

Financial report for the first nine months of 2022

NNIT continued to execute on the carveout of the Group's infrastructure business, sustained the efforts to consolidate global delivery capabilities in Q3 2022, while seeing improved earnings in line with expectations.

Financial highlights for the third quarter 2022

- Group revenue increased 5.7% (-1.3% organic) to DKK 738 million, primarily due to acquisitions and moderate growth in the Life Sciences Solutions and Cloud & Digital Solutions business units.
- The operating profit before special items increased to DKK 30 million from DKK 21 million in Q3 2021 driven by an improved utilization rate following capacity adjustments. As a result hereof, the operating profit margin increased to 4.1% before special items from 3.0% in Q3 2021, and from -1.5% in Q2 2022.
- Special items amounted to DKK 50 million mainly comprised of restructuring costs, including costs related to the divestment of the Group's infrastructure operations.
- The Group's infrastructure operations remain classified as continuing operations due to the current state of the business and the ongoing carve-out work.

Business highlights

- NNIT continued to execute on the carveout of the Group's infrastructure business as well as selected parts of its Cloud & Digital Solutions business unit.
- Group company SCALES won a multiyear contract with Lantmännen Unibake on a global ERP rollout worth a double-digit DKK million amount.
- The order backlog for 2022 stood at DKK 2,759 million at the end of September, corresponding to a decrease of 1.1% compared to the same time last year and an increase of 37% from the beginning of the year.
- NNIT committed to the Science Based Targets initiative (SBTi) and intends to set both short-term and long-term targets for reduction of CO₂ emissions.
- On 25 August, NNIT announced that Carsten Ringius will join as CFO from December 1, 2022, as CFO Pernille Fabricius assumes a new role as Executive Vice President for Strategy, Transformation and M&A.

Outlook

- The temporary suspension of NNIT's 2022 outlook is maintained.

Pär Fors, CEO of NNIT, comments: *"We saw a continuation of the pickup in revenue and earnings in the third quarter and maintained our focus on streamlining our outsourcing organization and completing the carveout of our infrastructure business to establish NNIT as a highly specialized IT services provider with two strongly positioned business units. The process is progressing based on constructive and thorough dialogue with customers and stakeholders."*

Conference call

On November 2, 2022 at 9:30 CET, NNIT hosts a teleconference, which can be accessed [here](#) or at www.nnit.com under 'Investors – Events & Presentations'.

Contacts for further information

Pernille Fabricius, EVP & CFO
 Tel: +45 3077 9500
pnfa@nnit.com

Tina Joanne Hindsbo, Media Relations Manager
 Tel: +45 3077 9578
tnjh@nnit.com

Financial key figures and highlights

DKK million	Q3 2022	Q3 2021	9M 2022	9M 2021	Total 2021
Financial performance					
Revenue					
Life Sciences Solutions (LSS)	229	191	649	524	723
Cloud & Digital Solutions (CDS)	207	199	626	623	848
Hybrid Cloud Solutions (HCS)	302	308	887	992	1,306
Total revenue	738	698	2,162	2,139	2,877
EBITDA before special items	80	75	152	244	361
Depreciations, amortizations and impairment	50	54	155	166	275
Operating profit before special items ¹	30	21	10	105	142
Special items ¹	50	23	121	92	153
EBITDA incl. special items	30	52	44	179	264
Operating profit/loss	-20	-2	-111	13	-11
Net financials	-7	-2	-12	-17	-14
Net profit/loss	-22	-10	-102	-9	-7
Investments in tangible assets	34	10	78	49	62
Investments in intangible assets and acquisition in subsidiaries	6	93	93	107	113
Total assets	2,974	2,881	2,974	2,881	2,797
Equity	1,115	1,135	1,115	1,135	1,142
Net interest bearing debt ²	793	552	793	552	460
Dividends paid	0	0	0	25	25
Free cash flow	-43	-145	-299	-81	11
Earnings per share					
Earnings per share (DKK)	-0.86	-0.39	-4.09	-0.36	-0.30
Diluted earnings per share (DKK)	-0.86	-0.39	-4.07	-0.36	-0.30
Employees					
Average number of full-time employees	3,266	3,130	3,152	3,124	3,162
Financial ratios					
Revenue growth	5.7%	1.3%	1.1%	2.8%	1.7%
Organic growth	-1.3%	-1.8%	-5.2%	-1.7%	-3.0%
Gross profit margin	13.6%	12.9%	10.7%	14.7%	14.6%
EBITDA margin before special items	10.8%	10.7%	7.0%	11.4%	12.5%
EBITDA margin incl. special items	4.1%	7.4%	2.0%	8.4%	9.2%
Operating profit margin before special items	4.1%	3.0%	0.5%	4.9%	4.9%
Operating profit margin	-2.7%	-0.3%	-5.1%	0.6%	-0.4%
Effective tax rate	18.5%	n/a	17.1%	n/a	72.0%
Investments/Revenue	4.9%	3.3%	4.3%	3.6%	3.3%
Return on equity ³	-8.8%	2.4%	-8.8%	0.8%	-0.6%
Solvency ratio	37.5%	39.4%	37.5%	42.4%	40.8%
Return on invested capital (ROIC) ^{3,4}	-5.0%	2.8%	-5.0%	2.8%	0.5%
Additional numbers⁵					
Order entry backlog for the current year	2,759	2,790	2,759	2,790	2,017

1) Special items comprise costs that cannot be attributed directly to NNIT's ordinary activities and are non-recurring of nature

2) Net interest bearing debt defined as Cash and cash equivalents, Derivative financial instruments, Bank overdraft, leasing Liabilities

