

## Company announcement 1/2018 Søborg/Copenhagen, January 25, 2018

### Financial report 2017 and Annual General Meeting 2018

**Full year revenue growth of 4.6% and an operating profit margin of 9.6% after a strong Q4 2017 with operating profit margin of 13.9%**

#### Performance highlights for full year 2017

- Revenue increased by 4.6% in reported currencies. Excluding a one-off settlement with a customer in the public customer group revenue increased by 5.5%
- The share of NNIT's revenue from customers outside the Novo Nordisk Group in 2017 was 57.3% compared to 55.2% in 2016
- Operating profit margin was 9.6% in reported currencies compared to 10.6% in 2016. Excluding impact of the settlement operating profit margin was 10.4%
- Net profit of DKK 216m which is an increase of 0.4% compared to 2016. Excluding the impact of settlement net profit was DKK 237 which was an increase of 9.8%
- Free cash flow for 2017 was DKK -90m being impacted negatively by the acquisition of SCALES and investment in a new data center. Adjusted for these the underlying free cash flow for 2017 was at the same level as in 2016
- The construction of the new tier III data center was finished on time and on budget
- Order backlog for 2018 at the beginning of Q1 2018 was DKK 2,213m, an increase of 4.0% compared to the same time last year
- Outlook for 2018 is:
  - Revenue growth of 4-7% in constant currencies
  - Expected operating profit margin of 10-10.5% in constant currencies
  - The expected level of investments in 2018 is 6-8% of total revenue
- The Board of Directors proposes to increase the dividend payments to DKK 2.30 per share corresponding to DKK 104.7m which includes the interim dividend for 2017 (DKK 48.7m) paid in August 2017. This corresponds to a pay-out ratio of net profit of 48% compared to 47% in 2016

Per Kogut, CEO at NNIT says about the financial statement: *"Following a challenging third quarter I am very pleased that we closed 2017 on a good note with high operating profits in the fourth quarter. I am particularly pleased that our strong underlying cash flow allows us to propose an increased dividend including interim dividend to a total of DKK 4.30 per share in a year where we build a new data center and acquired SCALES."*

## Financial Overview

DKK million	Q4 2017 (reported)	Q4 2017 (constant)*	Q4 2016*	Pct./pp Change (reported)	SCALES impact	Pct./pp Change (constant)
Revenue	812	816	769	5.6%	5.2pp	6.2%
Gross margin	22.3%	21.6%	21.1%	1.1pp	-0.5pp	0.5pp
Operating profit	113	109	97	16.9%	5.4pp	12.1%
Operating profit margin	13.9%	13.3%	12.6%	1.3pp	0pp	0.7pp
Net profit	86	n.a.	72	19.6%	5.8pp	n.a.
Investments	110	n.a.	60	83.8%	n.a.	n.a.
Free cash flow	-12	n.a.	70	n.a.	n.a.	n.a.

\*Constant currencies measured using average exchange rates for 2016

DKK million	2017 (reported)	2017 (constant)*	2016*	Pct./pp Change (reported)	Settlement impact	SCALES impact	Pct./pp Change (constant)
Revenue	2,892	2,897	2,765	4.6%	-0.9pp	3pp	4.8%
Gross margin	18.3%	18.0%	19.6%	-1.3pp	-0.7pp	-0.2pp	-1.6pp
Operating profit	277	267	293	-5.5%	-8.9pp	3.1pp	-8.8%
Operating profit margin	9.6%	9.2%	10.6%	-1pp	-0.8pp	0pp	-1.4pp
Net profit	216	n.a.	216	0.4%	-9.4pp	3.2pp	n.a.
Investments	435	n.a.	178	144.1%	n.a.	n.a.	n.a.
Free cash flow	-90	n.a.	188	n.a.	n.a.	n.a.	n.a.

