued		106	205
Cash flow from operating activities, continuing		**(207)**	**(19)**
Capitalization of intangible assets	3.1	(23)	(34)
Purchase of tangible assets	3.3, 5.4	(103)	(62)
Sale of tangible assets		2	-
Acquisition of subsidiaries	5.5	(68)	(79)
Adjustment acqusition of subsidaries		(1)	-
Loan related to acquisition of subsidaries		(9)	-
Cash flow investing activities		**(202)**	**(175)**
Cash flow from investing activities, discontinued		(117)	(92)
Cash flow from investing activities, continuing		**(85)**	**(83)**

DKK million	Note	2022	2021
Dividends paid		-	(25)
Purchase of treasury shares		-	(8)
Deposit (paid)/received		3	(1)
Instalments on lease liabilities	4.3, 4.4	(83)	(82)
Drawn on credit facilities		361	192
Cash flow from financing activities		**281**	**76**
Cash flow from financing activities, discontinued		-	-
Cash flow from financing activities, continuing		**281**	**76**
Net cash flow		**(22)**	**87**
Cash and cash equivalents at the beginning of the year		230	143
Cash and cash equivalents at the end of the year	5.4	**208**	**230**

[1] Of which DKK 81 million relates to factoring (2021: DKK -8 million). Please refer to note 3.6 for more details.

The changes in cash flow cannot all be derived directly from the income statement and balance sheet.

Statement of Changes in Equity

as of December 31

DKK million	Note	Share capital	Treasury shares	Retained earnings	Other reserves: Exchange rate adjustments	Other reserves: Cash flow hedges	Other reserves: Tax	Total other reserves	Proposed dividends	Total
2022										
Balance at the beginning of the year		**250**	**(2)**	**715**	**24**	**11**	**(4)**	**31**	**-**	**993**
Net profit for the year		-	-	(202)	-	-	-	-	-	(202)
Other comprehensive income for the year		-	-	14	22	(11)	(3)	8	-	22
Total comprehensive income for the year		**-**	**-**	**(189)**	**22**	**(11)**	**(3)**	**8**	**-**	**(180)**
Transactions with owners:										
Transfer of treasury shares		-	1	(1)	-	-	-	-	-	-
Share-based payments	5.1	-	-	1	-	-	-	-	-	1
Balance at the end of the year	4.2	**250**	**(1)**	**527**	**46**	**-**	**(7)**	**39**	**-**	**814**

Statement of Changes in Equity

as of December 31

DKK million	Note	Share capital	Treasury shares	Retained earnings	Other reserves: Exchange rate adjustments	Other reserves: Cash flow hedges	Other reserves: Tax	Total other reserves	Proposed dividends	Total
2021										
Balance at the beginning of the year		**250**	**(3)**	**869**	**(18)**	**(3)**	**4**	**(17)**	**25**	**1,124**
Net profit for the year		-	-	(49)	-	-	-	-	-	(49)
Other comprehensive income for the year		-	-	-	42	14	(8)	48	-	48
Total comprehensive income for the year		**-**	**-**	**(49)**	**42**	**14**	**(8)**	**48**	**-**	**(1)**
Adjustment related to previous years [1]		-	-	(104)	-	-	-	-	-	(104)
Transactions with owners:										
Purchase of treasury shares		-	(1)	(7)	-	-	-	-	-	(8)
Transfer of treasury shares		-	2	(2)	-	-	-	-	-	-
Share-based payments	5.1	-	-	8	-	-	-	-	-	8
Dividends paid		-	-	-	-	-	-	-	(25)	(25)
Balance at the end of the year	4.2	**250**	**(2)**	**715**	**24**	**11**	**(4)**	**31**	**-**	**993**

[1] The adjustment related to previous years regarding NNIT has issued a restatement of the annual financial statement for 2021, following the Danish Business Authority's final decision on NNIT’s accounting treatment of earn-out payments related to acquisitions.

Notes to the Consolidated Financial Statements

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1. Basis of preparation

1.1 Summary of significant accounting policies

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and further requirements of the Danish financial statements Act. The Consolidated Financial Statements are prepared in accordance with IFRS standards and interpretations applicable to the 2022 financial year.

Restatement
NNIT has issued a restatement of the annual financial statement for 2021, following the Danish Business Authority's final decision on NNIT's accounting treatment of earn-out payments related to acquisitions. Complete restated primary statements including the balance sheet as of 31 December 2020 are included in company announcement 4/2023

Overview of restatement adjustments:

DKK million	2021 As reported	2021 Adjustments	2021 Restated	2020 As reported	2020 Adjustments	2020 Restated
Income statement						
Operation profit before special items	142	2	144	165	2	167
Operation profil	(11)	(53)	(64)	122	(45)	77
Profit before income taxes	(25)	(51)	(76)	102	(32)	70
Net Profit for the year	(7)	(42)	(49)	76	(29)	47
Balance						
Intangible assets	945	(242)	703	781	(203)	578
Deferred tax	13	13	26	32	8	40
Tax receivables	36	6	42	30	1	31
Equity	1,142	(149)	993	1,134	(104)	1,030
Total non-current liabilities	784	(75)	709	661	(94)	567
Total current liabilities	871	1	872	867	4	871
Earnings per share						
Earnings per share (DKK)	(0.3)	(1.68)	(1.98)	3.07	(1.17)	1.90
Diluted earnings per share (DKK)	(0.3)	(1.68)	(1.98)	3.04	(1.15)	1.89

Measurement basis
The consolidated financial statements have been prepared under the historical cost convention, as modified by the measurement of derivative financial instruments at fair value through profit or loss.

The accounting policies set out below have been applied consistently in the preparation of the consolidated financial statements for all the years presented.

Accounting policies
Considering all the accounting policies applied, Management regards the following as the most significant accounting policies for the recognition and measurement of reported amounts:

Recognition of revenue
Revenue is the fair value of the transaction price or receivable from the sale of our services and customized IT applications and is the gross sales price less VAT and any price reductions in the form of discounts and rebates.

Revenue can be recognized over time or at a point in time.

Revenue is recognized over time when an asset on behalf of a customer is created with no alternative use and NNIT has an enforceable right to payment for performance completed year to date, or the customer obtains control of a service and thus has the ability to direct the use and obtain the benefit from the service.

NNIT has two different types of businesses – 'projects' and 'Service Level agreements' (SLA) where revenue recognition is treated differently.

Projects
The project business is characterized by being deliveries which in nature are negotiated contracts based on consumption and typically comprise advisory, design and development activities. Revenue will be recognized over time, as the 'no alternative use' criteria's are met, using 'the percentage of completion method'.

For fixed priced projects the proportion of revenue to be recognized in a particular period is calculated according to the percentage of completion of the project. For most contracts this is measured by reference to the costs of performing the contract incurred up to the relevant balance sheet date as a percentage of the total estimated costs of performing the contract. Reference to cost is assessed to be the most appropriate method as incurred hours are the value driver for the projects. The sales value agreed in the contract is recognized over the contract period using above method.

For time-and material contracts, we recognize revenue as performance takes place based on actual hours incurred.

1.1 Summary of significant accounting policies – continued

Contracts where the recognized revenue from the work performed exceeds progress billings are recognized as 'work in progress' in the balance sheet under assets.

Contracts for which progress billings exceed the revenue are recognized as 'prepayments received' under liabilities.

If it is likely that the total costs in relation to a construction contract will exceed the total revenue on a specific project, the expected loss is recognized immediately in the income statement in the current period.

Service Level Agreements (SLA)

The SLA business comprise infrastructure and application outsourcing services and requires the performance of certain performance obligations typically defined as service levels. As described below under "Outsourcing contracts", the revenue under an outsourcing contract will be recognized over time.

Outsourcing contracts

Outsourcing contracts consist of two activities, preparatory project (such as transition and transformation) and operation of the IT systems e.g. application, servers and infrastructure. These identifiable components are accounted for differently to reflect the substance of the transaction.

The total contract value of the outsourcing contracts will be split into the different performance obligations depending on the activities to be delivered. NNIT will profit align between the performance obligations within the contract (expected cost plus margin approach).

Transition

Transition is:

- Basic transfer of services and responsibilities
- The minimum activities required that enable the delivery organization to take over operation of the current or similar services for the customer.

The transition phase takes place in the period between contract signing and service start up (operation).

Activities performed in the transition phase do not transfer services to the customer as they are seen as 'start-up' costs and therefore revenue cannot be recognized as the activities are performed but will be recognized over the operation period. Cost regarding the transition projects is capitalized and depreciated over the contract period. Please refer to 'Transition cost'.

Any prepayments received regarding transition projects will be recognized as revenue over the operation period.

Transformation

Transformation is:

- A significant change to future state of the subject.
- The full set of activities required for the delivery organization to provide the future state operation of services to the customer.

These activities transfer services to the customer as performed.

The transformation phase typically starts after the successful completion of transition and ends when the environment has reached the agreed future state. In some circumstances the transformation phase will take place in parallel with the transition phase.

Revenue regarding transformation projects is recognized over time as an asset is created with no alternative use and NNIT has an enforceable right to payment and revenue recognition in nature is similar to the project business.

Operation

Revenue from the operation of IT systems is recognized in the period in which the outsourcing services are provided based on amounts billable to a customer (for fixed price components in the contract, revenue is typically recognized on a straight-line basis over the course of a year, while for variable components revenue is recognized based on usage of units, and price lists according to the contract).

Hedge accounting

All currency derivative instruments are initially recognized at fair value and subsequently remeasured at fair value at the end of the reporting period.

Value adjustments of currency derivative financial instruments classified as cash flow hedges are recognized directly in other comprehensive income, given hedge effectiveness, and recognized in a hedging reserve in equity. The cumulative value adjustment of these instruments is transferred from the hedging reserve to the income statement as a reclassification adjustment under financial income or financial expenses, when the hedged transaction is recognized in the Income statement.

When a hedging instrument no longer meets the criteria for hedge accounting, any cumulative gain or loss recognized in the hedging reserve for the period in which the criteria were met remains in equity and will be recognized in the income statement when the forecasted transaction is ultimately recognized in the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognized in equity is immediately transferred to the income statement under financial income or financial expenses.

1.2 Summary of key accounting estimates

The preparation of financial statements under IFRS requires the use of certain key accounting estimates.

Determination of the carrying amount of some assets and liabilities requires Management to make judgements, estimates and assumptions about future circumstances.

Estimates and assumptions are based on historical experience and other factors and are regarded by Management as reasonable in the circumstances but are inherently uncertain and unpredictable and therefore the actual outcome may differ from these estimates.

Management considers judgements and estimates under the following items as significant to these consolidated financial statements:

- Discontinued operations (note 3.9)
- Impairment test, goodwill (note 3.2)
- Contract balances (note 3.4)

Discontinued operations

The announced divestment of infrastructure operations (Hybrid Cloud Solutions and selected parts of Cloud & Digital Solutions) on June 22, 2022, has been assessed in respect of IFRS 5 Discontinued operations, and it represents a significant accounting judgement. It has been concluded that business qualify for disclosure as discontinuing operations as of end December 2022 as it is now available for immediate sale in the present condition.

The changed assessment compared to previous periods is due to the development in Client consent as well as the legal carveout and organizational split are now just awaiting formal approvals. Classification of discontinued operations is subject to accounting estimates with regards to allocating revenue and costs.

Impairment test

For the goodwill impairment test, a number of estimates are made on the development in revenues, gross profits, operating margins, future capital expenditures, discount rates and growth expectations in the terminal period. These estimates are based on assessments of the current and future development in the subsidiary and are based on historical data and assumptions of future expected market developments, including expected long-term average market growth rates.

Work in progress

The determination of the percentage of completion of work in progress related to fixed price projects is based on estimates of future costs, hours and materials. Each project is unique in their design. Management makes judgements on individual assessments of specific projects and their associated risk from the on-going monitoring, to identify any deviations from estimates.

Adjustments to cost estimates may be made periodically following management review, which may result in a re-assessment of the percentage of completion as of the date of review. Such changes result in revisions to revenue attributable to work performed up until the date of revision. The effect of such changes in estimates is recognized as a change to revenue in the period in which the revisions are determined.

1.3 Changes in accounting policies, estimates and disclosures

NNIT has applied relevant new or amended standards (IFRS) and interpretations (IFRIC) as applied by the EU and which are effective for the financial year 1 January – 31 December 2022. NNIT has assessed that the new or amended standards and interpretations have not had any material impact on NNIT's Annual Report in 2022

Contingent consideration (earn-out)

The Danish Business Authority required NNIT A/S to change the applied accounting treatment of the earn-out payment related to the acquisition of Excellis Health Solutions. The decision was that earn-out payments should not be included in the cost price of the acquisition and consequently goodwill, but instead expensed as remuneration over a period of time in accordance with IFRS 3, section B55(a), as the earn-out is in part subject to the selling shareholders' continued employment during a specified period of time according to the Danish Business Authority. Other acquisitions, including SCALES, Valiance Partner, HGP Group and SL Controls comprise similar terms as Excellis Health Solutions earn-out and are consequently subject to the same amendment of the accounting treatment.

1.4 General accounting policies

Principles of consolidation

The consolidated financial statements include the financial statements of NNIT A/S (parent company) and entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involve- ment with the entity and has the ability to affect those returns through its power over the entity. NNIT A/S and its subsidiaries are collectively referred to as the Group.

The consolidated financial statements are based on the financial statements of the Parent Company and the subsidiaries, and are prepared by combining items of a similar nature and eliminating intercompany transactions, shareholdings, balances and unrealized intercompany profits and losses. The consolidated financial statements are based on financial statements of Group companies prepared in accordance with the Group's accounting policies.

Other accounting policies

Continuing and Discontinued operations

Separation of operations into continuing and discontinued operations is based on an identification of contracts and revenues, direct employees and costs as well as identification of time spend by employees in one category related to the other. Shared costs are split based on allocation between the two categories based on estimates future split.

Acquisition of subsidiaries

On acquisition of subsidiaries, the acquisition method is applied, and identifiable assets and liabilities are recognized and generally measured at fair value at the date control was achieved.

Identifiable intangible assets are recognized if they can be separated, and the fair value can be reliably measured. Deferred tax on revaluations is recognized.

Any positive differences between fair value of consideration transferred and fair value of net assets acquired on acquisition of subsidiaries are recognized as goodwill. Consideration transferred consists of shares, contingent consideration as well as cash and cash equivalents.

Goodwill is not amortized but is tested annually for impairment.

Transactions costs are recognized as operating costs as they have incurred.