3) Financial metrics are moving annual total (MAT), i.e. annualized

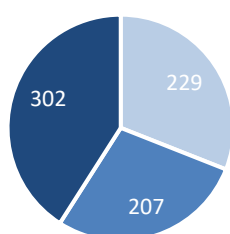
4) Net profit/average invested capital

5) The backlog represents current year contracts, performed or signed

Business performance

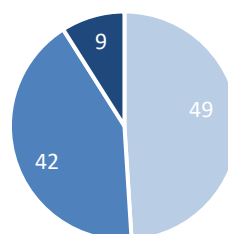
Group revenue increased by 5.7% in Q3 2022 driven by acquisitions and moderate organic growth in the Life Sciences Solutions and Cloud & Digital Solutions business units. Novo Nordisk Group accounted for 19% of revenue in the quarter against 20% in Q3 2021. Performance and capacity utilization in Q3 2022 was negatively impacted by the annulment of a larger project following customer closedown of COVID-19 research and customer postponement of an ERP program in Q1 as well as temporarily higher staff costs during the relocation of the outsourcing organization from China to the Philippines. The measures taken to adjust capacity resulted in improved earnings and an increase in the operating profit margin before special items to 4.1% in Q3 2022 from 3.0% in the comparison period. In the first nine months of 2022, revenue increased by 1.1% to DKK 2,162 million with a decrease in the operating profit margin before special items to 0.5% from 4.9%.

BU Revenue



■ LSS ■ CDS ■ HCS

BU Gross Profit

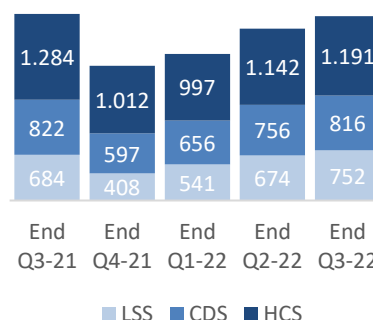


■ LSS ■ CDS ■ HCS

Group company SCALES won a multiyear contract with Lantmännen Unibake on a global ERP rollout worth a double-digit DKK million amount. On this background, the Group's order backlog increased by 37% from the beginning of the year to DKK 2,759 million, corresponding to a 1.1% decline from end of Q3 2021.

NNIT continued to execute on the carveout of the Hybrid Cloud Solutions business unit as well as selected parts of the Cloud & Digital Solutions business unit, enabling the NNIT Group to center investments, competencies and sales force around the two core business areas, Life Sciences Solutions and Cloud & Digital Solutions, delivering high-quality solutions and services in attractive markets with strong growth prospects. The transaction is subject to regulatory approvals and customary closing conditions.

Order entry backlog



NNIT committed to the Science Based Targets initiative (SBTi) as an important step on the long road to becoming carbon-neutral and part of the climate change solution. The Group will set both short-term and long-term targets for reduction of CO₂ emissions and submit these within 24 months.

Carsten Ringius has been appointed CFO from December 1, 2022, as CFO Pernille Fabricius assumes a new role as Executive Vice President for Strategy, Transformation and M&A.

Life Sciences Solutions

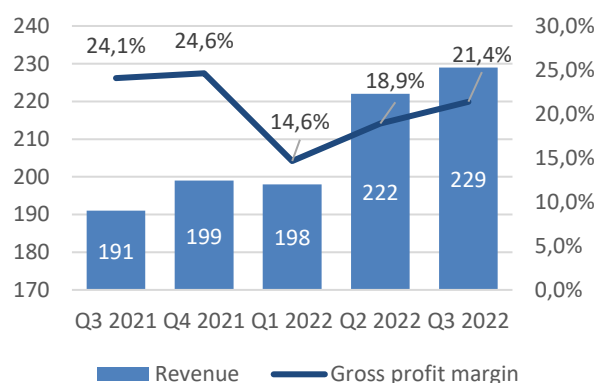
LSS	2022			2021	
	Q3	Q2	Q1	Q4	Q3
Revenue	229	222	198	199	191
Life Sciences (excl. NNG)	208	201	170	175	166
-Life Sciences (Int.)	202	192	163	167	160
-Life Sciences (DK)	6	9	7	8	6
Novo Nordisk Group	21	21	28	24	24
Public	0	0	0	0	1
Production costs	180	180	169	150	145
Gross profit	49	42	29	49	46
Gross profit margin	21.4%	18.9%	14.6%	24.6%	24.1%
Order backlog (end of quarter)	752	674	541	408	684

The Life Sciences Solutions business unit develops and delivers digital solutions to support the entire life sciences value chain.

The business unit grew revenue by 20% to DKK 229 million in Q3 2022 driven mainly by the acquisition of prime4services in March 2022 and growth in Life Sciences International. Organic growth was 2.0%. Business unit revenue excluding Novo Nordisk Group grew 25% in the quarter. In the first nine months of 2022, the business unit generated 24% growth in revenue from DKK 524 million to DKK 649 million mainly driven by acquisitions.

The business unit continued its strong efforts to improve earnings and profitability throughout 2022 driven by capacity adjustments executed in late Q2 2022. LSS reported a slight increase in gross profit to DKK 49 million in Q3 2022, resulting in a decline in the gross profit margin to 21.4% compared to DKK 46 million and 24.1% in Q3 2021. In 9M 2022, the business unit generated gross profit of DKK 120 million and a gross profit margin of 18.5% against DKK 138 million and 26.3% in 9M 2021. Capacity utilization and gross profit margin improved compared to H1 2022, and LSS is expected to remain on the current positive trajectory in the coming quarters.