\*Constant currencies measured using average exchange rates for 2016

## Guidance 2018

The order backlog for 2018 at the beginning of Q1 2018 increased by DKK 86m, or by 4.0%, to DKK 2,213m compared to the order backlog for 2017 at the beginning of Q1 2017. It should be noted that the revenue reversal of DKK 26m in Q3/Q4 2017 regarding a customer in the public customer group had a negative impact on full year revenue for 2017, but was not reflected in the backlog at the beginning of 2017. The backlog has been restated according to IFRS 15 "Revenue from Contracts with Customers" which takes effect from January 1, 2018 (please see note 9).

It is assessed that the IFRS 15 standard will have a marginal negative impact on revenue growth in 2018. Based on the current contracts the combined impact from IFRS 15 and IFRS 16 "Leasing" will have a slightly negative impact on operating profit margin of 0.2pp in 2018.

IFRS 16 has an estimated positive impact on EBITDA margin in 2018 of around 2pp and an estimated negative impact on ROIC of 9pp (please see note 9).

The guidance for 2018 revenue growth is 4-7% in constant currencies. The growth is based on IFRS 15 restated 2017 revenue of DKK 2,851m. NNIT believes the long-term target of growing revenue by at least 5% remains achievable. However, continued uncertainty about projected sales to the Novo Nordisk Group should be noted.

The operating profit margin in constant currencies with the IFRS 15 and IFRS 16 principles is expected to be in the interval 10-10.5%. Accordingly, NNIT expects to meet the long-term target of an operating profit margin of at least 10% in 2018.

	Guidance for 2018	Long-term targets
<b>Revenue growth</b>		
In constant currencies* as reported**	<b>4-7%</b> <b>Around 0.4pp lower</b>	<b>≥ 5%</b>
<b>Operating profit margin</b>		
In constant currencies* as reported**	<b>10-10.5%</b> <b>Around 0.4pp higher</b>	- <b>≥ 10%</b>
Investments / Revenue***	<b>6-8%</b>	

\*Constant currencies measured using average exchange rates for 2017

\*\*Based on exchange rates as of January 18, 2018 as illustrated under key currency assumptions on page 25

\*\*\* Investments and data center investments are in 2018 expected to be between 6-8 percent of total revenue. Around 1pp relates to the data center which was invested in January 2018. The total data center investment is expected to be around DKK 250m in the period 2016 to 2018.

The expectations are based on a number of important assumptions, including that relevant macroeconomic trends will not significantly change business conditions for NNIT during 2018, 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 (as of January 18, 2018).

## About NNIT

NNIT A/S is one of Denmark's leading IT service providers and consultancies. NNIT A/S offers a wide range of IT services and solutions to its customers, primarily in the life sciences sector in Denmark and internationally and to customers in the public, enterprise and finance sectors in Denmark. As of December 31, 2017 NNIT A/S had 3,030 employees. For more information please visit [www.nnit.com](http://www.nnit.com).

## Conference call details

NNIT will host a teleconference January 25, 2018 at 10:30 CET about the financial report for 2017. Please visit the NNIT webpage at [www.nnit.com](http://www.nnit.com) to access the teleconference, which can be found under 'Investors – Events & presentations'. Presentation material will be available on the website approximately one hour prior to the start of the presentation.

Conference call details

Webcast link: <https://nnit.eventcdn.net/annualreport2017>

Participant telephone numbers:

Denmark:	+45 3544 5583
United Kingdom:	+44 20 3194 0544
Sweden:	+46 8 5664 2661
United States:	+1 855 269 2604

## Financial Calendar 2018

March 8, 2018	Annual General Meeting
March 9, 2018	Dividend ex dividend date
March 12, 2018	Dividend record date
March 13, 2018	Dividend payment date
May 16, 2018	Interim report for the first three months of 2018
August 17, 2018	Interim report for the first six months of 2018
October 25, 2018	Interim report for the first nine months of 2018

## 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 29-32 in the Annual Report 2017.

## Contacts for further information

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## Financial figures and highlights