If the initial accounting for business combination can be determined only preliminary by the end of the period in which the combination is affected, adjustments made to the provisional fair value of acquired net assets or cost of the acquisition within 12 months of the acquisition date are adjusted to the initial goodwill.

Acquired entities are recognized in the consolidated financial statements at the date control was achieved.

Segment reporting

Segment performance is evaluated on the basis of the operating profit consistent with the consolidated financial statements.

Operating segments are reported in a manner consistent with the internal reporting provided to Group Management and the Board of Directors.

NNIT completed a major organizational change to create three distinct business units as disclosed in company announcement from April 29 2022:

- Life Sciences Solutions (LSS)
- Cloud & Digital Solutions (CDS)

No operating segments have been aggregated to form the reported business segments.

There are no sales or other transactions between the business segments. Costs have been split between the business segments according to a specific allocation with the addition of a minor number of corporate overhead costs allocated systematically between segments. Other operating income has been allocated to the two segments based on the same principle.

Financial income and expenses and income taxes are managed at Group level and are not allocated to business segments.

Translation of foreign currency

Functional currency and presentation currency

The financial statement items for each of the Group's entities are measured in the currency used in the economic environment in which the entity operates (functional currency).

The consolidated financial statements are presented in Danish kroner (DKK).

Transactions and balance sheet

Transactions in foreign currencies within the year are translated into the functional currency at the exchange rate at the transaction date. Receivables and liabilities in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rate at the balance sheet date.

Realized and unrealized exchange rate adjustments are recognized in the income statement under "financial income and expenses".

Currency translation for foreign operations in the financial statements of foreign subsidiaries' balance sheet items are translated to Danish kroner (DKK) at the exchange rate at the balance sheet date, and income statement items are translated using the average exchange rate.

Exchange differences arising from:

- the translation of subsidiaries' net assets at the beginning of the financial year at exchange rates at the balance sheet date and
- the translation of subsidiaries' income statements at exchange rates at the balance sheet date
- exchange rate adjustments of loans, which are seen as part of the net investment in foreign subsidiaries

are recognized in 'exchange rate adjustments' in other comprehensive income and presented in a separate reserve within equity.

Costs

Cost of goods sold

The cost of goods sold comprises costs paid in order to generate revenue for the year, including amortization and depreciation, share-based compensation and salaries.

Sales and marketing costs

Sales and marketing costs comprise costs in the form of salaries and share-based compensation for sales and marketing staff, advertising costs, and amortization and depreciation.

1.4 General accounting policies – continued

Administrative expenses

Administrative expenses comprise costs in the form of share-based compensation and salaries for administrative staff and amortization and depreciation.

Special Items

Special items comprise costs or income that cannot be attributed directly to the Group's ordinary activities and are non-recurring of nature. Such costs and income include the cost related to significant restructuring of the cost base and processes as well as restructuring costs related to resignation of employees. Further special items include significant cost related to M&A activities, redundancy cost related to members of Group Management, impairment of assets and gains and losses regarding disposal of activities or subsidiaries.

Special items are shown separately from the Group's ordinary operations to facilitate a better understanding of the Group's financial performance.

Financial items

Financial income and expenses comprise interest, realized and unrealized gains and losses from exchange rate adjustments, fair value adjustments on forward contracts and the cumulative value adjustment of these instruments transferred from the hedging reserve within equity.

Interest income is recognized on an accrual basis according to the effective interest rate method.

Tax

Income tax comprises current tax and deferred tax for the year, and is recognized as follows: The amount that can be allocated to the net profit for the year is recognized in the income statement, and the amount that relates to items recognized in other comprehensive income and/or equity respectively is recognized in other comprehensive income and/or equity.

Deferred tax is measured according to the balance sheet-based liability method on all temporary differences between the carrying amount and tax base of assets and liabilities.

Deferred tax assets are recognized in the balance sheet under non-current assets.

Deferred tax liabilities are recognized in the balance sheet under non-current liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates that according to current legislation at the balance sheet date will apply at the time of the expected realization of the deferred tax asset or settlement of the deferred tax liability. Any changes to deferred tax caused by changes in statutory tax rates are recognized in the income statement.

For Danish tax purposes, NNIT A/S and SCALES A/S is assessed jointly with the Novo Group. Income tax is allocated between the companies in proportion to their taxable incomes (full allocation with compensation concerning tax losses). The jointly assessed companies are included in the Tax Prepayment Scheme.

Intangible assets

Goodwill

Goodwill arising from business combinations is recognized and measured as the difference between the total of the fair value of the consideration transferred compared to the fair value of identifiable net assets on the date of acquisition.

Goodwill is not amortized, but the carrying amount is tested at relevant cash generating unit level (CGU-level) for impairment once a year.

Goodwill is written down to its recoverable amount through the income statement if lower than the carrying amount.

The recoverable amount is determined as the present value of the discounted future net cash flow from the activities goodwill relates to. In calculating the present value, discount rates are applied reflecting the riskfree interest rate with the addition of risks relating to the individual CGU.

IT development projects

IT development projects are clearly specified and identifiable projects under development for internal and external use for which the technical feasibility of completing the development project has been demonstrated and resources are available within NNIT.

Any development projects that do not meet the criteria for capitalization in the balance sheet are recognized as costs.

Development costs meeting the criteria for capitaliztion are measured at cost less accumulated amortization and any impairment losses. Development costs include salaries, amortization and depreciation and other costs that can be directly attributed to NNIT development activities.

Development costs recognized in the balance sheet are amortized from completion of the development using the straight-line method, over the period the asset is expected to generate economic benefits.

Straight-line amortization over the expected useful life of the asset:

- IT projects: 5-10 years

Intangible assets that are in use and subject to amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Factors that could trigger an impairment test include changes in the economic lifes of similar assets or the relationship with other intangible assets or tangible assets.

Intangible assets under construction are tested for impairment once a year.

If the carrying amount of intangible assets exceeds the recoverable amount based upon the above indicators of impairment, any impairment loss is measured based on discounted future cash flows.

Tangible assets

Tangible fixed assets are measured at cost less accumulated depreciation and any impairment losses.

Cost price includes the purchase price and costs relating directly to the purchase. Subsequent costs are either included in the carrying amount of the

1.4 General accounting policies – continued

asset or recognized as a separate asset, where there are likely future economic benefits for the Group and the value of the asset can be reliably measured.

The depreciable amount of the assets is depreciated on a straight-line basis over the following estimated useful life periods:

- Other equipment: 3-10 years
- Leasehold improvements: 5-10 years
- Buildings: 10-50 years

Major components of buildings which are expected to be replaced with regular intervals during the life of the building are treated as separated components of the building and are depreciated over the period until expected replacement.

Asset residual values and useful life's are assessed and, where required, adjusted on each balance sheet date.

Tangible assets are tested for impairment if there are indications of impairment. The carrying amount of an asset is written down to its recoverable amount if the carrying amount exceeds the estimated recoverable amount. The recoverable amount for the asset is determined as the higher of fair value less costs to sell and net present value of future net cash flows from continued use. If the recoverable amount of an individual asset cannot be determined, value in use is determined for the smallest group of assets for which it is possible to determine a recoverable amount. Impairment losses are recognized in the income statement under the relevant functional areas.

Depreciation and gains or losses from disposal of tangible assets are recognized in the income statement under cost of goods sold, sale and marketing costs and administrative expenses respectively.

Lease assets

Lease assets are 'right-of-use assets' arising from a lease agreement. Lease assets are initially measured at cost consisting of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received and the initial estimate of refurbishment costs and any initial directs costs incurred by NNIT as the lessee.

NNIT has three different types of leases:

- Rental of premises
- IT equipment
- Company cars

The lease assets are depreciated on a straight-line basis over the lease term. The lease asset can be adjusted due to modifications to the lease agreement or reassessment of lease term.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture with a value below DKK 100 thousand.

Transition cost

Transition cost consists of cost regarding transition projects, which has been capitalized until operation begins. The cost mainly relates to employee cost and will be amortized over the operation period.

Inventories

Goods for resale are measured at the lower of cost and net realizable value.

Trade receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for doubtful trade receivables.

Allowance for doubtful trade receivables is made using the expected credit loss model, which uses a lifetime expected loss allowance for all trade receivables.

The allowance is deducted from the carrying amount of trade receivables and the amount of the loss is recognized in the income statement under cost of goods sold.

Other receivables and prepayments

Current receivables

Current receivables are measured at amortized cost less potential write-downs for impairment losses. Write-downs are based on individual assessments of each debtor.

Prepayments

Prepayments comprise costs incurred for the next financial year. These are usually prepayments for maintenance of hardware and software licenses.

Assets classified as held for sale

Assets classified as held for sale comprise assets and liabilities for which it is highly likely that the value will be recovered through a sale within 12 months rather than through continued use. Assets and liabilities classified as held for sale are measured at the lower of the carrying amount and fair value less cost to sell at the classification date as "held for sale". Assets held for sale are not depreciated. Impairment losses arising on first classification as "held for sale" and gains and losses from the subsequent measurement is recognized in the income statement under the items they concern.

On 22 June 2022 the Board of Directors announced its decision to divest its Hybrid Cloud Solutions business unit as well as select parts of its Cloud & Digital Solutions business unit to funds advised by Agilitas Private Equity LLP. The associated assets and liabilities have been evaluated at year end and found eligible for the carve out and presented as held for sale in the 2022 financial statements.

Equity

Treasury shares

Treasury shares are deducted from equity. Acquisition/disposal of treasury shares are recognized directly in equity.

Dividend

Dividend distribution to the shareholders of NNIT is recognized as a liability when dividends are declared. Proposed dividends are disclosed in the statement of changes in equity.

Lease liabilities

Lease liabilities arise from a lease agreement. Lease liabilities are initially equal to the present value of the lease payments during the lease term that are not yet paid.

At initial recognition NNIT assess each contract individually to assess the likelihood of exercising a potential extension option in the contract. The option to extend the contract period will be included in the calculation of the lease liability if it is reasonably certain that NNIT will exercise the option.

1.4 General accounting policies – continued

When calculating the net present value NNIT has used a discount rate corresponding to the incremental borrowing rate.

The lease liability is remeasured when changes occur due to modifications to the contract (extension, termination etc.) or indexation.

Employee benefits

Wages, salaries, social security contributions, paid annual leave and sick leave, bonuses and non-monetary benefits are recognized in the financial year in which the NNIT employee provided the related work service.

Earn-out

The earn-out for Excellis Health Solutions, SCALES, Valiance Partner, HGP Group and SL Controls is accrued over the period from the acquisition date until the payment is based on expected achieved performance conditioned on employment (projected unit credit method). The cost is recognized as wages and salaries under special items in the income statement.

Pensions

NNIT operates a number of defined-contribution pension plans. The costs of these pension plans are recognized in the financial year in which the relevant NNIT employees provided the related service.

In some countries NNIT operates defined-benefit plans. Such liabilities are measured at the present value of the expected payments related to benefits accrued at the balance sheet date less the fair value of plan assets by applying the projected unit credit method. Plan assets, if any, are measured at fair value and offset against the defined benefit obligation in the balance sheet. Service costs and the interest component are recognized in the income statement. Actuarial gains and losses are recognized in other comprehensive income in the period in which they occur. Settlements are immediately recognized in the income statement.

Jubilee benefits

This comprises liabilities for the cost of employee anniversaries. The liability is based on a Net Present Value calculation. Gains and losses are recognized in the income statement.

Long-term incentive and retention programs

NNIT has two different share-based incentive programs; long-term incentive program (LTIP) and retention program (RP)

Long-term incentive program (LTIP)

Group Management and the Vice President Group are part of a long-term share-based incentive program (LTIP).

Under the program, NNIT allocates shares based on operating profit and free cash flow.

LTIP

The participants receive NNIT shares. The shares are subject to a lock-up period of four years.

NNIT has the obligation to deliver treasury shares, and accordingly, the arrangement is classified as an equitysettled arrangement and will be charged to the income statement over the four-year vesting period based on the market price at the grant date.

Retention program (RP)

Key Vice Presidents are part of the retention program. This program comprises an accustomed self-investment and for each share invested they will be eligible to be granted up to one (1) RSU. The shares are subject to a lock up period of three years, following which the RSU's are released if certain vesting targets are met.

NNIT has the obligation to deliver treasury shares, and accordingly, the arrangement is classified as an equity-settled arrangement and will be charged to the income statement over the three-year vesting period based on the market price at the grant date. During that period the shares are administered as part of the Company's treasury shares. No dividends are paid on such shares and the participants are not able to exercise any voting rights during the lock-up period.

Provisions

Provisions are recognized when NNIT has a legal or constructive obligation arising from past events, it is probable that the Company will have to draw on its financial resources to settle the liability, and the liability can be reliably estimated.

Provisions in the case of NNIT consist of provisions for losses on construction projects and refurbishment obligations.

Provision for onerous contracts/projects

This refers to projects that NNIT is obliged to complete and for which the total project costs exceed the total project income.

Provision for refurbishment obligation

This refers to refurbishment obligations regarding NNIT's lease agreements for rental of premises.

Trade payables

Trade payables are measured at amortized cost.

Other current liabilities

Other current liabilities comprise accrued expenses and VAT.

Cash flow statement

The cash flow statement is prepared using the indirect method. The cash flow statement shows the cash flows for the year, divided into operating, investing and financing activities, and how these cash flows have affected the cash position for the year.

Cash flow from operating activities

Cash flows from operating activities are calculated as the net profit for the year, adjusted for non-cash operating items. These include amortization, depreciation and write-downs, share-based compensation, change in net working capital and interest received and paid.

Cash flow from investing activities

Cash flows from investing activities comprise cash flows from the purchase and sale of intangible, tangible and financial non-current assets and the purchase and sale of securities. Further including aquisition of subsidaries.

Cash flow from financing activities

Cash flows from financing activities comprise cash flows from raising and repaying long-term debt, dividend payments to shareholders, instalments on lease liabilities and credit facilities.

Cash and cash equivalents

Cash and cash equivalents include cash and deposits.

The cash flow statement cannot be derived from the annual report alone.