During the third quarter, the LSS business continued the trend of accelerating sales within Production for Life Sciences assignments supported by recent acquisitions – totaling a mid-range double digit DKK million order entry. The business unit strengthened its leading position within Regulatory Affairs supported by new engagements Internationally within Veeva and other digital transformation solutions totaling a lower-range double digit DKK million order entry. The globally leading position within digital transformation in Regulatory Affairs was substantiated in recent survey by Gens & Associates on leading implementation partners within the domain. 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. The business unit's order backlog increased to DKK 752 million at the end of Q3 2022 from DKK 684 million at the end of Q3 2021.



Cloud & Digital Solutions

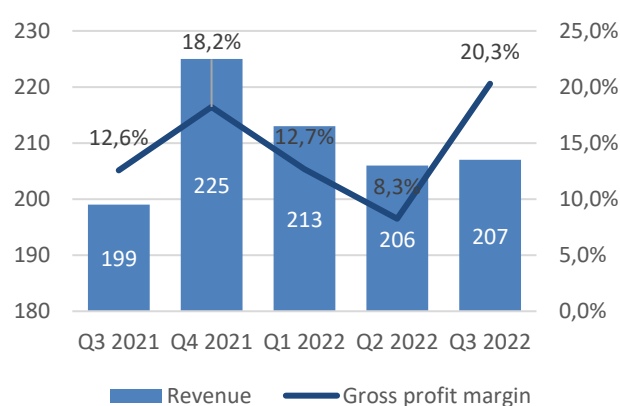
CDS	2022			2021	
	Q3	Q2	Q1	Q4	Q3
Revenue	207	206	213	225	199
Life Sciences (excl. NNG)	42	35	35	40	31
-Life Sciences (Int.)	18	12	11	17	12
-Life Sciences (DK)	24	23	24	23	19
Novo Nordisk Group	25	23	23	23	21
Enterprise	100	103	106	111	101
Public	34	37	40	41	38
Finance	6	8	9	10	8
Production costs	165	189	186	184	174
Gross profit	42	17	27	41	25
Gross profit margin	20.3%	8.3%	12.7%	18.2%	12.6%
Order backlog (end of quarter)	816	756	656	597	822

The Cloud & Digital Solutions business unit develops and delivers digital solutions, enabling customers to leverage business-critical applications in the cloud and taking full advantage of the growing Microsoft ecosystem.

In Q3 2022, revenue grew by 4.0% to DKK 207 million mainly driven by progress within sales to Life Sciences customers. Revenue increased 0.5% to DKK 626 million in the first nine months of 2022 driven by progress within Cloud services and Microsoft Dynamics to Enterprise and Finance customers.

The business unit grew gross profit significantly to DKK 42 million from DKK 25 million in Q3 2021 due to improved capacity utilization supported by capacity adjustments executed in Q2 2022 and resulting in a 5.2% decrease in production costs to DKK 165 million. On this background, gross profit increased to DKK 86 million in 9M 2022 from DKK 81 million corresponding to an increase in the gross profit margin to 13.7% from 13.0%.

During the quarter, CDS continued to build the order entry backlog for the coming years. This was the case across the Solutions area within CDS with a particularly strong performance within its Custom Application Development 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. CDS also saw low-range double digit DKK million wins within Microsoft Solutions across both development and support.



At the end of Q3 2022, the business unit's order backlog had declined slightly to DKK 816 million from DKK 822 million in the comparison period.

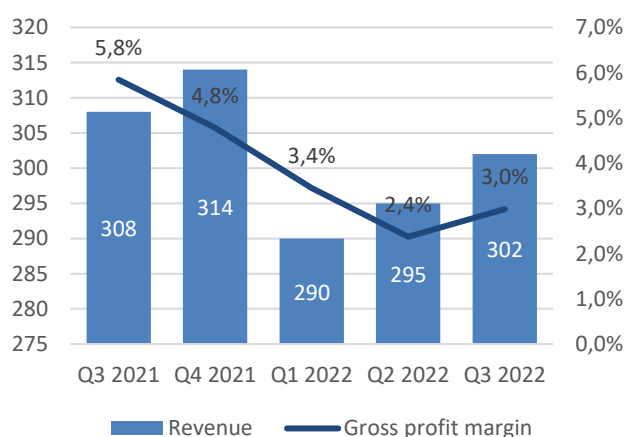
Hybrid Cloud Solutions

HCS	2022			2021	
	Q3	Q2	Q1	Q4	Q3
Revenue	302	295	290	314	308
Life Sciences (excl. NNG)	36	37	39	45	48
-Life Sciences (Int.)	14	10	14	15	15
-Life Sciences (DK)	22	27	25	30	33
Novo Nordisk Group	97	90	89	107	98
Enterprise	81	86	81	83	81
Public	25	22	24	25	25
Finance	63	60	57	54	56
Production costs	293	288	280	299	290
Gross profit	9	7	10	15	18
Gross profit margin	3.0%	2.4%	3.4%	4.8%	5.8%
Order backlog (end of quarter)	1,191	1,142	997	1,012	1,284

The Hybrid Cloud Solutions business unit enables customers' digital transformation through development and delivery of infrastructure and hybrid cloud solutions.

Revenue declined slightly from DKK 308 million to DKK 302 million in Q3 2022. Revenue declined by 10.6% to DKK 887 million in the first nine months of 2022, mainly affected by the renegotiation of the Novo Nordisk contract in 2021 and expiration of an SLA contract in Q1 impacting revenue negatively with DKK 20 million in the period.