DKK million, reported currencies	Q4 2017	Q4 2016	2017	2016	12M Change
<b>Financial performance</b>					
Revenue					
Life Sciences	446.9	431.2	1,612.3	1,597.0	1.0%
<i>Hereof Novo Nordisk Group</i>	351.6	328.7	1,233.8	1,238.4	-0.4%
<i>Hereof other Life Sciences</i>	95.3	102.5	378.5	358.6	5.6%
Enterprise	193.0	170.5	689.2	545.6	26.3%
Public	114.6	103.5	345.9	385.3	-10.2%
Finance	57.8	63.8	244.5	236.7	3.3%
Revenue by customer group	812.2	768.9	2,891.9	2,764.6	4.6%
IT Operation Services	506.8	515.6	1,860.6	1,823.7	2.0%
IT Solution Services	305.4	253.2	1,031.3	940.9	9.6%
Revenue by business area	812.2	768.9	2,891.9	2,764.6	4.6%
EBITDA	149.6	135.3	429.1	437.3	-1.9%
Depreciations and amortizations	36.4	38.4	152.3	144.4	5.5%
Operating profit (EBIT)	113.2	96.8	276.8	292.9	-5.5%
Net financials	-1.7	-2.1	-0.9	-12.6	n.a.
Net profit	86.4	72.2	216.5	215.7	0.4%
Investments in tangible assets	102.5	46.2	326.6	164.6	98.4%
Investments in intangible assets and acquisition in subsidiaries	7.3	13.6	108.3	13.6	697.6%
Total assets	1,828.0	1,590.5	1,828.0	1,590.5	14.9%
Equity	1,005.3	846.5	1,005.3	846.5	18.8%
Dividends paid <sup>1</sup>	0.0	0.0	102.0	145.5	-29.9%
Free cash flow	-12.4	70.1	-90.5	188.4	n.a.
<b>Earnings per share</b>					
Earnings per share (DKK)	3.55	2.98	8.89	8.89	0.0%
Diluted earnings per share (DKK)	3.48	2.97	8.72	8.85	-1.5%
<b>Employees</b>					
Average number of full-time employees	3,010	2,809	2,937	2,677	9.7%
<b>Financial ratios</b>					
Gross profit margin	22.3%	21.1%	18.3%	19.6%	-1.3pp
EBITDA margin	18.4%	17.6%	14.8%	15.8%	-1pp
Effective tax rate	22.5%	23.7%	21.5%	23.0%	-1.5pp
Investments/Revenue	13.5%	7.8%	15.0%	6.4%	8.6pp
Return on equity <sup>2</sup>	23.4%	27.2%	23.4%	27.2%	-3.8pp
Solvency ratio	55.0%	53.2%	55.0%	53.2%	1.8pp
Return on invested capital (ROIC) <sup>2, 3</sup>	26.1%	37.6%	26.1%	37.6%	-11.5pp
Cash to earnings <sup>2</sup>	-41.8%	87.3%	-41.8%	87.3%	-129.1pp
Cash to earnings (three-year average) <sup>2</sup>	47.9%	86.6%	47.9%	86.6%	-38.7pp
<b>Long-term financial metrics</b>					
Revenue growth	5.6%	6.4%	4.6%	6.3%	-1.7pp
Operating profit margin	13.9%	12.6%	9.6%	10.6%	-1pp
<b>Additional numbers<sup>4</sup></b>					
Order entry backlog for the current year	2,213.0	2,127.0	2,213.0	2,127.0	4.0%
Order entry backlog for the following years 2+3 <sup>5</sup>	2,323.8	2,046.1	2,323.8	2,046.1	13.6%

1) Dividends paid in 2017 included ordinary dividend regarding 2016 and interim dividend for 2017. 2016 included ordinary dividend paid in March 2016 regarding 2015 and interim dividend for 2016 paid in August 2016. No interim dividend was paid in 2015. Paid dividends in 2014 includes DKK 150 million prior to the IPO.