1.5 Financial definitions

Operating profit margin	=	$\frac{\text{Operating profit x 100}}{\text{Revenue}}$
Gross profit margin	=	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Return on assets	=	$\frac{\text{Operating profit x 100}}{\text{Average operating assets}}$
Return on equity	=	$\frac{\text{Net profit after tax x 100}}{\text{Average equity}}$
Dividend per share for the year	=	$\frac{\text{Proposed dividend}}{\text{The number of outstanding shares}}$
Return on invested capital (ROIC)	=	$\frac{\text{Net profit ex. financials x 100}}{\text{Average invested capital [1]}}$
EBITDA margin	=	$\frac{\text{Operating profit + depreciation and amortization}}{\text{Revenue}}$
Solvency ratio	=	$\frac{\text{Equity}}{\text{Total assets}}$
Effective tax rate	=	$\frac{\text{Tax}}{\text{Profit before tax}}$

[1] Average invested capital is calculated excluding cash and cash equivalents, shares and non-interest bearing debt.

The above key ratios have been prepared in accordance with the guidelines issued by the Danish Finance Society.

Non-IFRS financial measures

In the Annual Report, NNIT discloses certain financial measures of the Group's financial performance, financial position and cash flows that reflect adjustments to the most directly comparable measures calculated and presented in accordance with IFRS. These non-IFRS financial measures may not be defined and calculated by other companies in the same manner and may thus not be comparable with such measures.

The non-IFRS financial measures presented in the Annual Report are:

- Special items
- Cash to earnings
- Financial resources at the end of the year
- Free cash flow
- Organic growth

Special items

Special items comprise costs or income that cannot be attributed directly to the Group's ordinary activities and are non-recurring of nature. Such costs and income include the cost related to significant restructuring of the cost base and processes as well as restructuring costs related to resignation of employees. Further special items include significant cost related to M&A activities, redundancy cost related to members of Group Management, impairment of assets and gains and losses regarding disposal of activities or subsidiaries.

Special items are shown separately from the Group's ordinary operations to facilitate a better understanding of the Group's financial performance.

Cash to earnings

Cash to earnings is defined as 'free cash flow as a percentage of net profit'.

Financial resources at the end of the year

Financial resources at the end of the year are defined as the sum of cash and cash equivalents at the end of the year and undrawn committed credit facilities.

Free cash flow

NNIT defines free cash flow as 'net cash generated from operating activities less net cash used in investing activities'.

Organic growth

Expansion of operations from own (internally generated) resources, without growth from acquisition of other companies and without currency effect.

1.6 Going Concern

Management has adopted the going concern basis for preparing these financial statements and has considered the Group and the Company's cash flow, liquidity position and financial position in general, together with factors likely to affect development and performance.

With the anticipated carve-out and divestment to Agilitas of the Infrastructure operations NNIT has triggered a repayment and refinancing of the Revolving Credit Facility. As the divestment of the Infrastructure operations will not reach closing as of 31 March 2023, NNIT is required, within 60 days from 31 March 2023 or such later date as may be agreed with the lendes,, to refinance the Revolving Credit Facility.

NNITs credit draw as of 31 December 2022 is DKK 857 million, which includes 3 months rolling facilities and utilization of bank overdraft. This credit draw has increased in Q1 2023 in connection with costs incurred in connection with the carve-out related to conducting the actual technical split and advisor costs, as well as repayment of COVID-19 aid packages and earn-out payments to Excellis Health Solutions and SL Controls.

Closing reached

Current expectations indicate that NNIT will receive cash proceeds in connection with the transaction in excess of the amount due under the Revolving Credit Facility.

Closing not reached

In the unlikely event that closing will not take place, NNIT will refinance the current utilization of the Revolving Credit Facility within 60 days from 31 March 2023 or such later date as may be agreed with the lenders.

The need for future refinancing within 60 days in both scenarios indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern.

Management assesses that NNIT in both scenarios described above will be able to maintain adequate liquidity over the next 12 months and, given the underlying credit quality of the business, will be able to secure the necessary refinancing by negotiating new facilities with current lenders. After reviewing the current liquidity position, financial forecasts and potential risks regarding the committed funding facilities, it is management's assessment that it is appropriate to adopt a going concern basis of preparation of the financial statements, and hence the financial statements have been prepared on a going concern basis.

2. Results for the year

2.1 Segment information

NNIT completed a major organizational change to create three distinct business units as disclosed in company announcement from April 29 2022:

- Life Sciences Solutions (LSS)
- Cloud & Digital Solutions (CDS)
- Hybrid Cloud Solutions (HCS)

In June it was decided to divest the infrastructure operations and focus on our core strengths in the Life Sciences Solutions and Cloud & Digital Solutions business units.

Discontinued operations covers the HCS business unit as well as the SAP Basis and Cloud Native Solutions operations of the CDS business unit NNIT continues to delivers services and solutions through two business units, Life Sciences Solutions and Cloud & Digital Solutions (excluse SAP Basis and Cloud Native Solutions operations), each responsible for delivering a number of services to customers.

The Life Sciences Solutions business unit serves both international and Danish customers, with the main volume international. The unit focuses on delivering industry specific solutions catering to specific parts of the life Sciences value chain.

The Cloud & Digital Solutions unit serves both Danish and international customers, with the main volume in Denmark. The unit focuses on consulting, developing and delivering the best digital solutions, enabling businesscritical applications in the cloud and taking full advantage of the growing Microsoft ecosystem coupled with core services within custom application development and management consulting.

It is the two above mentioned segments that are reportable segments to the chief operating decision makers each month. No reporting is made on assets. NNIT's chief operating decision makers are Executive Management and the Board of Directors.

Allocated to discontinued operations covers the SAP Basis and Cloud Native Solutions operations of the CDS business unit combined with some unallocated costs relative to LSS and CDS in connection to the carveout process, and furthermore the Gross profit includes a reclassification between Production cost and SG&A.

DKK million	LSS	CDS	Allocated to discontinued operations	**Total**
2022				
Revenue	873	853	(226)	**1,500**
Production cost	715	716	(82)	**1,349**
Gross profit	**158**	**137**	**(144)**	**151**
Gross profit Margin	**18%**	**16%**		**10%**
Operating profit before special items [1]	**7**	**64**	**(78)**	**(7)**

DKK million	LSS	CDS	Allocated to discontinued operations	**Total**
2021				
Revenue	729	848	(208)	**1,369**
Production cost	542	725	(25)	**1,242**
Gross profit	**187**	**123**	**(183)**	**127**
Gross profit Margin	**26%**	**15%**		**9%**
Operating profit before special items [1]	**60**	**46**	**(121)**	**(15)**

[1] When deducting speciel items and net financials consolidated profit before income taxes is obtained.

The Danish operations generated 40% of the revenue in the year ended December 31, 2022 (2021: 42%) and the United States of America 26% 2022 (2021:28%) based on the location of the customer.

100% of tangible assets are placed in Denmark (2021:99.0%). For intangible assets 56% are placed in Denmark and 44% in the US for both 2022 and 2021.

The Novo Nordisk Group generated 9% of the continuing operations revenue in the year ended December 31, 2022 (2021:12%)

2.2 Employee costs

DKK million	2022	2021
Employee costs comprise:		
Wages and salaries	1,701	1,764
Share-based payments	2	8
Pensions – defined contribution plans	128	119
Pensions – defined benefit obligations (note 3.7)	4	17
Other employee costs	144	133
Total employee costs	**1,979**	**2,041**
Total employee costs, discontinued operations	794	738
Total employee costs, continuing operations	**1,185**	**1,303**
Included in the income statement under the following headings:		
Cost of goods sold	906	1,080
Sales and marketing costs	57	63
Administrative expenses	23	32
Special items	199	128
Total employee costs	**1,185**	**1,303**
Average number of full-time employees, total	3,169	3,162
Average number of full-time employees, continuing	1,482	

Remuneration of Board of Directors and Group Management

The current policy for the remuneration of the Board of Directors and Executive Management was adopted in 2022 and sets out the general guidelines for the remuneration of the Group's management. The guidelines for the remuneration of the Board of Directors and Executive Management are available on NNIT's website.

In addition to the disclosures provided in this note, more details on the remuneration of Executive Management and Directors are provided in the separate Remuneration report, which is not a part of the audited financial statements. The report is also available on NNIT's website.

Board of Directors remuneration

DKK million	2022	2021
Ordinary board member fee	3.5	3.5
Audit Committee	0.3	0.3
Remuneration Committee	0.2	0.2
Total fee to Board of Directors	**4.0**	**4.0**

Group Management's remuneration and share-based payment

	2022		
DKK million	Executive Management	Other members of Group Management	Total
Base salary	7.6	6.5	14.1
Cash Bonus (STIP and one-off)	1.9	1.1	3.0
One off bonus	2.1	0.4	2.5
Remuneration in connection with redundancy, resignations and release from duty to work	-	0.6	0.6
Pension	0.5	0.8	1.3
Benefits	0.4	0.3	0.7
Group Management total	**12.5**	**9.7**	**22.2**

	2021		
DKK million	Executive Management	Other members of Group Management	Total
Base salary	7.3	9.7	17.0
Cash Bonus (STIP and one-off)	2.0	1.7	3.7
Remuneration in connection with redundancy, resignations and release from duty to work	15.9	5.8	21.7
Pension	1.0	1.8	2.8
Benefits	0.4	0.6	1.0
Share based incentives [1]	6.8	0.8	7.6
Group Management total	**33.4**	**20.4**	**53.8**

[1] Includes the annually recognized expense on granted share-based and launch incentive programs, which are not released.

2.2 Employee costs – continued

Short-term incentive program (STIP)
Group Management and certain other employees participate in a STIP program, which entitles each participant to receive an annual performance-based cash bonus, linked to the achievement of a number of predefined functional and individual business targets. Performance is measured for each financial year and the cash-based incentives, if any, are paid after announcement of the annual report for the subsequent year.

Retention Program (RP)
RP is a program for Vice Presidents designed to secure and enhance a strong retention incentive.

The program is based on a self-investment in NNIT shares by the participants which makes the Vice Presidents eligible to receive up to one (1) RSU for each share invested. The number of RSU's is based on performance for a three-year period measured on revenue growth, operating profit margin and individual Objective targets.

Long-term incentive program (LTIP)
LTIP is designed to promote the collective performance of Group Management and Vice Presidents to align the interests of executives and shareholders.

The program is based on earnings including hedge gains/losses, before interest and tax compared to the targeted level. In addition, the realized free cash flow compared to the targeted level is taken into consideration. NNIT's Board of Directors approves the financial targets for the coming year, ensuring that the short-term targets are aligned with NNIT's long-term targets and strategy.

The allocation under LTIP for the CEO cannot exceed the equivalent of ten months' fixed base salary including pension contribution, and the allocation for the CFO cannot exceed the equivalent of eight months of such person's fixed base salary including pension contribution. The allocation for the other members of Group Management cannot exceed the equivalent of six months fixed base salary including pension contribution. A fixed and predefined number of shares will be allocated to Vice Presidents.

The shares allocated to the members of Group Management that are fully vested, will be released to the individual participants subsequent to the approval of the Annual Report 2022 by the Board of Directors. Based on the share price at the end of 2022, the value of the released shares is as follows:

DKK million	Number of shares	Market value
Values at December 31, 2022 of shares to be released February 1, 2023:		
Pär Fors	-	-
Carsten Ringius	-	-
Pernille Fabricius	6,094	0.4
Executive Management	**6,094**	**0.4**
Other members of Group Management	**573**	**-**
Group Management total	**6,667**	**0.4**

Please refer to note 5.1 for an overview of outstanding RSU's.

2.3 Development costs

DKK million	2022	2021
Costs for development of new projects, not eligible for recognition in the balance sheet are charged immediately to the income statement:		
Cost of goods sold	8	7
Total development costs	**8**	**7**
Total development costs, discontinued operations	-	-
Total development costs, continuing operations	**8**	**7**

2.4 Amortization, depreciation and impairment losses

DKK million	**2022**	2021
Amortization	29	25
Depreciation	180	194
Impairment losses	13	56
Total amortization, depreciation, and impairment losses	**222**	**275**
Total amortization, depreciation, and impairment losses, discontinued operations	154	146
Total amortization, depreciation, and impairment losses, continuing operations	**68**	**129**
Amortization, depreciation and impairment losses are recognized in the income statement:		
Cost of goods sold	51	69
Sales and marketing costs	1	1
Administrative expenses	2	3
Special items	14	56
Total amortization, depreciation, and impairment losses	**68**	**129**

2.5 Special items

DKK million	**2022**	2021
Special items relates to:		
Impairment of assets	13	56
Redundancy cost related to Group Management	-	25
Employee benefit cost (contingent consideration agreement)	56	55
Restructuring cost	126	65
Cost regarding acquisition and disposal of operations	83	7
Total special items	**278**	**208**
Total special items, discontinued operations	-	-
Total special items, continuing operations	**278**	**208**
If special items had been recognized in operating profit before special items, they would have been included in the following line items:		
– Cost of goods sold	206	173
– Sales and marketing costs	-	2
– Administrative expenses	72	33
Total special items	**278**	**208**

Impairment of asset comprise impairment of the Soeborg headquarter building and impairment of developed assets. Please refer to note 3.2.

Redundancy cost related to Group Management in 2021 mainly relates to Per Kogut.

Restructuring costs mainly comprise redundancies as part of moving offshore capabilities from China to Philippines.

Cost regarding acqusition and disposal of operations mainly relates to the carve-out and divestment of infrastructure business.

2.6 Income taxes

DKK million	2022	2021
Current tax	(47)	(3)
Deferred tax	12	(22)
Adjustments recognized for current tax of prior periods	10	(29)
Adjustments recognized for deferred tax of prior periods	(4)	20
Withholding tax not deductible	-	-
Income taxes in the income statement	**(29)**	**(34)**
Income taxes in the income statement, discontinued operations	14	33
Income taxes in the income statement, continuing operations	**(43)**	**(67)**
Computation of effective tax rate:		
Statutory corporate income tax rate in Denmark	22.0%	22.0%
Deviation in foreign subsidiaries' tax rates compared to Danish tax rate (net)	(0.2%)	0.9%
Adjustment of current and deferred tax regarding previous years	(1.8%)	3.3%
Other adjustments to taxable income	(6.9%)	(1.3%)
Effective tax rate	**13.1%**	**24.9%**
Tax on other comprehensive income for the year	**3**	**8**

Tax on other comprehensive income for the year relates to tax on exchange rate adjustments, deferred tax of cash flow hedges and deferred tax on share-based payments.