Production costs increased by 1.1% in Q3 2022, and gross profit declined to DKK 9 million as savings did not fully mitigate the impact of the renegotiated and expired contracts amidst a significant negative impact from increased power prices. Efforts to improve capacity utilization and reduce cost through ongoing automation initiatives continue. These efforts are supported by the ongoing and significant transformation and geographical relocation of the outsourcing organization from China to the Philippines, which is expected to be completed by the end of the year with a view to strengthen NNIT's future global delivery capabilities and ensure lower salary expenses going forward.



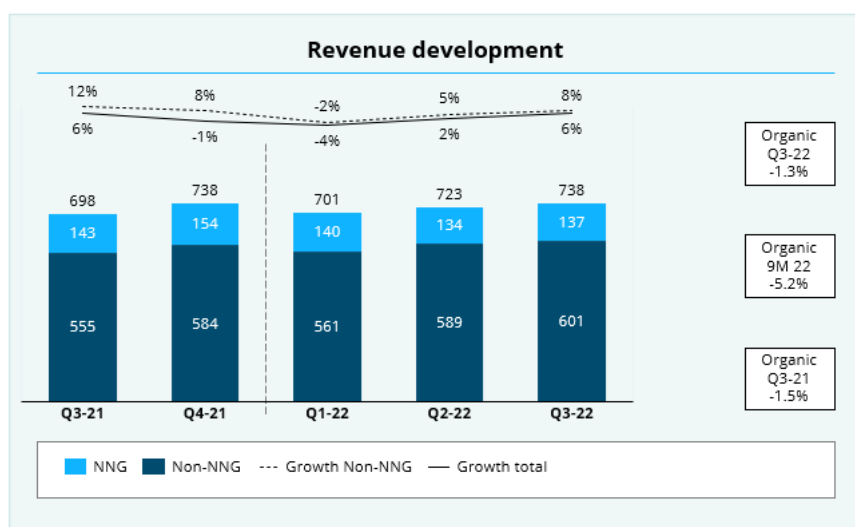
The business unit's order backlog stood at DKK 1,191 million at the end of Q3 2022 against DKK 1,284 million at the end of Q3 2021.

Group financial review

NNIT	Q3 2022	Q3 2021	9M 2022	9M 2021	Total 2021
Revenue	738	698	2,162	2,139	2,877
Cost of goods sold	638	608	1,930	1,824	2,457
Gross profit	100	90	232	315	420
Gross profit margin	13.6%	12.9%	10.7%	14.7%	14.6%
Sales and marketing costs	35	36	113	109	145
Administrative expenses	35	33	109	101	133
Operating profit bf. Special items	30	21	10	105	142
OPM bf. Special items	4.1%	3.0%	0.5%	4.9%	4.9%
Special items	50	23	121	92	153
Operating profit	-20	-2	-111	13	-11
Operating profit margin	-2.7%	-0.3%	-5.1%	0.6%	-0.4%
Net financials	-7	-2	-12	-17	-14
Profit before tax	-27	-4	-123	-4	-25
Tax	-5	6	-21	5	-18
Net profit / loss	-22	-10	-102	-9	-7
Total assets	2,974	2,881	2,974	2,881	2,797
Net cash and cash equivalents	-630	-332	-630	-332	-266
Equity	1,115	1,135	1,115	1,135	1,142
Investments	40	103	171	156	175
Free cash flow	-43	-145	-299	-81	11

P&L

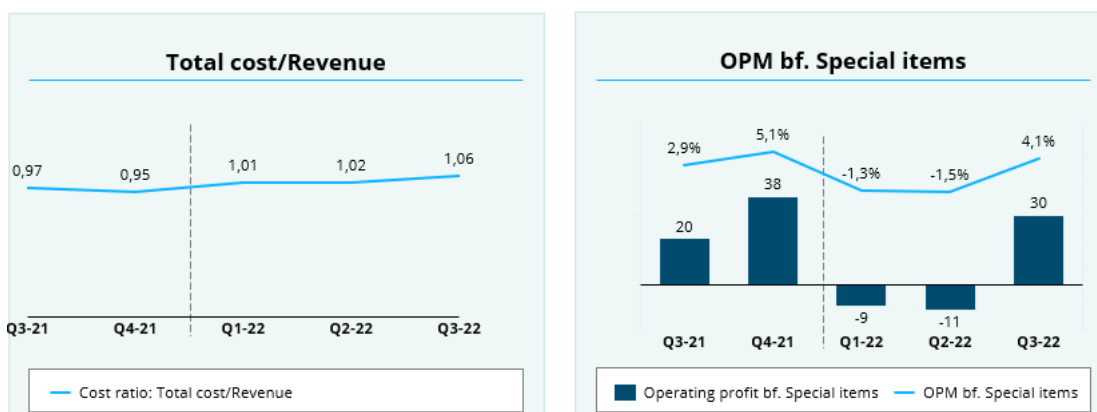
Total revenue increased 5.7% to DKK 738 million in Q3 2022 and increased 1.1% to DKK 2,162 million in 9M 2022. Revenue from Novo Nordisk Group decreased by around 4% and now constitutes 19% of total revenue for Q3 and 22% in 9M 2022 down from 20% at Q3 2021 and 24% at 9M 2021.



Total production costs increased 4.8% to DKK 638 million in Q3 2022 primarily as a result of acquisitions and currency impacts. Gross profit margin was 13.6%, slightly up 0.7pp from Q3 2021. For 9M 2022 production cost increased by 5.8% to DKK 1,930 million compared with 9M 2021.

Sales and marketing costs were slightly below Q3 2021 while administrative expenses were slightly above Q3 2021 and increased by 9.1%. Comparing 9M 2022 with 9M 2021 sales and marketing cost increased by 3.7% and administrative cost by 8.9% driven by acquisitions.