2) Financial metrics are moving annual total (MAT), i.e. annualized. Cash to earnings (three-year-average) is calculated using the past 36 months

3) Net profit/Average invested capital.

4) Order entry backlog figures in the 2016 column have been restated to reflect the implementation of IFRS15. Please see note 9 for further information. Backlog represents anticipated revenue from contracts or orders executed but not yet completed or performed in full, and the revenue that is expected to be recognized in the future.

5) Year 2+3 represents 2019 and 2020 in the 2017 column and 2018 and 2019 in the 2016 column etc.

## Highlights

Below are the key highlights for Q4 2017 and the order backlog for 2018 at the beginning of Q1 2018.

### Sales

The order backlog for 2018 at the beginning of Q1 2018 increased by DKK 86m, or by 4.0%, to DKK 2,213m compared to the order backlog for 2017 at the beginning of Q1 2017. At the beginning of Q1 2018 the order backlog for 2019 and 2020 was 13.6% higher than the order backlog for 2018 and 2019 at the beginning of Q1 2017. See outlook and backlog section for further information.

### Key wins in Q4 2017:

- Extension of infrastructure outsourcing contract with Arla Foods representing a mid-size triple-digit DKKm amount over a 5-year-period, see press release January 5, 2018
- Extension of several regional infrastructure outsourcing contracts with the Novo Nordisk Group representing a minor triple-digit DKKm amount over a 5-year-period
- New development, support and maintenance contract with an existing public customer representing a mid-size double-digit DKKm amount over a 5-year-period
- Various projects with the Novo Nordisk Group representing a mid-size double-digit DKKm amount over a 2-year-period
- Expansion of data center capacity contract with a finance customer representing a mid-size double-digit DKKm amount over a 9-year-period
- New project covering transformation of Regulatory Information Management (RIM)) with an existing international life science customer representing a minor double-digit DKKm over a 3-year-period

### Other business

- New Sales Office in Shanghai was opened on December 7, 2017. This is NNIT's 2nd office location in China. It is a response to the growing needs of customers and in alignment with the strategic growth plan to expand in the Greater Shanghai Region
- NNIT's data center achieves Tier III certification through internationally acknowledged advisory Uptime Institute, see press release November 3, 2017
- Mr. Henrik Vienberg Andersen replaced Mr. Alex Steninge Jacobsen, who resigned as employee elected member of the Board of Directors of NNIT A/S, see company announcement 10/2017

## Financial expectations and results 2017

	Realized 2017	Q3 2017 guidance	Q2 2017 guidance	Q1 2017 guidance	Annual report 2016 guidance	Long-term targets
<b>Revenue growth</b>						
In constant currencies*	4.8%	4-6%	4-8%	4-8%	1-5%	-
Organic in constant currencies*	1.8%	1-3%	1-5%	1-5%	1-5%	-
as reported	0.2pp lower	Around 0.2pp lower	Around 0.2pp lower	No impact	Around 0.1pp higher	≥ 5%
<b>Operating profit margin</b>						
In constant currencies*	9.2%	Around 9%	Around 10%	Around 10%	Around 10%	-
as reported	0.4pp higher	Around 0.3pp higher	Around 0.3pp higher	Around 0.1pp higher	No impact	≥ 10%
Investments / Revenue	15.0%	15-17%	15-17%	16-18%	12-14%	
Organic Investments / Revenue**	12.0%	12-14%	12-14%	12-14%	12-14%	

\*Constant currencies measured using average exchange rates for 2016

NNIT grew revenue by 4.8% in constant currencies in 2017 with particularly two circumstances influencing the performance: First, an arbitration settlement with a customer in the public segment resulted in a one-off revenue reversal, reducing the overall growth by 0.9pp, and a small decline in revenue from our largest single customer. The acquisition of SCALES impacted the growth positively. Organic growth in constant currencies was 1.8%, in line with the most recent guidance of 1-3% provided in October 2017 and at the low end of the guidance of 1-5% provided in January 2017. Revenue in reported currencies was 0.2pp lower due to depreciation of key currencies.