DKK million	2022	2021
Tax (payable)/receivable		
Tax (payable)/receivable at the beginning of the year	45	23
Additions through business combinations	1	-
Income tax paid during the year	18	39
Tax paid related to previous years	(21)	(44)
Withholding taxes paid during the year	(1)	1
Current tax on profit for the year	33	(3)
Adjustments related to previous years	(10)	29
Tax (payable)/receivable at the end of the year	**65**	**45**
Tax (payable)/receivables, discontinued operations	(22)	
Tax (payable)/receivables, continuing operations	**87**	
Tax payable/receivables are recognized in the balance sheet as follows:		
Tax receivables	113	
Tax payable	(33)	
Tax on other comprehensive income	7	
Total tax	**87**	

Net taxes paid in 2022 accounted to DKK 4 million and were paid as follows:

DKK million	China	Czech Republic	Germany	Denmark	Great Britain	Ireland	Italy	Philippines	United States	Total
Income tax paid during the year	3	2	3	2	1	2	1	1	3	**18**
Tax paid related to previous years	1	0	0	(31)	1	0	0	0	8	**(21)**
Withholding taxes paid during the year	0	0	0	(1)	0	0	0	0	0	**(1)**
Total	**4**	**2**	**3**	**(30)**	**2**	**2**	**1**	**1**	**11**	**(4)**

2.6 Income taxes – continued

DKK million	Intangible assets	Tangible assets	Current assets	Lease receivables and liabilities	Share based programs	Cash flow hedges	Provisions	Tax losses	Total
2022									
Deferred tax asset									
At the beginning of the year	**(27)**	**40**	**(30)**	**10**	**(1)**	**(2)**	**36**	**-**	**26**
Adjustments related to previous years	5	-	-	2	-	-	(3)	-	4
Movements within the year	(5)	(7)	(1)			-	(5)	6	(12)
Movements in other comprehensive income	-	-	-	-	-	2	(1)	-	1
Transfered to taxes directly associated with assets and liabilities held for sale	15	(33)	12			-	(6)		(12)
At the end of the year	**(12)**	**-**	**(19)**	**12**	**(1)**	**-**	**21**	**6**	**7**

DKK million	Intangible assets	Tangible assets	Current assets	Lease receivables and liabilities	Share based programs	Cash flow hedges	Provisions	Tax losses	Total
2021									
Deferred tax asset									
At the beginning of the year	**(19)**	**52**	**(44)**	**8**	**(3)**	**1**	**45**	**-**	**40**
Adjustments related to previous years	(1)	(8)	6	-	-	-	(17)	-	(20)
Adjustments related to previous years booked on equity[1]	-	-	(10)	(3)	-	-	-	-	(13)
Movements within the year	(7)	(4)	18	5	2	-	8	-	22
Movements in other comprehensive income	-	-	-	-	-	(3)	-	-	(3)
At the end of the year	**(27)**	**40**	**(30)**	**10**	**(1)**	**(2)**	**36**	**-**	**26**

[1] Adjustments related to previous years is regarding an adjustment of the opening balance in connection with the implementation of IFRS 15 and IFRS 16. The adjustment regarding IFRS 15 is regarding prepayments for transition cost. The adjustment regarding IFRS 16 is regarding the refurbishment obligation. Both were overstated.

3. Operating assets and liabilities

3.1 Intangible assets

DKK million	Goodwill	Other intangible assets	IT development projects	IT development projects under construction	2022
2022					
Costs at the beginning of the year	600	37	164	27	828
Additions	78	-	4	19	101
Transfer	-	-	24	(24)	-
Transferred to assets classified as held for sale	-	-	(125)	(20)	(145)
Exchange rate adjustment	18	-	-	-	18
Cost at the end of the year	**696**	**37**	**67**	**2**	**802**
Amortization and impairment loss at the beginning of the year	-	35	90	-	125
Amortization	-	1	28	-	29
Transferred to assets classified as held for sale	-	-	(59)	-	(59)
Exchange rate adjustment	-	1	-	-	1
Amortization and impairment losses at the end of the year	**-**	**37**	**59**	**-**	**96**
Carrying amount at the end of the year	**696**	**-**	**8**	**2**	**706**
Amortization period	2-5 years	3-10 years			

IT development projects includes NNIT's ERP system which is used as the basis for the Group's day-to-day operations and internal IT-systems and developed applications for customer services.

IT development projects under construction consists of both internal IT-systems and developed applications for customer services.

3.1 Intangible assets – continued

DKK million	Goodwill	Other intangible assets	IT development projects	IT development projects under construction	**2021**
2021					
Cost at the beginning of the year	487	33	95	62	677
Additions	90	1	7	27	125
Transfer	-	-	62	(62)	-
Exchange rate adjustment	23	3	-	-	26
Cost at the end of the year	**600**	**37**	**164**	**27**	**828**
Amortization and impairment losses at the beginning of the year	-	31	68	-	99
Amortization	-	3	22	-	25
Exchange rate adjustment	-	1	-	-	1
Amortization and impairment losses at the end of the year	**-**	**35**	**90**	**-**	**125**
Carrying amount at the end of the year	**600**	**2**	**74**	**27**	**703**
Amortization period	2-5 years	3-10 years			

IT development projects includes NNIT's ERP system which is used as the basis for the Group's day-to-day operations and internal IT-systems and developed applications for customer services.

IT development projects under construction consists of both internal IT-systems and developed applications for customer services.

3.2 Impairment test

Goodwill

The carrying amount of goodwill is impairment tested by comparison to the recoverable amount. The recoverable amount is determined based on value in use. Discounted cash flow models have been applied to determine the value in use for the cash-generating units, based on the most recent financial forecasts approved by management. The five CGU's are in all material aspects subject to the same presumptions hence below is applicable for all CGU's. When determining value in use the post-tax discount rate has been used. The pre-tax discount rate is for information purposes only.

Net cash flows for the year 2023-2027 are determined based on key assumptions and expectations and estimates based on growth and profit margin expectations based on past experience and in accordance with NNIT business plans. From 2027 onwards, NNIT expects the growth rate to remain in line with the expected long-term average growth rate for the industry. The uncertainty associated with these expectations is reflected in the discount rate used.

Goodwill has been tested for impairment at December 31, 2022. The tests did not result in any impairment of carrying amounts. The key assumptions used are stated in the following:

DKK million	CGU	Business unit	Carrying amount	Annual revenue growth rate	Discount rate pre-tax	Discount rate post-tax	Terminal period growth rate
2022							
SCALES	SCALES	CDS	114	10%	10.9%	8.5%	2%
Valiance Partners	Valiance Partners	LSS	139	10-20%	11.4%	8.5%	2%
Prime4Services	LS EU outside DK ex. Valiance	LSS	77	8-13%	10.9%	8.5%	2%
HGP Group	LS EU outside DK ex. Valiance	LSS	66	8-13%	10.9%	8.5%	2%
Excellis	Excellis	LSS	210	10-20%	11.4%	8.5%	2%
SL Controls	SL Controls	LSS	90	10-20%	10.3%	9.0%	2%
2021							
SCALES	SCALES	CDS	114	10-20%	10.9%	8.5%	2%
Valiance Partners	Valiance Partners	LSS	133	10-20%	11.4%	8.5%	2%
HGP Group	LS EU outside DK ex. Valiance	LSS	66	7-20%	10.9%	8.5%	2%
Excellis	Excellis	LSS	198	10-15%	11.4%	9.0%	2%
SL Controls	SL Controls	LSS	89	10-20%	10.3%	8.5%	2%

The expected growth in revenue is based on historical performance, expected development in the market in which the entity operates and assumptions in terms of development in market share. The growth rates applied in the explicit forecast period converge from its current level experienced over the last few years to the long-term growth level in the market where the entity operates. The growth rates used to extrapolate cash flow projections beyond the explicit forecast period are not higher than the average expected long-term growth in the markets in which the entities operate.

A sensitivity analysis has not been carried out, as negative changes in the fundamental assumption that will result in impairment of goodwill, are considered unlikely to become a reality.

Lease assets

In February 2022 it was decided to optimize the use of the Soeborg headquater building enabling sublease of the unused square meters. As this space should now be seen as a seperate right-of-use asset an impairment test has been performed. Based on a value-in-use calculation, applying expected sublease rates, timing of subleasing the full area, building preparation costs and a discounted impact, an impairment ofDKK 13 million has been recognized.

Developed assets

In December 2021 it was decided to terminate the development of an application and terminate the program initiated to target customers. All costs related to the program was impaired and a total cost of DKK 29 million has been recognized, please refer to note 3.4

The impairment loss for lease asset and developed assets are both included in special items, please refer to note 2.5.

3.3 Tangible assets

DKK million	Land and buildings	Other equipment	Leasehold improvements	Payments on account and assets under construction	**2022**
2022					
Cost at the beginning of the year	390	695	60	6	1,151
Additions	2	91	7	19	119
Disposals	-	(85)	(3)	-	(88)
Transfer	6	-	-	(6)	-
Transferred to assets classified as held for sale	(393)	(695)	(9)	(19)	(1,116)
Cost at the end of the year	**5**	**6**	**55**	**-**	**66**
Depreciation and impairment loss at the beginning of the year	125	490	53	-	668
Depreciation	17	91	3	-	111
Depreciation reversed on disposals	-	(85)	(3)	-	(88)
Transferred to assets classified as held for sale	(142)	(492)	(7)	-	(641)
Exchange rate adjustment	-	(1)	-	-	(1)
Depreciation and impairment loss at the end of the year	**-**	**3**	**46**	**-**	**49**
Carrying amount at the end of the year	**5**	**3**	**9**	**-**	**17**
Depreciation period	10-50 years	3-10 years	5-10 years		

NNIT's fixed assets register is inspected on a regular basis to identify assets, which are no longer in use. Such assets are scrapped.

3.3 Tangible assets – continued

DKK million	Land and buildings	Other equipment	Leasehold improvements	Payments on account and assets under construction	**2021**
2021					
Cost at the beginning of the year	386	734	55	26	1,201
Additions	4	33	4	6	47
Disposals	-	(99)	-	(1)	(100)
Transfer	-	25	-	(25)	-
Exchange rate adjustment	-	2	1	-	3
Cost at the end of the year	**390**	**695**	**60**	**6**	**1,151**
Depreciation and impairment losses at the beginning of the year	108	494	47	-	649
Depreciation	17	95	5	-	117
Depreciation reversed on disposals	-	(99)	-	-	(99)
Exchange rate adjustment	-	-	1	-	1
Depreciation and impairment losses at the end of the year	**125**	**490**	**53**	**-**	**668**
Carrying amount at the end of the year	**265**	**205**	**7**	**6**	**483**
Depreciation period	10-50 years	3-10 years	5-10 years		

NNIT's fixed assets register is inspected on a regular basis to identify assets, which are no longer in use. Such assets are scrapped.

3.4 Contract balances

Contract assets and liabilities, continuing operations

DKK million	**2022**	2021
Trade receivables as specified in note 3.6	384	578
Contract assets from continuing operations comprise:		
Work in progress (projects)	54	107
Transformation projects (included in trade receivables, note 3.6)	23	124
Contract liabilities from continuing activities comprise:		
Prepayments received, work in progress	(55)	(116)
Prepayments received, transition cost	(15)	(30)

Work in progress relates to projects where the recognized revenue from work performed exceeds progress billings. Prepayments received, work in progress relates to projects where the progress billing exceeds work performed. Prepayments received transition cost relates to prepayments received regarding transition projects. As such the balances of these accounts vary and depend on the number of new projects at the end of the year.

DKK million	Opening balance	Additions	Revenue recognized from opening balance	Revenue recognized regarding additions	Transferred to liabilities directly associated with assets classified as held for sale	Closing balance
2022						
Prepayments received, work in progress	(116)	(49)	80	-	30	(55)
Prepayments received, transition cost	(30)	(44)	13	-	46	(15)

DKK million	Opening balance	Additions	Revenue recognized from opening balance	Revenue recognized regarding additions	Closing balance
2021					
Prepayments received, work in progress	(111)	(83)	78	-	(116)
Prepayments received, transition cost	(16)	(29)	10	5	(30)

Besides above balances we have also capitalized cost to fulfill a contract as transition cost.

Transition cost relates to capitalized cost incurred for preparatory projects in relation to transition or set-up activities required to enable delivery of the service. The cost will be amortized over the operation period which generally is between 3-6 years.

As such the balance for transition cost vary depending on the number of new outsourcing contracts requiring a transition project or set-up activities.

3.4 Contract balances – continued

DKK million	Opening balance	Additions	Amortized cost from opening balance	Amortized cost from additions	Impairment loss	Transferred to assets classified as held for sale	Closing balance
2022							
Transition cost	70	52	(33)	-	-	(80)	9

DKK million	Opening balance	Additions	Amortized cost from opening balance	Amortized cost from additions	Impairment loss	Closing balance
2021						
Transition cost	111	28	(40)	-	(29)	70

Transition cost for the continuing operationsis recognized in the balance sheet as follows:

DKK million	**2022**	2021
Transition cost, non-current	7	39
Transition cost, current	2	31
Total transition cost	**9**	**70**

Future contract obligations

Below table shows performance obligations resulting from contracts which will be satisfied in the future:

DKK million	**2022**	2021
Aggregated amount of transaction price allocated to contracts that will be satisfied in the future as at December 31	1,352	3,977

The 2022 balances is excluding discontinuing operations, while 2021 is including discontinued operations.

Management expects that DKK 836 million of the transaction price allocated to the future contract obligations as of December 31, 2022 will be recognized during 2023. The remaining part will be recognized as revenue within 2-3 years. The amount disclosed above includes both fixed and variable consideration.

3.5 Deposits

DKK million	**2022**	2021
Cost at the beginning of the year	34	33
Additions	-	1
Transferred to assets classified as held for sale	(7)	-
Carrying amount at the end of the year	**27**	**34**

3.6 Trade receivables

DKK million	**2022**	2021
Total trade receivables (gross)	618	579
Allowances for bad debt in the year	-	(1)
Total trade receivables (net)	**618**	**578**
Total trade receivables (net), discontinued operations	234	-
Total trade receivables (net), continuing operations	**384**	**-**
Trade receivables is recognized in the balance sheet as follows:		
Trade receivables, non-current	1	89
Trade receivables, current	383	489
Total trade receivables	**384**	**578**

In 2022 NNIT has continued the commercial use of factoring where a financial institution purchases outstanding invoices on some of NNIT's largest customers with a strong credit profile. The benefits of this program include improved liquidity and improved financial ratios, NNIT is less sensitive on long payment terms while the cost of factoring is less than the current revolving credit facility. The effect as of December 31, 2022 is DKK 267 million (2021: DKK 186 million).

NNIT applies the IFRS 9 simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. NNIT has assessed historical realized losses adjusted by a forward-looking estimate related to the probability of a significant change in the economic environment. Historically NNIT has not realized any losses on trade receivables due to the economic environment. Losses have been due to claim settlement with customers.