Operating profit before special items increased by DKK 9 million to DKK 30 million in Q3 2022 but decreased to DKK 10 million for 9M 2022. Operating profit margin before special items was 4.1% in the quarter compared with 3.0% in Q3 2021 and 0.5% for 9M 2022 compared with 4.9% for 9M 2021.



Net financials were negative at DKK 7 million, representing an increase of DKK 5 million compared with Q3 2021. For 9M 2022, net financials were negative at DKK 12 million compared with DKK 17 million for 9M 2021. The development for both periods mainly relate to realized gains from cash flow hedges entered in prior periods.

Tax was a DKK 5 million income in Q3 2022 and an income of DKK 21 million for 9M 2022 related to negative results. The effective tax rate was 18.5% in Q3 2022 and 17.1% in 9M 2022.

The net result was a loss of DKK 22 million in Q3 2022 and a loss of DKK 102 million for 9M 2022 compared with a loss of DKK 10 million in Q3 2021 and a loss of DKK 9 million for 9M 2021.

Balance sheet

Total assets increased to DKK 2,974 million on September 30, 2022, from DKK 2,881 million on September 30, 2021. The increase was primarily due to an increase in intangible assets after the acquisition of prime4services in Q1 2022 but also an increased tax receivable, partly countered by a decrease in lease assets.

Net cash and cash equivalents amounted to DKK -630 million on September 30, 2022, a decline by DKK 298 million from September 30, 2021, driven by an increase in investments of DKK 259 million, mainly for payments related to acquisitions (DKK 148 million) as well as higher special items.

Equity on September 30, 2022, amounted to DKK 1,115 million and declined by DKK 20 million from September 30, 2021.

Investments

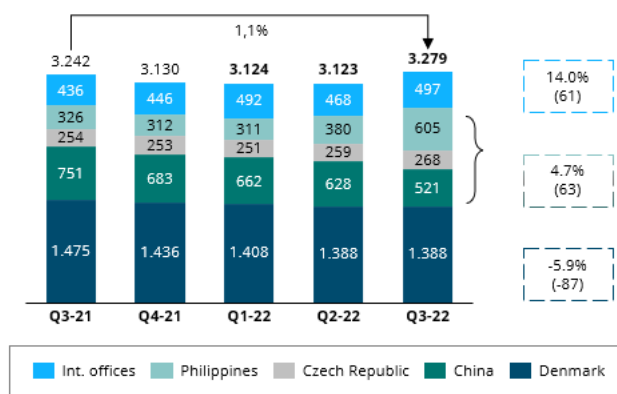
Investments, excluding investments related to acquisition of subsidiaries, amounted to DKK 31 million in Q3 2022 and DKK 93 million for 9M 2022 compared with DKK 24 million in Q3 2021 and DKK 60 million for 9M 2021. The increase was mainly due to timing of investments.

Free cash flow

The Group's free cash flow for Q3 2022 was negative by DKK 43 million compared to a negative cash flow of DKK 145 million in Q3 2021. The development was mainly driven by improved working capital and no acquisition of subsidiary in Q3 2022. In Q3 2021 the company SL Controls was acquired.

The Groups free cash flow for 9M 2022 was negative by DKK 299 million down by DKK 218 million compared to 9M 2021.

Employees, end-of-period



Since Q3 2021, the number of employees in NNIT's international offices increased by 14.0% (61 FTEs). In Denmark, the number of FTEs decreased by 5.9% (87 FTEs), and the global sourcing centers saw an increase of 4.7% (63 FTEs).

The changes are driven by the ongoing and significant transformation and geographical relocation of the outsourcing organization from China to the Philippines expected to be completed in Q4 2022.

Events after balance sheet date

There have been no events after the balance sheet date that would have a significant impact on an assessment of NNIT's financial position as of September 30, 2022.

On October 14, 2022, NNIT announced that the Danish Agency for Higher Education and Science has awarded NNIT a contract with a value exceeding DKK 300 million for the development and implementation, and subsequently operation and maintenance, of the future state educational grant and loan payment system in Denmark. The contract is expected to run for a period of eight years with the possibility of extending for another two years. The Danish Agency for Higher Education and Science is now expected to sign the contract end of November 2022 upon expiration of the standstill period, and work is expected to commence in late 2022.

Outlook

Due to the pending clarification of the impact on NNIT's financial figures resulting from the ongoing carveout process NNIT maintains the temporary suspension of the 2022 outlook.

Following closing of the transaction, NNIT will leverage the sharpened focus on the two core business units, Life Sciences Solutions and Cloud & Digital Solutions, with the ambition to significantly strengthen revenue and profitability of the continuing activities from 2023.

Forward-looking statements

This announcement 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 47-49 of the Annual Report 2021.

Management statement

Statement by the Board of Directors and the Executive Management on the unaudited interim consolidated financial statements of NNIT A/S as at and for the nine months ended September 30, 2022.

The Board of Directors and Executive Management ("Management") have reviewed and approved the interim consolidated financial statements of NNIT A/S (NNIT A/S, together with its subsidiaries, the "Group") for the first nine months of 2022 with comparative figures for the first nine months of 2021. The interim consolidated financial statements have not been audited or reviewed by the company's independent auditors.

The interim consolidated financial statements for the first nine months of 2022 have been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the European Union and accounting policies set out in the Annual Report 2021 of NNIT A/S. Furthermore, the interim consolidated financial statement for the first nine months of 2022 and Management's review are prepared in accordance with additional Danish disclosure requirements for interim reports of listed companies.

In our opinion, the accounting policies used are appropriate and the overall presentation of the interim consolidated financial statements for the first nine months of 2022 are adequate and give a true and fair view of the Group's assets, liabilities and financial position as at September 30, 2022 and of the results of the Group's operations and cash flow for the nine months ended September 30, 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 period, and of the financial position of the Group as well as a description of the most significant risks and elements of uncertainty facing the Group in accordance with Danish disclosure requirements for listed companies.