The operating profit margin in constant currencies of 9.2% was a little above the most recent guidance of "around 9%" provided in October 2017 and below the guidance provided in January 2017 of "around 10" due to the one-off revenue reversal. In reported currencies the operating profit margin was 0.4pp higher, positively impacted by currency tailwind.

Investments divided by revenue of 15.0% was in the low end of the interval communicated at the latest guidance from October 2017 due to timing in investments hereunder in the new data center and above the guidance provided in January 2017 due to the acquisition of SCALES.

### Annual General Meeting

The Annual General Meeting of NNIT A/S will be held on Thursday March 8, 2018 at 2 pm at the NNIT head office, Oestmarken 3A, 2860 Soeborg, Denmark.

The Board of Directors intends to propose re-election of Anne Broeng, Carsten Dilling, Eivind Kolding and Peter Haahr, and election of Caroline Serfass and Christian Kanstrup as new members of the Board of Directors. The Board of Directors also intends to propose re-election of Carsten Dilling as Chairman and re-election of Peter Haahr as Deputy Chairman.

The Board of Directors intends to propose re-election of PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab as the Company's auditor.

Further, the Board of Directors also intends to propose to extend the period of the authorization to increase the Company's share capital without pre-emption rights for the Company's existing shareholders from 30 April 2018 to 30 April 2021.

Finally, the Board of Directors intends to propose an extension of the period of the authorization for the Board of Directors to increase the Company's share capital in

connection with the issue of new shares for the benefit of the Company's employees and/or employees of its subsidiaries from 30 April 2018 to 30 April 2021.

### **Proposed dividend**

Due to the strong underlying cash flow generation, the Board of Directors intends to propose to the shareholders at the annual general meeting that dividends of DKK 2.30 per share be distributed for the financial year 2017. Including the interim dividend of DKK 2.00 per share in August 2017 this brings the total dividend for the financial year 2017 to DKK 4.30 per share (DKK 4.20 per share), equal to a dividend pay-out of 48% of the 2017 net results.

### **Share-based incentive program**

NNIT will in January 2018 introduce a new Retention Program for the six members of NNIT's Group Management as a replacement for the launch incentive program (LIP) from NNIT's initial public offering. The program was approved at the Annual General Meeting in March 2017. The program is in structure based on a similar approach as the LIP and consists of a self-investment part equivalent to 8 months fixed base salary plus employer paid pension contribution for each participant. Subject to performance targets NNIT will grant two restricted stock units (RSUs) to each participant per self-invested Share. The self-invested Shares will be subject to a lock-up restriction and cannot be sold earlier than three years from the date of grant. The RSUs granted to the participants will after the expiry of the lock-up period vest and simultaneously be converted into Shares on the first day in the first open trading window in 2021, subject to fulfilment of performance criteria related to annual growth in sales (measured as average growth in sales in DKK) and operating margin (measured as average operating margin) measured on Group level. The performance criteria are weighted 50/50. The Retention Program will be treated as an equity-settled share-based incentive program and expensed over the three-year vesting period based on the market price at grant date. The maximum total number of RSUs granted by NNIT is 111,976 which correspond to an estimated cost of DKK 20million.



## Performance overview

Additional columns with the impact from SCALES and the settlement explained below are included in relevant tables throughout the report. SCALES is included from June 1, 2017.