3.6 Trade receivables – continued

To minimize credit losses NNIT makes a credit evaluation before entering into a contract with a new customer. NNIT customer portfolio primarily consists of large national and international companies. The credit quality of trade receivables as of December 31, 2022 is considered satisfactory.

Further NNIT continuously conduct individual assessments of bad debts. If this leads to an assessment that NNIT will not be able to collect all outstanding payments, an allowance for bad debt is made. Based on historical data, the allowance for bad debt at December 31, 2022 was DKK 0.3 million (2021: DKK 1.1 million).

DKK million	**2022**	2021
Aging of non-impaired trade receivables:		
Non-invoiced trade receivables	208	238
Not due at balance sheet date	300	256
Overdue between 1 and 30 days	59	56
Overdue between 31 and 60 days	23	9
Overdue by more than 60 days	28	19
Total trade receivables	**618**	**578**
Total trade receivables, discontinued operations	234	
Total trade receivables, continuing operations	**384**	

Trade receivables from continuing and discontinued operations include receivables from related parties amounting to DKK 243 million gross of factoring (2021: DKK 236 million).

Discontinued activities relates primarily to the balances within non-invoiced trade receivables.

Part of the non-invoiced trade receivables are regarding finished transformation projects and other long-term projects, where the amount will be invoiced to the customer over the operation period which is more than one year. The long-term project amount to DKK 23 million as of 31 December 2022 (2021: DKK 124 million), of these 20 million will be invoiced in 2023.

3.7 Employee benefit obligations

Defined benefit pension obligations

DKK million	Pension liability	Plan asset	Net liability
2022			
At the beginning of the year	79	62	17
Current service costs	5	-	5
Employer contributions	-	5	(5)
Benefits paid from plan asset	(12)	(12)	-
Remeasurement gains/(losses) recognized in other comprehensive income	(14)	-	(14)
Plan participant contribution etc.	2	2	-
Transferred to liabilities directly associated with assets classified as held for sale	(5)	(4)	(1)
Exchange rate adjustments	6	6	2
At the end of the year	**61**	**59**	**4**

DKK million	Pension liability	Plan asset	Net liability
2021			
At the beginning of the year	79	56	23
Current service costs	4	-	4
Employer contributions	-	4	(4)
Benefits paid from plan asset	1	1	-
Remeasurement gains/(losses) recognized in other comprehensive income	(4)	(1)	(3)
Plan participant contribution etc.	2	2	-
Past service cost – plan amendments	(3)	-	(3)
At the end of the year	**79**	**62**	**17**

The defined benefit plans are usually funded by payments from Group companies and by employees to funds independent of NNIT. Where a plan is unfunded, a liability for the retirement obligation is recognized in the balance sheet. NNIT does not expect the contributions over the next five years to differ significantly from current contributions. The weighted average duration of the defined benefit obligation is 11.7 years (2021: 13.9 years).

3.7 Employee benefit obligations – continued

DKK million	2022	2021
Assumptions used for valuation[1]		
Discount rate	2.46%	0.61%
Price inflation	0.91%	0.91%
Projected future remuneration increases	1.80%	1.78%
Interest crediting rate	1.83%	0.23%

[1] Assumptions are calculated and presented as a weighted average of the Defined Benefit Plans in NNIT Switzer- land AG and NNIT Philippines Inc.

Actuarial valuations are performed annually. The most recent actuarial valuation is dated November 2022.

DKK million	2022	2021
Defined benefit pension obligations	4	17
Employee benefit obligations (contingent consideration agreement)	60	77
Total employee benefit obligations	**64**	**94**
Total employee benefit obligations, non-current discontinued operations	1	
Total employee benefit obligations, continuing operations	**63**	

Employee benefit obligation is recognized in the balance sheet as followed:

DKK million	2022	2021
Non-current liabilities (1-5 years)	13	25
Current liabilities	50	69
Total employee benefit obligation	**63**	**94**

3.8 Provisions

DKK million	2022	2021
Provision for onerous contracts/projects		
At the beginning of the year	-	1
Utilized	-	(1)
At the end of the year	**-**	**-**

Provision for onerous contracts/projects relates to projects that NNIT is obligated to finalize and where the total project costs exceed the total project income.

Provision for refurbishment obligation		
At the beginning of the year	25	24
Addition from business combinations	5	1
At the end of the year	**30**	**25**

Provision for refurbishment obligation, included under non-current liabilities, relates to the leasehold agreements in the Group with a refurbishment obligation.

Provisions are recognized in the balance sheet as follows:		
Non-current liabilities	30	25
Current liabilities	-	-
Total liability	**30**	**25**

3.9 Discontinued operations

June 22, 2022 it was announced that NNIT was divesting the infrastructure operations (Hybrid Cloud Solutions and selected parts of Cloud & Digital Solutions) and in December 2022 it qualified for recognition as Discontinuing operations according to IFRS 5 which also has retrospective impact.

DKK million	2022	2021
Revenue	**1,451**	**1,508**
Cost of goods sold	1,244	1,213
Gross profit	**207**	**295**
Sales and marketing costs	71	71
Administrative expenses	68	65
Operating profit before special items	**68**	**159**
Special items	-	-
Operating profit/(loss)	**68**	**159**
Financial income	2	-
Financial expenses	-	-
Profit/(loss) before income taxes	**70**	**159**
Income taxes	14	33
Profit/(loss) for the year of discontinuing operations	**56**	**126**
Earnings per share		
Earnings per share (DKK)	2.25	5.07
Diluted earnings per share (DKK)	2.24	5.04
Cash Flows from discontinued operations		
Cash flow from operating activities	106	205
Cash flow from investing activities	(117)	(92)
Cash flow from financing activities	-	-
Cash flow from discontinued operations	**(11)**	**113**

Assets held for sale

DKK million	Note	2022
Intangible assets		86
Tangible assets		475
Deferred taxes		19
Deposits		7
Transition cost		80
Trade receivables		234
Work in progress		82
Prepayments		68
Assets classified as held for sale		**1,051**
Employee benefit obligations		1
Prepayments received, transition cost		46
Prepayments received, work in progress		30
Employee costs payables		85
Tax payables		22
Other current liabilities		15
Liabilities directly associated with assets classified as held for sale		**199**
Net assets classified as held for sale		**852**

Assets and liabilities directly associated with assets classified as held for sale solely relates to the discontiinued operations in relation to Hybrid Cloud Solutions and selected parts of Cloud & Digital Solutions.

4. Capital structure and financing items

4.1 Financial income and expenses

DKK million	**2022**	2021
Financial income		
Fair value adjustments of cash flow hedges (net) recycled from other comprehensive income	21	11
Realized/unrealized loss on currency	2	-
Tax related interests	-	1
Other financial income	-	-
Total financial income	**23**	**12**
Total financial income, discontinued operations	2	-
Total financial income, continuing operations	**21**	**12**
Financial expenses		
Realized/unrealized loss on currency	-	5
Interest expenses lease liability	4	6
Interest expenses – other external	12	4
Bank charges and other fees	10	4
Guarantee commission	1	1
Other financial expenses	3	4
Total financial expenses	**30**	**24**
Total financial expenses, discontinued operations	-	-
Total financial expenses, continuing operations	**30**	**(12)**

4.2 Share capital, distribution to shareholder and earnings per share

DKK million	**2022**	2021
Profit/(loss) from continuing operations	(258)	(175)
Profit/(loss) from discontinued operations	56	126
Net profit/(loss) for the year	**(202)**	**(49)**
Number '000		
Average number of shares outstanding	24,838	24,779
Dilutive effect of share-based payments	120	158
Average number of shares outstanding, including dilutive effect of share-based payments	24,958	24,937
Earnings per share from continuing operations		
Earnings per share (DKK)	(10.39)	(7.05)
Diluted earnings per share (DKK)	(10.39)	(7.05)
Earnings per share from discontinued operations		
Earnings per share (DKK)	2.25	5.07
Diluted earnings per share (DKK)	2.24	5.04
Earnings per share		
Earnings per share (DKK)	(8.13)	(1.98)
Diluted earnings per share (DKK)	(8.13)	(1.98)

Earnings per share and diluted earnings per share are calculated in accordance with IAS 33. Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. RSUs are only included when performance requirements have been met.

The share capital has a nominal value of DKK 250 million divided into 25 million shares with a nominal value of DKK 10 each. No shares carry special rights.

4.2 Share capital, distribution to shareholder and earnings per share – continued

DKK	Nominal value	Market value (million)	As % of share capital	Number of shares (thousand)
2022				
Treasury shares				
Holding at the beginning of the year	2	25	0.9%	221
Purchase	-	-	0.0%	-
Disposal	(1)	(6)	(0.3%)	(59)
Value adjustments	-	(8)	0.0%	-
Holding at the end of the year	**1**	**11**	**0.6%**	**162**

Treasury shares held relates to the long-term incentive program. Retained earnings are accumulated earnings.

Exchange rate adjustments are the difference between average exchange rates in the year and exchange rates at the balance sheet date when consolidating subsidiaries.

Proposed dividends are the dividends proposed by the Board of Directors for the financial year.

DKK million	**2022**	2021
Net cash distribution to shareholders	-	-
Ordinary dividends Interim dividends	-	-
Total	**-**	**-**

No interim dividend was declared in 2022 and no dividend will be declared at the end of 2022.

4.3 Leases

Lease assets

DKK million	Rental of premises	IT-equipment	Company cars	2022
2022				
Costs at the beginning of the year	673	17	19	709
Additions	33	-	6	39
Disposals	(89)	-	(6)	(95)
Transferred to assets held for sale	-	-	-	-
Costs at the end of the year	**617**	**17**	**19**	**653**
Depreciation and impairment loss at the beginning of the year	522	17	8	547
Depreciation	63	-	6	69
Impairment loss [1]	13	-	-	13
Depreciation reversed on disposals	(74)	-	(6)	(80)
Exchange rate adjustments	(4)	-	-	(4)
Transferred to assets held for sale	-	-	-	-
Depreciation and impairment loss at the end of the year	**520**	**17**	**8**	**545**
Carrying amount at the end of the year	**97**	**-**	**11**	**108**

[1] Please refer to note 3.2 for further details

4.3 Leases – continued

Lease assets

DKK million	Rental of premises	IT-equipment	Company cars	2021
2021				
Costs at the beginning of the year	692	28	21	741
Additions	46	-	7	53
Disposals	(9)	(11)	(9)	(29)
Exchange rate adjustment	7	-	-	7
Costs at the end of the year	**736**	**17**	**19**	**772**
Depreciation and impairment loss at the beginning of the year	478	28	8	514
Depreciation	70	-	7	77
Impairment loss [1]	27	-	-	27
Depreciation reversed on disposals	(4)	(11)	(8)	(23)
Exchange rate adjustment	3	-	1	4
Depreciation and impairment loss at the end of the year	**574**	**17**	**8**	**599**
Carrying amount at the end of the year	**162**	**-**	**11**	**173**

[1] Please refer to note 3.2 for further details

Lease liabilities

Lease liabilities expiring within the following periods from the balance sheet date:

DKK million	**2022**	2021
Within 1 year	83	86
Between 1 and 5 years	80	133
Total lease liability, non-discounted	**163**	**219**
Lease liabilities are recognized in the balance sheet as follows:		
Non-current liabilities	83	123
Current liabilities	73	84
Total lease liabilities	**156**	**207**
Recognized in the profit and loss statement		
Interest expenses related to lease liabilities	4	6
Expense relating to leases of low-value assets, not capitalized	-	-
	4	**6**

In 2022 the Group has paid DKK 87 million (2021: DKK 88 million) regarding lease agreements where of interest expenses related to lease liabilities amount to DKK 4 million (2021: DKK 6 million) and repayment of lease liability amount to DKK 83 million (2021: DKK 82 million).

As of 31 December 2022, the lease liability excludes DKK 193 million (undiscounted) of potential lease payments related to lease term extension rights on properties, which were not considered reasonably certain to be exercised.

4.4 Financial assets and liabilities, continuing operations

Depending on the purpose of each asset and liability, NNIT classifies these into the following categories:

- Cash and cash equivalents
- Cash flow hedging instruments at fair value
- Financial assets at amortized cost
- Financial liabilities at fair value through comprehensive income
- Financial liabilities measured at amortized cost

DKK million	Cash and cash equivalents	Cash flow hedging instruments at fair value	Financial assets at amortized cost	Total
2022				
Financial assets by category				
Deposits	-	-	27	27
Trade receivables	-	-	384	384
Work in progress	-	-	54	54
Other receivables	-	-	35	35
Prepayments	-	-	32	32
Cash and cash equivalents	208	-	-	208
Total financial assets at the end of the year	**208**	**-**	**532**	**740**

DKK million	Cash and cash equivalents	Cash flow hedging instruments at fair value	Financial assets at amortized cost	Total
2021				
Financial assets by category				
Deposits	-	-	34	34
Trade receivables	-	-	578	578
Work in progress	-	-	107	107
Other receivables	-	-	22	22
Prepayments	-	-	101	101
Derivative financial instruments	-	13	-	13
Cash and cash equivalents	230	-	-	230
Total financial assets at the end of the year	**230**	**13**	**842**	**1,085**

4.4 Financial assets and liabilities – continued

DKK million	Financial liabilities at fair value through profit and loss	Financial liabilities measured at amortized cost	Total
2022			
Financial liabilities by category			
Lease liability	-	156	156
Credit Facilities	-	857	857
Trade payables	-	151	151
Other non-curret and current liabilities	-	251	251
Total financial liabilities at the end of the year	**-**	**1,415**	**1,415**

The carrying amounts of the total financial liabilities correspond to the undiscounted payments as of 31 December 2022.

DKK million	Financial liabilities at fair value through profit and loss	Financial liabilities measured at amortized cost	Total
2021			
Financial liabilities by category			
Lease liability	-	207	207
Credit Facilities	-	496	496
Trade payables	-	126	126
Other current liabilities	-	281	281
Total financial liabilities at the end of the year	**-**	**1,110**	**1,110**

DKK million	Credit Facilities	Lease liability	Total
2022			
Financial liabilities included in finance activities			
Financing liabilities included in finance activities at the beginning of the year	496	207	703
Cash flows:			
Instalments	-	(83)	(83)
Ingoing/outgoing payments during the year	361	-	361
Non-cash flows:			
Addition	-	36	36
Disposals	-	(4)	(4)
Exchange rate adjustment	-	-	-
Total financial liabilities included in finance activities at the end of the year	**857**	**156**	**1,013**

DKK million	Credit Facilities[1]	Lease liability	Total
2021			
Financial liabilities included in finance activities			
Financing liabilities included in finance activities at the beginning of the year	304	241	545
Cash flows:			
Instalments	-	(82)	(82)
Ingoing/outgoing payments during the year	192	-	192
Non-cash flows:			
Addition	-	52	52
Disposals	-	(6)	(6)
Value adjustment	-	2	2
Exchange rate adjustment			
Total financial liabilities included in finance activities at the end of the year	**496**	**207**	**703**

[1] Credit Facilities is the drawn amount on the credit facility of DKK 900 million.