Besides what has been disclosed in the interim consolidated financial statements and Management's review for the first nine months of 2022, no changes in the Group's most significant risks and uncertainties have occurred relative to disclosures published in the Annual Report 2021 of NNIT A/S.

Soeborg, November 2, 2022

Executive management

Pär Fors
CEO

Pernille Fabricius
CFO

Board of Directors

Carsten Dilling
Chairman

Eivind Kolding
Deputy Chairman

Anne Broeng

Christian Kanstrup

Caroline Serfass

Nigel Govett

Anders Vidstrup

Trine Io Bjerregaard

Kenn K. Jensen

Consolidated financial statements

Income statement and Statement of comprehensive income

DKK million	Note	Q3 2022	Q3 2021	9M 2022	9M 2021	12M 2021
INCOME STATEMENT						
	1					
Revenue	2	738	698	2,162	2,139	2,877
Cost of goods sold		638	608	1,930	1,824	2,457
Gross profit		100	90	232	315	420
Sales and marketing costs		35	36	113	109	145
Administrative expenses		35	33	109	101	133
Operating profit before special items		30	21	10	105	142
Special items	3	50	23	121	92	153
Operation profit / loss		-20	-2	-111	13	-11
Financial income		7	4	20	6	15
Financial expenses		14	6	32	23	29
Profit / loss before income taxes		-27	-4	-123	-4	-25
Income Taxes		-5	6	-21	5	-18
Net profit / loss for the period		-22	-10	-102	-9	-7
Earnings per share		DKK	DKK	DKK	DKK	DKK
Earning per share		-0.86	-0.39	-4.09	-0.36	-0.3
Diluted earnings per share		-0.86	-0.39	-4.09	-0.36	-0.3
DKK million	Note	Q3 2022	Q3 2021	9M 2022	9M 2021	12M 2021
STATEMENT OF COMPREHENSIVE INCOME						
Net profit / loss for the period		-22	-10	-102	-9	-7
Other comprehensive incomes						
<i>Items that will not subsequently be reclassified to the Income Statement:</i>						
Remeasurement related to pension obligations		1	0	12	2	3
Tax on other comprehensive income		0	0	2	0	0
<i>Items that may be reclassified to the Income Statement when specific conditions are met:</i>						
Currency revaluation related to subsidiaries (net)		41	13	79	28	42
Tax related to currency revaluation related to subsidiaries (net)		-6		-12		-5
Recycled to financial items		8	4	20	5	11
Unrealized value adjustments		-14	-4	-29	6	3
<i>Cash flow hedges</i>		<i>-6</i>	<i>0</i>	<i>-9</i>	<i>11</i>	<i>14</i>
Tax on other comprehensive income related to cash flow hedges		1	-3	2	-6	-3
Other comprehensive income, net of tax		31	10	74	35	51
Total comprehensive income		9	0	-28	26	44

Balance sheet

DKK million	Note	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
ASSETS				
Intangible assets	4	1,105	934	945
Tangible assets		480	501	483
Lease assets		127	192	162
Transition cost		45	69	39
Deferred tax		18	32	13
Deposits		34	34	34
Trade receivables		84	55	89
Other receivables		5	0	7
Total non-current assets		1,898	1,817	1,772
Inventories		3	2	3
Transition cost		30	33	31
Trade receivables	5	456	474	489
Work in progress	5	165	165	107
Other receivables		15	19	15
Pre-payments		121	111	101
Tax receivable		84	41	36
Derivative financial instruments		5	10	13
Cash and cash equivalents		197	209	230
Total current assets		1,076	1,064	1,025
Total assets		2,974	2,881	2,797
EQUITY AND LIABILITIES				
Share capital		250	250	250
Treasury shares		-2	-2	-2
Retained earnings		798	871	863
Other reserves		69	16	31
Total equity		1,115	1,135	1,142
Leasing liability		91	144	123
Deferred tax		1	0	0
Employee benefit obligation		8	42	18
Contingent consideration (earn-out)	4	75	80	82
Provisions		29	25	25
Trade payables		34	36	40
Bank overdraft		827	541	496
Total non-current liabilities		1,065	868	784
Prepayments received, transition cost		26	35	30
Prepayments received, WIP	5	82	86	116
Leasing liability		77	86	84
Trade payables		127	67	86
Employee cost payable		218	183	208
Tax payables		17	13	2
Other current liabilities		197	337	281
Derivative financial instruments			1	0
Contingent consideration (earn-out)	4	50	70	64
Total current liabilities		794	878	871
Total liabilities		2,974	2,881	2,797
Contingent liabilities and legal proceedings	6			