4.4 Financial assets and liabilities – continued

Fair value measurement hierarchy

Financial assets at fair value through the income statement are categorized in the fair value hierarchy as level 1 (active market data). Financial assets and liabilities at fair value through comprehensive income are categorized in the fair value hierarchy as level 2 (directly or indirectly observable market data). The fair value is measured according to generally accepted valuation techniques. Market-based parameters are used to measure the fair value. The remaining categories of financial assets and liabilities are measured at amortized cost.

Financial risks

NNIT's objective at all times is to limit the Company's financial risks.

Financing and sufficient liquidity are fundamental to NNIT´s continuing operations and future growth. Liquidity is managed centrally from the Parent Company.

In relation to the group's liquidity needs, an agreement on credit facilities for a total of DKK 1,050 m has been entered (increased from DKK 900 million in 2021 as interim facility in connection with carve-out costs). The credit facility is revolving, and the agreement is subject for a renegotiation after the finalization of the carve-out process. The group's credit facilities are subject to standard financial covenants. NNIT is exposed to interest rate risk through its interest bearing credit facilities. Please refer to section 1.6 on page 51.

NNIT is exposed to exchange rate risks in the countries where NNIT has its main activities. The majority part of NNIT's sales is in DKK and EUR, implying limited foreign exchange risk, due to the Parent Company's functional currency being DKK and Denmark's fixed-rate policy towards EUR. NNIT's foreign exchange risk therefore primarily stems from transactions carried out in the currencies of other countries in which NNIT mainly operates: Primarily the Chinese yuan and US dollar, and, to a lesser extent, the Czech koruna, the Philippine peso and the Swiss franc.

Most of the foreign exchange risk in the Chinese yuan and US dollar and all of the foreign exchange risk in the Czech koruna and the Philippines are due to intercompany transactions.

Foreign exchange sensitivity analysis

NNIT estimates that, all other variables being constant, a 10% depreciation of the average 2022 exchange rate of the Danish kroner against the following currencies would have had the indicated impact (in Danish kroner) on our operating profit (EBIT) for 2022. The following sensitivity analysis addresses hypothetical situations and is provided for illustrative purposes only:

DKK million	**2022**	2021
CNY	(18)	(15)
CZK	(12)	(11)
USD	18	12
CHF	-	1
PHP	(11)	(7)

A corresponding appreciation of the Danish kroner against the above currencies would have had the opposite impact.

Currency sensitivities[1]

Estimated annual impact on NNIT´s operating profit of a 10% increase in the outlined currencies against DKK

DKK million	**2023**
EUR	25
CNY	6
CZK	(6)
PHP	(8)
CHF	1
USD	17

[1] The above sensitivities address hypothetical situations and are provided for illustrative purpose only. The sensitivities assume our business develops consistently with our current 2023 business plan.

NNIT have up until September 2021 entered into hedging contracts to hedge the most material foreign currency balances; Chinese yuan, Czech koruna and the Philippine peso. These three currencies were hedged 14 months a head.

As of December 31, 2022 NNIT, A/S' net balance position (trade receivables minus trade payables) divided on currency amounted to a short-term outflow primarily in Chinese yuan and Czech koruna and a short term inflow on UD dollars and Euro. A 10% depreciation of the exchange rate of the Danish kroner against NNIT A/S' transaction exposures (net balance position less hedging contracts) will have the below illustrated impact (in Danish kroner) on the net profit before tax for the year ended December 31, 2022.

4.4 Financial assets and liabilities – continued

Million	Trade Receivables	Trade Payables	Net balance position	Transaction exposure[1]	10% sensitivity[2]
December 31, 2022					
CNY	0.3	49.2	(48.9)	(48.9)	(4.9)
CZK	-	35.5	(35.5)	(35.5)	(3.5)
CHF	0.1	0.1	-	-	-
USD	11.2	4.5	6.7	6.7	0.7
EUR [3]	7.6	2.9	4.7	4.7	0.5

[1] Including hedge contracts to be settled in January 2023
[2] The sensitivity for EUR is based on 2.25% due to the EMR2 agreement stating that DKK cannot deviate more than +/- 2.25% from the EUR/DKK central rate.
[3] PHP is hedged with EUR denominated contracts

Million	Trade Receivables	Trade Payables	Net balance position	Transaction exposure[1]	10% sensitivity[2]
December 31, 2021					
CNY	-	4.4	(4.4)	(4.4)	(0.4)
CZK	-	17.9	(17.9)	(17.9)	(1.8)
CHF	-	4.5	(4.5)	(4.5)	(0.5)
USD	1.6	4.3	(2.7)	(2.7)	(0.3)
EUR [3]	8.0	1.3	6.7	6.7	0.7

[1] Including hedge contracts to be settled in January 2022
[2] The sensitivity for EUR is based on 2.25% due to the EMR2 agreement stating that DKK cannot deviate more than +/- 2.25% from the EUR/DKK central rate.
[3] PHP is hedged with EUR denominated contracts

As of December 31, 2022 NNIT A/S' has not entered into any hedge contracts.

DKK million	Contract amount[1]	Of which hedging of balance sheet items	Transaction exposure	10% sensitivity
December 31, 2021				
CNY	98	9	89	9
CZK	100	9	91	9
PHP	58	5	53	5

[1] Only purchase of foreign currencies

4.4 Financial assets and liabilities – continued

Credit risk

NNIT's credit risk principally arises from trade receivables, which amounted to DKK 618 million as of December 31, 2022 (December 31, 2021: DKK 578 million). NNIT's single largest concentration of credit risk is with the Novo Nordisk Group. As of December 31, 2022, our trade receivables from the Novo Nordisk Group amounted to DKK 243 million (December 31, 2021: DKK 226 million). The classification of trade receivables according to maturity date is set out in the note 3.6.

Cash management

NNIT is committed to maintaining a flexible capital structure. As of December 31, 2022, NNIT had undrawn committed credit facilities in the amount of DKK 193 million (2021: DKK 404 million). The credit facility includes financial covenants with reference to the ratio between net debt and EBITDA, Available liquidity and minimum EBITDA.

The facility has been temporarily increased in connection with the carve-out.

The total debt of DKK 857 million is classified as short-term debt as the debt is to be repaid within one year from the reporting date as the debt is to be paid after the carve out. A new credit facility will be negotiated thereafter. As of December 31, 2022, NNIT had 'cash and cash equivalents' and 'bank facilities', net of DKK 857 in Denmark and DKK 208 outside Denmark.

Initial conversations by NNIT with potential lenders has been positively received and the company does not envisage undue problems in refinancing. Please refer to section 1.6 on page 51.

Capital management

NNIT monitors capital on the basis of the solvency ratio, which is calculated on the basis of the total equity as a percentage of the total equity and liabilities. At the end of the year, the solvency ratio was 29.5% (2021: 38.6%).

4.5 Derivative financial instruments

DKK million	Contract amount, net[3]	Average price	Postive fair value at year-end[4]	Negative fair value at year-end[4]	Current hedge duration (month)
2021					
Cash flow hedges					
CNH [1]	105	0.93	9.1	-	14
CZK	109	0.29	2.7	-	14
PHP [2]	61	60.33	1.3	-	14
	275		**13.1**		

[1] CNY is hedged via CNH.
[2] PHP is hedged with EUR denominated contracts.
[3] Only purchase of foreign currencies.
[4] Of the net fair value as of December 31, 2021 DKK 2 million has been transferred to the P/L and DKK 11 million to equity.

5. Other disclosures

5.1 Long-term incentives

Long-term share-based incentive program
Group Management and the Vice Presidents are included in a long-term share-based incentive program. For more information regarding the long-term share-based incentive program, please refer to note 2.2 'Employee costs'

Share-based payments are recognized at the following amounts:

DKK million	**2022**	2021
Long-term incentive program (LTIP) in NNIT shares – share based	1	7
Retention Program (RP) in NNIT shares – shares based	-	1
Incentive program charged to income statement	**1**	**8**
Recognized in the income statement:		
Cost of goods sold	1	2
Administrative expenses	-	1
Special items	-	5
Total	**1**	**8**

Shares are recognized over the four-year vesting period at the market value at the grant date. Value adjustments are recognized as financial items.

Outstanding restricted stock units (in NNIT shares):

Number '000	**2022**	2021
Outstanding at the beginning of the year	190	319
Long-term incentive program (LTIP)[2]	17	64
Retention Program (RP)	3	-
Transfer to employees	(62)	(162)
Forfeiture	(7)	(31)
Outstanding at the end of the year (in NNIT shares)	**141**	**190**
Fairvalue of the RSU's end of period (DKK million)[1]	**9**	**22**

[1] The share price as of December 31, 2022 has been used when calculating the fair value of the RSU's.
[2] Key management has been in total granted 23,246 shares with a fair value of DKK 1,5 million as of December 31, 2022

5.2 Fee to statutory auditors

DKK million	**2022**	2021
Statutory audit	5.3	2.2
Audit-related services	0.1	0.1
Tax advisory services	0.3	0.1
Other services	0.9	0.8
Total fee to statutory auditors	**6.6**	**3.2**

Fees for services other than statutory audit of the financial statements provided by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab to the Group consists of carve-out services and tax services.

5.3 Reversal of non-cash items

DKK million	**2022**	2021
Income taxes	(22)	(27)
Amortization, depreciation and impairment losses	222	275
Gain/loss from sale of tangible assets	(2)	(1)
Increase/(decrease) in provisions, non-current transition cost	(19)	(2)
Provision share-based payments NNIT shares	2	8
Allowances for bad debt	4	1
Third party financing agreement	35	32
Interest paid/received	30	17
Other adjustments for non-cash items	-	10
Total	**250**	**313**

5.4 Statement of cash flows – specifications

DKK million	**2022**	2021
Changes in working capital		
Increase/(decrease) in current receivables less non-current transition cost and tax receivables	(65)	(22)
Increase/(decrease) in current liabilities less provisions and tax payables	(42)	(58)
Change in trade payables related to investments	(16)	15
Total	**(123)**	**(65)**
Purchase of tangible assets		
Purchase of tangible assets	(119)	(47)
Change in trade payables related to purchase of tangible assets	16	(15)
Total	**(103)**	**(62)**
Additional cash flow information [1]		
Cash and equivalents, assets	208	230
Drawn on credit facilities	(857)	(496)
Undrawn committed credit facilities	1,050	900
Financial resources at the end of the year	**401**	**634**
Cash flow from operating activities	(101)	186
Cash flow from investing activities	(202)	(175)
Free cash flow	**(303)**	**11**

[1] Additional non-IFRS measures. 'Financial resources at the end of the year' is defined as the sum of cash and cash equivalents at the end of the year (net) and undrawn committed credit facilities. Free cash flow is defined as 'cash flow from operating activities' less 'cash flow from investing activities'.

NNIT has a revolving credit facility of DKK 1,050 million with Scandinavian banks.

5.5 Acquisition of subsidiaries

The fair value of net assets acquired and goodwill at the date of acquisition is summarized below:

DKK million	**2022**	2021
Acquisition cost		
Cash paid	81	92
Deferred consideration	6	-
Total acquisition cost	**87**	**92**
Fair value of net assets acquired		
Intangible assets	-	1
Other non-current assets	-	3
Trade receivables and work in progress [1]	16	12
Tax receivable	1	-
Cash and cash equivalents	13	13
Loan from NNIT A/S	(9)	-
Non-current liabilities	-	(10)
Employee costs payable	(8)	(8)
Other current liabilities	(3)	(9)
Net assets acquired	**10**	**2**
Goodwill	77	90
Acquisition cost	**87**	**92**
Of which cash and cash equivalents	(13)	(13)
Deferred consideration	(6)	-
Paid acquisition cost, net	**68**	**79**

[1] All contractual receivables are expected to be collected.

Restatement of earn out

Referring to company announcement 4/2023, NNIT has isseud a restatement for 2021, following the Danish Business Authority´s final descition on NNIT´s accounting policies of earn out payments related to acqusitions.

Acquisitions during 2022

On March 11, 2022, NNIT acquired full ownership and control of Prime4Service (P4S), a company operating solely within the Life Science industry.

The acquisition of P4S will strengthen NNIT's solutions and drive the potential for making NNIT one of the largest manufacturing execution system (MES) implementation service partners in EU within life sciences.

Goodwill relates to expected synergies regarding additional revenue in NNIT and knowhow accumulated by the workforce in P4S.

Transaction cost of DKK 4 million has been recognized in special items.

There have been no changes to the carrying amount of the contingent consideration since the date of the acquisition.

Earnings impact

Revenue and EBITDA comprise DKK 55 million and DKK 17 million, respectively, reported by P4S since the date of acquisition March 2022.

On a pro forma basis, if the acquisition had been effective from January 1, 2022 P4S would have contributed DKK 65 million to revenue and DKK 20 million to EBITDA.

Acquisitions during 2021

On July 5, 2021, NNIT acquired full ownership and control of SL Controls (SLC), a company focusing on Life Sciences manufacturing..

5.6 Contingent liabilities, other contractual obligations and legal proceedings

NNIT has entered into short-term and low-value lease agreement for printers, coffee makers, watercoolers and storage. The total value of these agreements are immaterial.

Other contractual obligations expiring within the following periods from balance sheet date

DKK million	2022	2021
Within 1 year	30	15
Between 1 and 5 years	28	6
Total	**58**	**21**
Other contractual obligations recognized as an expense	30	20

Other contractual obligations include construction agreements.

The group is occasionally involved in legal, customer and tax disputes in certain countries. Such disputes are by nature subject to considerable uncertainty. None of these cases are expected to have a material impact on the financial position of NNIT.

NNIT and its Danish subsidiary SCALES A/S are jointly taxed with the Danish companies in the Novo Group. The Danish companies are jointly and individually liable for the joint taxation. Any subsequent adjustments to income taxes and withholding taxes may lead to a larger liability. The tax for the individual companies is allocated in full on the basis of the expected taxable income.

5.7 Related party transactions and ownership

Ownership
NNIT A/S is controlled by Novo Holdings A/S, of which the Novo Nordisk Foundation is the ultimate owner.

The consolidated financial statements of the ultimate parent company, the Novo Nordisk Foundation, may be obtained from the Novo Nordisk Foundation, Tuborg Havnevej 19, DK-2900 Hellerup, Denmark.

Related party transactions
NNIT has engaged in related party transactions regarding ordinary business with Novo Holdings A/S, the Novo Nordisk Group, the Novozymes Group and Xellia Pharmaceuticals Group. All agreements, of which most are for one year, have been negotiated on arm's length basis. There have been no transactions other than the

5.7 Related party transactions and ownership – continued

payment of remuneration with the Group Management of NNIT A/S and the NNIT Board of Directors. For information on remuneration to the Group Management of NNIT, please refer to note 2.2 'Employee costs'.

The figures for related parties are for the continuing business. Comparison figures are not split between continuing and discontinued operations for the balancesheet statement.

DKK million	2022	2021
Net sales		
Novo Nordisk Group	183	189
Novo Holdings A/S	-	1
Novo Nordisk Foundation	-	-
Total Novo Nordisk Group	**183**	**190**
Novozymes Group	35	6
Total Novo Group	**218**	**196**
Trade receivables		
Novo Nordisk Group	57	114
Novozymes Group	7	9
Novo Holding A/S	-	1
Total	**64**	**124**
Work in progress		
Novo Nordisk Group	2	17
Total	**2**	**17**
Prepayments from related parties		
Novo Nordisk Group	10	43
Total	**10**	**43**
Dividends		
Novo Holdings A/S	-	8
Novo Nordisk A/S	-	4
Total	**-**	**12**

5.7 Related party transactions and ownership – continued

Companies in the NNIT Group:

DKK million	Country	Year of incorporation/ acquisition	Share capital	Percentage of shares owned
NNIT (Tianjin) Technology Co.Ltd.	China	2007	CNY 10,804,229	100
NNIT Philippines Inc.[3]	Philippines	2009	PHP 24,000,002	100
NNIT Switzerland AG	Switzerland	2010	CHF 100,000	100
NNIT Germany GmbH	Germany	2011	EUR 25,000	100
NNIT Inc.	USA	2011	USD 250,000	100
NNIT Czech Republic s.r.o.[3]	Czech Republic	2014	CZK 2,000,000	100
NNIT UK Ltd.[1]	UK	2015	GBP 50,000	100
SCALES A/S	Denmark	2017	DKK 600,000	100
NNIT Ireland Ltd	Ireland	2018	EUR 100	100
NNIT Poland Sp. Z o.o.	Poland	2019	PLN 5,000	100
NNIT Singapore Holdings Pte.Ltd.	Singapore	2019	SGD 546,278	100
NNIT Singapore Pte. Ltd.	Singapore	2019	SGD 66,700	100
PT. Halfmann Goetsch Partner	Indonesia	2019	IDR 10,500,000,000	100
Excellis Health Solutions LLC	USA	2020	USD 250,000	100
Excellis Europe Ltd. [2]	UK	2020	GBP 100	100
SL Controls Ltd.	Ireland	2021	EUR 100	100
SL Controls USA Inc.	USA	2021	USD 60,000	100
NNIT Italy S.r.l	Italy	2022	EUR 40,000	100
Prime4Services ESP S.L	Spain	2022	EUR 50,000	100
NewCo IO	Denmark	2022	DKK 400,000	100

[1] NNIT UK Limited, registration number 09399926, is exempt from the UK requirements relating to the audit of financial statements under section 479A of the Companies Act 2006.
[2] Excellis Europe Ltd., registration number 09184253, is exempt from the UK requirements relating to the audit of financial statements under section 479A of the Companies Act 2006.
[3] NNIT Philippines Inc. and NNIT Czech Republic s.r.o. are classified as assets held for sale

5.8 Events after the balance sheet date

Referring to company announcement 5/2023, following delayed FDI approval from the Danish Business Authority, the closing of the Infrastructure Operations divestment is now expected first half of Q2.

There have been no other further events after the balance sheet date which would have a significant impact on an assessment of NNIT's financial position as of December 31, 2022

Parent Company Financial Statements

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Income Statement

for the year ended December 31

DKK million	Note	**2022**	2021
Revenue		**476**	**531**
Cost of goods sold	2.1	726	672
Gross profit		**(250)**	**(141)**
Sales and marketing costs	2.1	47	34
Administrative expenses	2.1	32	22
Operating profit before special items		**(329)**	**(197)**
Special items	2.2	142	143
Operating profit		**(471)**	**(340)**
Financial income	4.1	171	84
Financial expenses	4.1	25	16
Profit before income taxes		**(325)**	**(272)**
Income taxes		(88)	(69)
Profit/(loss) from continuing operations		**(237)**	**(203)**
Profit/(loss) from discontinued operations	3.6	44	93
Net profit for the year	4.2	**(193)**	**(110)**

Balance Sheet

as of December 31

ASSETS

DKK million	Note	2022	2021
Intangible assets	3.1	10	101
Tangible assets	3.2	11	477
Lease assets	4.3	64	125
Transition cost		7	39
Financial assets	3.3	687	536
Financial assets – related parties	3.3	342	305
Total fixed assets		**1,121**	**1,583**
Inventories		4	3
Trade receivables	3.4	188	254
Trade receivables – related parties		5	146
Work in progress		5	49
Work in progress – related parties		1	16
Contract assets		2	31
Other receivables		25	12
Prepayments		15	86
Deferred taxes		-	11
Tax receivables		100	36
Financial assets – related parties		20	17
Derivative financial instruments	4.4	-	13
Total current assets		**365**	**674**
Assets classified as held for sale	3.6	**1,045**	**-**
Total assets		**2,531**	**2,257**

EQUITY AND LIABILITIES

DKK million	Note	2022	2021
Share capital		250	250
Retained earnings		326	522
Reserve IT-development projects		75	79
Total equity		**651**	**851**
Lease liabilities	4.3	55	102
Employee benefit obligations		1	-
Provisions	3.5	26	23
Deferred tax		5	-
Trade payable		31	37
Loan - related parties		62	-
Credit facilities		706	496
Other non-current liabilities		3	-
Total non-current liabilities		**889**	**658**
Prepayments received		7	58
Prepayments received – related parties		11	32
Lease liabilities		54	65
Trade payables		105	69
Trade payables – related parties		158	114
Loan - related parties		40	-
Employee costs payable		69	147
Other current liabilities		200	241
Employee benefit obligations		19	22
Credit facilities		150	-
Total current liabilities		**813**	**748**
Liabilities directly associated with assets classified as held for sale	3.6	**178**	**-**
Total equity and liabilities		**2,531**	**2,257**

Statement of Changes in Equity

as of December 31 2022

DKK million	Share capital	Treasury share	Retained earnings	Reserve IT development projects	Reserve cash flow hedges	Proposed dividends	Total
2022							
Balance at the beginning of the year	**250**	**(2)**	**516**	**79**	**8**	**-**	**851**
Net profit for the year	-	-	(193)	-	-	-	(193)
Capitalized IT development projects	-	-	4	(4)	-	-	-
Adjustment related to previous years	-	-	-	-	-	-	-
Transfer of treasury shares	-	1	(1)	-	-	-	-
Share-based payments	-	-	1	-	-	-	1
Cash flow hedges	-	-	-	-	(11)	-	(11)
Tax on cash flow hedges	-	-	-	-	3	-	3
Balance at the end of the year	**250**	**(1)**	**327**	**75**	**-**	**-**	**651**

Statement of Changes in Equity

as of December 31 2021

DKK million	Share capital	Treasury share	Retained earnings	Reserve IT development projects	Reserve cash flow hedges	Proposed dividends	Total
2021							
Balance at the beginning of the year	**250**	**(3)**	**636**	**69**	**(3)**	**25**	**974**
Net profit for the year	-	-	(110)	-	-	-	(110)
Capitalized IT development projects	-	-	(10)	10	-	-	-
Adjustment related to previous years 1	-	-	1	-	-	-	1
Purchase of treasury shares	-	(1)	(7)	-	-	-	(8)
Transfer of treasury shares	-	2	(2)	-	-	-	-
Share-based payments	-	-	8	-	-	-	8
Cash flow hedges	-	-	-	-	14	-	14
Tax on cash flow hedges	-	-	-	-	(3)	-	(3)
Dividends paid:	-	-	-	-	-	(25)	(25)
Balance at the end of the year	**250**	**(2)**	**516**	**79**	**8**	**-**	**851**

[1] The adjustment related to previous years regarding NNIT has issued a restatement of the annual financial statement for 2021, following the Danish Business Authority's final decision on NNIT’s accounting treatment of earn-out payments related to acquisitions

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1. Basis of preparation

1.1 Accounting policies

The parent company financial statements are presented in accordance with the Danish Financial Statements Act. (class D) and other accounting regulations for companies listed on NASDAQ Copenhagen.

Special items are shown separately in the parent company to give a true and fair presentation of the company's ordinary operations and to faciliate a better understanding of the financial statement.

The parent company financial statements are continuously presented according to the same practice as the consolidated financial statements, except for the following deviations.

Restatement
NNIT has issued a restatement of the annual financial statement for 2021, following the Danish Business Authority's final decision on NNIT’s accounting treatment of earn-out payments related to acquisitions.

Overview of restatement adjustments:

	2021			2020		
DKK million	As reported	Adjustments	Restated	As reported	Adjustments	Restated
Income statement						
Operation profit before special items	(87)	1	(86)	15	1	16
Operation profil	(230)	1	(229)	(16)	1	(15)
Profit before income taxes	(162)	6	(156)	45	1	46
Net Profit for the year	(116)	6	(110)	49	1	50
Balance						
Financial assets	555	(19)	536	432	(11)	421
Equity	844	7	851	987	1	988
Total non-current liabilities	683	(25)	658	510	(15)	495
Total current liabilities	749	(1)	748	773	3	776

Supplementary accounting policies for the parent company

Financial assets
Dividends from investments in subsidiaries.

Dividends from investments in subsidiaries are recognized as income in the Parent's income statement under financial income in the financial year in which the dividends are declared.

Investments in subsidaries
Investments in subsidiaries are measured at cost. If there is any indication of impairment, investments are tested for impairment as described in the accounting policies applied by the Group. If the cost exceeds the recoverable amount, the investment is written down to this lower value.

The earn-out for Excellis Health Solutions, SCALES, Valiance Partner, HGP Group and SL Controls is recognized as an employee benefit obligation and is accrued over the period from the acquisition date until the payment is unconditional based on expected achieved performance. The cost is recognized as an addition in investment in subsidiaries.

Cash flow statement
A separate cash flow statement regarding the parent company is not prepared.

For the group cash flow statement, please refer to page 39

2. Results for the year

2.1 Employee costs

DKK million	**2022**	2021
Wages and salaries	939	1,053
Pensions	88	97
Other employee costs	26	25
Total employee costs	**1,053**	**1,175**
Employee costs, discontinued operations	589	636
Total employee costs, continuing operations	**464**	**539**
Included in the income statement:		
Cost of goods sold	354	409
Capitalized under IT development projects	9	14
Sales and marketing costs	30	33
Administrative expenses	13	19
Special items	58	63
Total employee costs	**464**	**539**
Average number of full-time employees	1,225	1,333

For further information about fees to Board of Directors and salary to Group Management, please refer to note 2.2 'Employee costs', in the consolidated financial statements.

2.2 Special items

DKK million	**2022**	2021
Special items relates to:		
Impairment of assets	13	56
Redundancy cost related to Group Management	-	25
Restructuring cost	23	55
Earn out	23	-
Cost regarding acquisition and disposal of operations	83	7
Total special items	**142**	**143**
Total special items, discontinued operations	-	-
Total special items, continuing operations	**142**	**143**
If special items had been recognized in operating profit before special items, they would have been included in the following line items:		
Cost of goods sold	72	108
Sales and marketing costs	-	2
Administrative expenses	70	33
Total special items	**142**	**143**

3. Operating assets and liabilities

3.1 Intangible assets

DKK million	IT development projects	IT development projects under construction	**2022**	2021
Costs at the beginning of the year	164	27	191	157
Additions	4	19	23	34
Transfer	24	(24)	-	-
Transferred to assets classified as held for sale	(125)	(20)	(145)	-
Cost at the end of the year	**67**	**2**	**69**	**191**
Amortization and impairment loss at the beginning of the year	90	-	90	68
Amortization	28	-	28	22
Transferred to assets classified as held for sale	(59)	-	(59)	-
Amortization and impairment loses at the end of the year	**59**	**-**	**59**	**90**
Carrying amount at the end of the year	**8**	**2**	**10**	**101**

Amorization period	3-10 years

IT development projects mainly include NNIT's ERP system which is used as basis for the Group's day-to-day operations.
IT development projects under construction consist of both internal IT-systems and developed applications for customer services.

3.2 Tangible assets

DKK million	Land and buildings	Other equipment	Leasehold improvements	Payments on account and assets under construction	**2022**	2021
Costs at the beginning of the year	387	688	43	6	1,124	1,180
Additions	2	90	7	19	118	44
Disposals	-	(83)	-	-	(83)	(100)
Transfer	5	1	-	(6)	-	-
Transferred to assets classified as held for sale	(393)	(694)	(4)	(19)	(1,110)	-
Cost at the end of the year	**1**	**2**	**46**	**0**	**49**	**1,124**
Depreciation and impairment losses at the beginning of the year	125	485	37	-	647	632
Depriciation	17	90	2	-	109	114
Depriciation reversed on disposals during the year	-	(83)	-	-	(83)	-
Transferred to assets classified as held for sale	(142)	(491)	(2)	-	(635)	(99)
Depreciation and impairment losses at the end of the year	**-**	**1**	**37**	**-**	**38**	**647**
Carrying amount at the end of the year	**1**	**1**	**9**	**-**	**11**	**477**
Dpreciation period	10-50 years[1]	3-10 years	5-10 years			

[1] Land is not depreciated

3.3 Financial assets

DKK million	Deposits	Investments in subsidiaries	**2022**	2021
Cost				
Cost at the beginning of the year	27	509	536	421
Additions	-	160	160	115
Disposals	-	(1)	(1)	-
Adjustment	(1)	-	(1)	-
Transferred to assets classified as held for sale	(3)	(4)	(7)	-
Carrying amount at the end of the year	**23**	**664**	**687**	**536**

Please refer to note 5.7 in the consolidated financial statements for a listing of subsidiaries in the NNIT Group.