Statement of cash flow

DKK million	Note	Q3 2022	Q3 2021	9M 2022	9M 2021	12M 2021
STATEMENT OF CASH FLOW						
Net profit / loss for the period		-22	-10	-102	-9	-7
Reversal of non-cash items		64	88	214	256	293
Interest received/paid		-7	-6	-20	-13	-17
Income taxes paid		-5	7	-25	-13	4
Cash flow before change in working capital		30	79	67	221	273
Changes in working capital		-33	-121	-125	-112	-53
Cash flow from operating activities		-3	-42	-58	109	220
Capitalization of intangible assets		-2	-14	-15	-27	-34
Purchase of tangible assets		-29	-10	-78	-33	-47
Change in trade payables related to investments		-5	0	0	-16	-15
Adjustment acquisition cost		0	1	0	0	0
Acquisition of subsidiary		-4	-80	-78	-80	-79
Payment of earn-out		0	0	-70	-34	-34
Cash flow from investing activities		-40	-103	-241	-190	-209
Dividends paid		0	0	0	-25	-25
Purchase of treasury shares		0	0	0	-8	-8
Payment of deposit		0	0	0	0	-1
Installments on lease liabilities		-24	-26	-65	-62	-82
Bank overdraft		86	233	331	263	192
Cash flow from financing activities		62	207	266	168	76
Net cash flow		19	62	-33	66	87
Cash and cash equivalents at the beginning of the period		178	168	230	143	143
Cash and cash equivalents at the end of the period		197	230	197	209	230
Additional information ¹:						
Cash and cash equivalents		197	230	197	209	230
Bank overdraft		-827	-541	-827	-541	-496
Committed credit facilities		900	900	900	900	900
Financial resources at the end of the period		270	589	270	568	634
Cash flow from operating activities		-3	-42	-58	109	220
Cash flow from investing activities		-40	-103	-241	-190	-209
Free cash flow		-43	-145	-299	-81	11

Statement of changes in equity

DKK million	Share capital	Treasury shares	Retained earnings	Other reserves			Total other reserves	Proposed dividends	Total
				Currency revaluation	Cash flow hedges	Tax			
EQUITY - September 30, 2022									
Balance at the beginning of the period	250	-2	863	24	11	-4	31	0	1,142
Net profit/loss for the period	0	0	-102	0	0	0	0	0	-102
Other comprehensive income for the period	0	0	12	79	-9	-8	62	0	74
Total comprehensive income for the period	0	0	-90	79	-9	-8	62	0	-28
Transactions with owners:									
Transfer of treasury shares	0	1	-1	0	0	0	0	0	0
Share-based payments	0	0	1	0	0	0	0	0	1
Balance at the end of the period	250	-1	773	103	2	-12	93	0	1,115

DKK million	Share capital	Treasury shares	Retained earnings	Other reserves			Total other reserves	Proposed dividends	Total
				Currency revaluation	Cash flow hedges	Tax			
EQUITY - December 31, 2021									
Balance at the beginning of the period	250	-3	879	-18	-3	4	-17	25	1,134
Net profit/loss for the period	0	0	-7	0	0	0	0	0	-7
Other comprehensive income for the period	0	0	3	42	14	-8	48	0	51
Total comprehensive income for the period	0	0	-4	42	14	-8	48	0	44
Adjustment related to previous years	0	0	-11	0	0	0	0	0	-11
Transactions with owners:									
Purchase of treasury shares	0	-1	-7	0	0	0	0	0	-8
Transfer of treasury shares	0	2	-2	0	0	0	0	0	0
Share-based payments	0	0	8	0	0	0	0	0	8
Dividends paid	0	0	0	0	0	0	0	-25	-25
Balance at the end of the period	250	-2	863	24	11	-4	31	0	1,142

DKK million	Share capital	Treasury shares	Retained earnings	Other reserves			Total other reserves	Proposed dividends	Total
				Currency revaluation	Cash flow hedges	Tax			
EQUITY - September 30, 2021									
Balance at the beginning of the period	250	-3	879	-18	-3	4	-17	25	1,134
Net profit for the period	0	0	-9	0	0	0	0	0	-9
Other comprehensive income for the period	0	0	2	28	11	-6	33	0	35
Total comprehensive income for the period	0	0	-7	28	11	-6	33	0	26
Transactions with owners:									
Purchase of treasury shares	0	-1	-7	0	0	0	0	0	-8
Transfer of treasury shares	0	2	-2	0	0	0	0	0	0
Share-based payments	0	0	8	0	0	0	0	0	8
Dividends paid	0	0	0	0	0	0	0	-25	-25
Balance at the end of the period	250	-2	871	10	8	-2	16	0	1,135

Notes

Note 1

Accounting policies

The consolidated financial statements for the first nine months of 2022 are prepared in accordance with IAS 34 'Interim Financial Reporting' and on the basis of the same accounting policies for recognition and measurement as were applied in the Annual Report 2021.

The financial reporting including the consolidated financial statements for the first nine months of 2022 and Management's review have been prepared in accordance with additional Danish disclosure requirements for interim reports of listed companies.

See pages 70 to 75 of the Annual Report 2021 for a comprehensive description of the accounting policies applied for recognition and measurement.

Certain reclassifications have been made to Sales and Administration costs previously presented as Production costs. Reclassifications has been made retrospectively.

Significant accounting judgements

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 to be divested does not yet qualify for disclosure as discontinuing operations as the business is still not available for immediate sale in the present condition. The main elements supporting the conclusion are:

- Customer consent process is not finalized.
- The carveout process includes among other things preparation of separate legal structure, split of organization, separation of current ERP solutions etc. which is currently ongoing.

Accounting treatment of earn-out

The Danish Business Authority has conducted a compliance review of NNIT A/S' 2020 and 2021 annual reports. The Danish Business Authority has indicated that the earn out payment related to the acquisition of Excellis Health Solutions should not be included in capitalized acquisition costs and goodwill, but instead expensed as remuneration in accordance with IFRS 3, section B55(a), as the earn out in part is subject to the selling shareholders' continued employment during the accrual period.

If the Danish Business Authority decides in accordance with its indications, NNIT will be required to update its accounting treatment of earn-out payment in the annual reports from goodwill to special items for 2017-2025 and a similar approach would also have to be applied to the recognition of earn out for other acquisitions, including SCALES, Valiance Partner, HGP Group, SL Controls and prime4services.

NNIT is currently in a dialogue with the Danish Business Authority and awaits the final outcome of such discussions.