DKK million	**2022**	2021
Long term loan beginning of the year	304	281
Additions	20	-
Installment	(2)	-
Transferred to liabilities directly associated with assets classified as held for sale	-	-
Exchange rate adjutstment	20	23
Cost at the end of the year	**342**	**304**
Carrying amount at the end of the year	**342**	**304**

3.4 Trade receivables

DKK million	**2022**	2021
Total trade receivables (gross)	296	254
Allowances for bad debt in the year	-	(1)
Total trade receivables (net)	**296**	**253**
Total trade receivables (net), discontinued operations	108	
Total trade receivables (net), continuing operations	**188**	

3.5 Provisions

DKK million	**2022**	2021
Provision for refurbishment obligation (non-current liabilities)		
At the beginning of the year	23	23
Additions	3	-
Transferred to liabilities related to assets held for sale	-	-
At the end of the year	**26**	**23**

Provision for refurbishment obligation relates to the leasehold agreement regarding Østmarken 3A, DK-2680 Søborg, Denmark.

Provision for onerous contracts/projects (current liabilities)		
At the beginning of the year	-	1
Utilized	-	(1)
Transferred to liabilities related to assets held for sale	-	-
At the end of the year	**-**	**-**

Provision for onerous contracts/projects relates to projects that NNIT is obligated to finalize and where the total project costs exceed the total project income.

3.6 Discontinued operations

June 22, 2022 it was announced that NNIT was divesting the infrastructure operations (Hybrid Cloud Solutions and selected parts of Cloud & Digital Solutions) and in December 2022 it qualified for recognition as Discontinuing operations according to IFRS 5 which also has retrospective impact.

DKK million	2022	2021
Revenue	**1,451**	**1,508**
Cost of goods sold	1,270	1,296
Gross profit	**181**	**212**
Sales and marketing costs	77	61
Administrative expenses	54	40
Operating profit before special items	**50**	**111**
Special items	-	-
Operating profit	**50**	**111**
Financial income	4	5
Financial expenses	-	-
Profit before income taxes	**54**	**116**
Income taxes	10	23
Profit for the year of discontinued operations	**44**	**93**

Assets held for sale

DKK million	Note	2022
Intangible assets		86
Tangible assets		475
Financial assets		7
Deferred taxes		5
Transition cost		57
Trade receivables		108
Trade receivables - related parties		127
Work in progress		65
Work in progress - related parties		16
Contracts assets		23
Prepayments		62
Assets classified as held for sale		**1,045**
Prepayments received, transition cost		46
Prepayments received, work in progress		30
Employee costs payables		69
Tax payables		18
Other current liabilities		15
Liabilities directly associated with assets classified as held for sale		**178**
Net assets classified as held for sale		**867**

4. Capital structure and financing items

4.1 Financial income and expenses

DKK million	2022	2021
Financial income		
Dividends from subsidaries	128	52
Realized/Unrealized loss on currency	21	21
Fair value adjustments of financial instruments (net)	21	11
Interest income from related parties	5	4
Interest related to tax	-	1
Total financial income	**175**	**89**
Total financial income, discontinued operations	4	5
Total financial income, continuing operations	**171**	**84**
Financial expenses		
Interest expense – other related parties	12	4
Value adjustment contingent consideration	-	-
Interest expenses lease liability	3	4
Bank charges and other fees	8	4
Realized /Unrealized gain on currency	-	-
Guarantee commission	1	1
Other financial expenses	1	3
Total financial expenses	**25**	**16**
Total financial expenses, discontinued operations	-	-
Total financial expenses, continuing operations	**25**	**16**

4.2 Proposed allocation of Net profit for the year

DKK million	2022	2021
Reserve IT-development projects	(4)	10
Retained earnings	(189)	(120)
Total allocated Net profit	**(193)**	**(110)**

4.3 Leases

Lease assets

DKK million	Rental of premises	IT-equipment	Company cars	**2022**
2022				
Costs at the beginning of the year	549	17	15	581
Additions	4	-	4	8
Disposals	(82)	-	(6)	(88)
Costs at the end of the year	**471**	**17**	**13**	**501**
Depreciation and impairment loss at the beginning of the year	435	17	5	457
Depreciation	41	-	5	46
Impairment loss [1]	13	-	-	13
Depreciation reversed on disposals	(73)	-	(6)	(79)
Transferred to assets held for sale	-	-	-	-
Depreciation and impairment loss at the end of the year	**416**	**17**	**4**	**437**
Carrying amount at the end of the year	**55**	**-**	**9**	**64**

DKK million	Rental of premises	IT-equipment	Company cars	2021
2021				
Costs at the beginning of the year	579	28	16	623
Additions	33	-	6	39
Disposals	(63)	(11)	(7)	(81)
Costs at the end of the year	**549**	**17**	**15**	**581**
Depreciation and impairment loss at the beginning of the year	407	28	6	441
Depreciation	52	-	6	58
Impairment loss [1]	27	-	-	27
Depreciation reversed on disposals	(52)	(11)	(7)	(70)
Transferred to assets held for sale	-	-	-	-
Depreciation and impairment loss at the end of the year	**434**	**17**	**5**	**456**
Carrying amount at the end of the year	**115**	**-**	**10**	**125**

[1] Please refer to note 3.2 'Impairment test' in the Consolidated Financial Statements for further details.

Lease liabilities

Lease liabilities expiring within the following periods from the balance sheet date:

DKK million	**2022**	2021
Within 1 year	64	66
Between 1 and 5 years	52	112
After 5 years	-	-
Total lease liability, non-discounted	**116**	**178**
Lease liabilities are recognized in the balance sheet as follows:		
Non-current liabilities	55	102
Current liabilities	54	65
Total lease liabilities	**109**	**167**
Recognized in the profit and loss statement		
Interest expenses related to lease liabilities	3	4
Expense relating to leases of low-value assets, not capitalized	-	-
	3	**4**

In 2022, NNIT has paid DKK 66 million (2021: DKK 67 million) regarding lease agreements where of interest expenses related to lease liabilities amount to DKK 3 million (2021: 4 million) and repayment of lease liability amount to 63 million (2021: 63 million).

The lease obligation does not include an extension option. The extending option amounts to DKK 193 million regarding rental of premises.

4.4 Derivative financial instruments

For information regarding derivative financial instruments, please refer to note 4.5 in the consolidated financial statements.

5. Other disclosures

5.1 Fee to statutory auditors

DKK million	**2022**	2021
Statutory audit	4.7	1.7
Other assurance engagements	0.1	0.1
Tax advisory services	0.2	0.1
Other services	0.8	0.8
Total fee to statutory auditors	**5.8**	**2.7**

Fees for services other than statutory audit of the financial statements provided by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab to the Company consists of carve-out services and tax services.

5.2 Contingent liabilities, other contractual obligations and legal proceeding

NNIT has entered into short-term and low-value lease agreement for printers, coffee makers, watercoolers and storage. The total value of these agreements are immaterial.

For information regarding contingent liabilities and legal proceedings, please refer to note 5.6 'Contingent liabilities, other contractual obligations and legal proceedings', in the consolidated financial statements.

5.2 Contingent liabilities, other contractual obligations and legal proceeding – continued

DKK million	**2022**	2021
Other contractual obligations expiring within the following periods from balance sheet date		
Within 1 year	30	15
Between 1 and 5 years	28	6
Total	**58**	**21**
Other contractual obligations in the income statement for the year	30	20

Other contractual obligations include services and construction agreements.

NNIT and its Danish subsidiary SCALES A/S are jointly taxed with the Danish companies in the Novo Group. The Danish companies are jointly and individually liable for the joint taxation. Any subsequent adjustments to income taxes and withholding taxes may lead to a larger liability. The tax for the individual companies is allocated in full on the basis of the expected taxable income.

5.3 Related party transactions and ownership

In accordance with the Danish Financial Statement act section 98c (7) related party transactions are not disclosed as they are carried out at an arm's length basis.

For information on remuneration to Group Management of NNIT, please refer to note 2.2 'Employee costs', in the consolidated financial statement

Statements

Management's Statement
Independent Auditor's Reports

Management's Statement

The Board of Directors and the Executive Management (the “Management”) have today discussed and approved the annual report of NNIT A/S (NNIT A/S together with its subsidiaries the “Group”) for the financial year 2022.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and further requirements in the Danish Financial Statements Act.

The Management Review and the parent company financial statements of NNIT A/S, have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the accounting policies applied are appropriate, and the consolidated financial statements and the parent company financial statements gives a true and fair view of the Group’s and the Parent Company’s financial position at December 31, 2021 and of the results of the Group’s and Parent Company’s operations and cash flows for the Group for the financial year 2022.

Furthermore, in our opinion, Management’s Review includes a true and fair account of the development in the operations and financial circumstances, of the results for the year, and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

In our opinion, the annual report of NNIT A/S for the financial year January 1, 2022 to December 31, 2022 identified as NNIT-2022-12-31.zip is prepared, in all material respects, in compliance with the ESEF regulation.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Soeborg, March 23, 2023

NNIT A/S

EXECUTIVE MANAGEMENT

Pär Fors
President and CEO

Carsten Ringius
Executive Vice President and CFO

BOARD OF DIRECTORS

Carsten Dilling
Chairman

Eivind Kolding
Deputy Chairman

Anne Broeng

Nigel Govett

Christian Kanstrup

Caroline Serfass

Anders Vidstrup
Employee-elected representative

Kenn K. Jensen
Employee-elected representative

Trine Io Bjerregaard
Employee-elected representative

Independent Auditor's Reports

To the Shareholders of NNIT A/S

Report on the audit of the Financial Statements

Our opinion
In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2022 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2022 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2022 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited
The Consolidated Financial Statements of NNIT A/S for the financial year 1 January to 31 December 2022 comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, the statement cash flows and the notes, including summary of significant accounting policies.

The Parent Company Financial Statements of NNIT A/S for the financial year 1 January to 31 December 2022 comprise the income statement, the balance sheet, the statement of changes in equity and the notes, including summary of significant accounting policies.

Collectively referred to as the "Financial Statements".

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment
Following the admission of shares of NNIT A/S for listing on Nasdaq OMX Copenhagen, we were first appointed auditors of NNIT A/S on 11 March 2016 for the financial year 2016. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 7 years including the financial year 2022.

Material uncertainty related to going concern

We draw attention to Note 1.6 in the Financial Statements, which describes that loan facilities of total DKK 857 million will mature in 2023 and that commitments for refinancing have not yet been obtained. This event, along with other matters as set forth in Note 1.6, indicate that a material uncertainty exists that may cast significant doubt upon the Company's ability to continue as a going concern. However, it is Management's assessment that the funds necessary to maintain adequate liquidity over the next 12 months will be obtained through proceeds received from the expected divestment and additional refinancing facilities which is why the Financial Statements have been prepared on the basis of going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

In addition to the matter described in the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2022. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition We focused on revenue recognition related to transformation projects and fixed fee projects,as the accounting treatment of the contracts are dependent on complex and subjective judgements by Management. The most judgemental accounting estimates relate to identifying and assessing performance obligations and the stage of completion, which Management determines by the proportion of costs incurred compared to the total estimated costs. Assessments of cost estimates are made periodically following Management review, which may result in a re-assessment of the percentage of completion as of the date of review. Such reassessments result in revisions to revenue attributable to work performed up until the date of revision. In addition, we focused on the accounting treatment for contracts involving multiple elements, which include both transition and transformation, as the accounting treatment is complex due to the fact that the total contract value is allocated to each identified component on a relative fair value basis. Refer to Note 1.1, 1.2, 2.1, and 3.4.	We performed risk assessment procedures with the purpose of achieving an understanding of it-systems, business procedures and relevant controls regarding the revenue recognition. In respect of controls, we assessed whether they were designed and implemented effectively to address the risk of material misstatement. For selected controls, on which we planned to rely on, we tested whether these controls had been performed on a consistent basis. We assessed the appropriateness of revenue recognition policies and considered whether revenue from the contracts selected, including amendments, change orders, etc. was recognized and presented in accordance with these policies. We assessed the accuracy of the stage of completion assessment, including the key assumptions, and considered the historical accuracy of the assessment of stage of completion. We assessed the sales prices assigned to each deliverable by assessing delivery of performance obligations with respect to contractual terms, particularly where estimates or applied judgement relating to the timing and value of revenue recognized has been made. Our assessment comprised contracts for which we obtained Management's allocation of revenue to the specific performance obligations identified in the contracts.

Key Audit Matter

Discontinued operations

The Group announced on 22 June 2022 its intention to sell the infrastructure business to Agilitas Private Equity LLP. The transaction has an expected closing during 2023. Management has assessed that the planned divestment should be presented as assets held for sale and discontinued operations in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations.

We focused on this because determining the appropriate application of IFRS 5 are dependent on judgements by Management, in particular:

- Whether the transaction meets the criteria for separate presentation of assets and liabilities classified as held for sale.
- Whether the Infrastructure operation represents a separate and major line of business resulting in the presentation of discontinued operations.
- Whether the assets and liabilities are measured at the lower of the fair value less costs of disposal or their carrying amount.

Further we focused on this area as the planned divestment is based on a carve-out from the existing business which increases the complexity and judgements to be performed by Management.

Refer to note 3.9.

How our audit addressed the Key Audit Matter

We examined the Share Purchase Agreements between the Group and the purchasers as well as minutes from Board of Directors meetings to assess the classification of assets held for sale and discontinued operations against the "highly probable" threshold in the IFRS 5.
We assessed the valuation of assets and liabilities to consider whether any revaluation or impairments were required.
We tested the carve-out of the discontinued operations including the comparative figures based on the Share Purchase Agreements and challenged judgements and assumptions applied by Management.
We assessed the completeness and accuracy of the disclosure of the discontinued operations and non-current assets held for sale against the disclosure requirements in IFRS 5.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibility for the Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements we performed procedures to express an opinion on whether the annual report of NNIT A/S for the financial year 1 January to 31 December 2022 with the filename nnit-2022-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human-readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of NNIT A/S for the financial year 1 January to 31 December 2022 with the file name nnit-2022-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Hellerup, 23 March 2023

PRICEWATERHOUSECOOPERS
Statsautoriseret Revisionspartnerselskab
CVR No. 33 77 12 31

Søren Ørjan Jensen
State Authorised Public Accountant
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Kim Danstrup
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Bringing Digital Transformation to Life

Design og produktion: **Noted**

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NNIT
We make a mark