Note 2

Segment disclosures

Revenue by segment and customer group								
DKK million	Q3 2022				9M 2022			
	LSS	CDS	HCS	Total	LSS	CDS	HCS	Total
Revenue	229	207	302	738	649	626	887	2,162
Production cost	180	165	293	638	529	540	861	1,930
Gross profit	49	42	9	100	120	86	26	232
Gross profit Margin	21.9%	9.1%	2.5%	13.6%	18.5%	13.7%	2.9%	10.7%

DKK million	Q3 2021				9M 2021			
	LSS	CDS	HCS	Total	LSS	CDS	HCS	Total
Revenue	191	199	308	698	524	623	992	2,139
Production cost	145	173	290	608	386	542	896	1,824
Gross profit	46	26	18	90	138	81	96	315
Gross profit Margin	24.8%	13.1%	5.8%	12.9%	26.3%	13.0%	9.7%	14.7%

DKK million	2021			
	LSS	CDS	HCS	Total
Revenue	723	848	1,306	2,877
Production cost	535	727	1,195	2,457
Gross profit	188	121	111	420
Gross profit Margin	26.0%	14.3%	8.5%	14.6%

The Danish operations generated 67% of NNIT's revenue in 9M 2022 and 72% in the same period last year based on the location of customer purchase orders. As a consequence of the predominantly Danish revenue, a geographical revenue split is not disclosed.

Note 3

Special items

DKK million	Q3 2022	Q3 2021	9M 2022	9M 2021	12M 2021
Special items related to:					
Impairment of assets	0	0	13	27	56
Change of members of Group Management	0	1	0	21	25
Restructuring cost	50	20	106	38	65
Cost regarding acquisition and disposal of subsidiaries	0	2	2	6	7
Total special items	50	23	121	92	153
If special items had been recognized in operating profit before special items, they would have been included in the following items:					
Cost of goods sold	47	20	109	65	118
Sales and marketing costs	0	0	2	0	2
Administrative expenses	3	3	10	27	33
Cash flow from operating activities	50	23	121	92	153

Restructuring costs comprise redundancies mainly in Denmark, China and Czech Republic and costs related to continuous efforts in relation to efficiency improvements, including costs related to divestment of infrastructure operations.

Note 4

Acquisition of subsidiaries

On March 11, 2022, NNIT acquired full ownership and control of prime4services GmbH. prime4services operates solely within the life sciences industry providing supplier-independent consulting and engineering services for digitalization of manufacturing processes, primarily through conception, implementation and validation of Manufacturing Execution Systems (MES): Improving manufacturing excellence through the efficient integration of MES into the existing system landscape is a key focus. With the acquisition, the NNIT Group further solidifies its position within the international life sciences industry. The company employs approximately 60 experts and is headquartered in Karlsruhe, Germany, with subsidiaries in Italy, Spain and Switzerland. In time, prime4services will be fully integrated with NNIT to form a MES Powerhouse, combining the Production IT Excellence capabilities of both companies.

The purchase price was DKK 90 million in up-front cash payment and an earn out in an amount up to DKK 41 million. Payments under the earn out clause are based on achievement of specific targets for the combined business over the next three-year period. The payment under the earn out clause is expected to amount to DKK 35 million corresponding to a present value of DKK 32 million equaling a total consideration of DKK 122 million.

Management has not yet completed the purchase price allocation, and assets and liabilities have therefore been included in the financial reporting for 9M 2022 on a preliminary basis.

The majority of the purchase price is currently allocated to goodwill, around DKK 100 million. Goodwill can be attributed to assembled workforce and expected synergies. Goodwill is not deductible for tax purposes.

Transaction cost of DKK 1.8 million has been recognized in special items.

Earnings impact

Revenue and EBITDA comprise DKK 38 million and DKK 11 million, respectively, since the date of acquisition March 11, 2022. On a pro forma basis, if the acquisition had been effective from January 1, 2022, prime4services would have contributed DKK 47 million to revenue and DKK 12 million to EBITDA.

Note 5

Related party transactions

DKK million	Sep 30, 2022	Sep 30, 2021	2021
Assets			
Receivables from related parties	130	160	236
Work in progress related parties	41	28	17
Liabilities			
Liabilities to related parties	0	1	0
Prepayments from related parties	18	21	43

Note 6

Contingent liabilities and legal proceedings

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.

Note 7

Currency hedging

NNIT has up until October 2021 entered 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 ahead.

Going forward, currencies are not hedged as the risk has been considered immaterial.

Note 8

Sensitivities

Estimated annual impact of NNIT's operating profit of a 10% increase in the outlined currencies against DKK		Prior hedging period (months)
EUR	19	-
CNY	-12	14
CZK	-9	14
PHP	-7	14
USD	8	-
CHF	0	-

Key currency assumptions

DKK per 100	2020 average exchange rates	2021 average exchange rates	2022 average exchange rates
CNY	94,70	97,55	106,05
EUR	745,43	743,70	743,99
CZK	28,22	29,00	30,23
PHP	13,17	12,76	13,06
CHF	696,32	687,94	736,05
USD	653,36	628,99	700,63

Currency development

NNIT has a net cost exposure in the Chinese yuan, the Czech koruna, the Philippine peso, the US dollar and the Swiss franc. Therefore, a depreciation of these currencies versus Danish kroner has a positive impact on reported operating profit, whereas an increase will have the reverse effect.

NNIT have previously hedged 90% of its net exposure in Chinese yuan (CNY hedged with CNH (CNY offshore)), Philippine peso (PHP) and Czech koruna (CZK) for the coming 14 months. As of October 2021, NNIT does not use hedging as the exchange risk is considered immaterial.