DKK million (reported currencies)	Q4 2017 (reported)	Q4 2016	Change (reported)	SCALES impact
<b>Revenue</b>	812.2	768.9	5.6%	5.2pp
Cost of goods sold	631.5	606.4	4.1%	5.8pp
<b>Gross profit</b>	<b>180.7</b>	<b>162.5</b>	<b>11.2%</b>	<b>3.2pp</b>
<i>Gross profit margin</i>	22.3%	21.1%	1.1pp	-0.5pp
Sales and marketing costs	35.9	36.7	-2.1%	0pp
Administrative expenses	31.6	29.0	9.0%	0pp
<b>Operating profit</b>	<b>113.2</b>	<b>96.8</b>	<b>16.9%</b>	<b>5.4pp</b>
<i>Operating profit margin</i>	13.9%	12.6%	1.3pp	0pp
Net financials	-1.7	-2.1	n.a.	n.a.
<b>Profit before tax</b>	<b>111.5</b>	<b>94.7</b>	<b>17.7%</b>	<b>5.9pp</b>
Tax	25.1	22.5	11.7%	6.2pp
<i>Effective tax rate</i>	22.5%	23.7%	-1.2pp	0.1pp
<b>Net profit</b>	<b>86.4</b>	<b>72.2</b>	<b>19.6%</b>	<b>5.8pp</b>

DKK million (reported currencies)	2017 before settlement*	2017 (reported)	2016	Change (reported)	Settlement impact	SCALES impact
<b>Revenue</b>	2,918.0	2,891.9	2,764.6	4.6%	-0.9pp	3pp
Cost of goods sold	2,362.5	2,362.5	2,223.0	6.3%	0pp	3.3pp
<b>Gross profit</b>	<b>555.4</b>	<b>529.4</b>	<b>541.6</b>	<b>-2.3%</b>	<b>-4.8pp</b>	<b>1.7pp</b>
<i>Gross profit margin</i>	19.0%	18.3%	19.6%	-1.3pp	-0.7pp	-0.2pp
Sales and marketing costs	135.6	135.6	134.8	0.6%	0pp	0pp
Administrative expenses	117.0	117.0	113.9	2.7%	0pp	0pp
<b>Operating profit</b>	<b>302.9</b>	<b>276.8</b>	<b>292.9</b>	<b>-5.5%</b>	<b>-8.9pp</b>	<b>3.1pp</b>
<i>Operating profit margin</i>	10.4%	9.6%	10.6%	-1pp	-0.8pp	0pp
Net financials	-0.9	-0.9	-12.6	n.a.	n.a.	n.a.
<b>Profit before tax</b>	<b>302.0</b>	<b>275.9</b>	<b>280.3</b>	<b>-1.6%</b>	<b>-9.3pp</b>	<b>3.4pp</b>
Tax	65.1	59.4	64.6	-8.0%	-8.9pp	4pp
<i>Effective tax rate</i>	21.6%	21.5%	23.0%	-1.5pp	-0.5pp	0.2pp
<b>Net profit</b>	<b>236.8</b>	<b>216.5</b>	<b>215.7</b>	<b>0.4%</b>	<b>-9.4pp</b>	<b>3.2pp</b>

\*Before revenue reversal of DKK 26.1m in (DKK 33.0m Q3 2017 and DKK -6.9m in Q4 2017) regarding a settlement with a public customer (see company announcement 8/2017)

Revenue in reported currencies increased by 5.6% in Q4 2017 (6.2% in constant currencies) positively impacted by 5.2pp from SCALES. Adjusting for SCALES the underlying organic growth was 0.4% in reported currencies. Revenue from the Novo Nordisk Group increased by 7.0% due to a very low comparison base in 2016 and revenue from a large transition project regarding the prolonged infrastructure agreement. Revenue from other customers increased by 4.6% driven by SCALES.

2017 revenue increased by 4.6% (4.8% in constant currencies) being impacted negatively by the one-off revenue reversal of DKK 26.1m corresponding to 0.9pp and positively impacted with 3.0pp from SCALES. Adjusting for these impacts, the underlying organic growth was 2.5% in reported currencies due to a declining revenue from the Novo Nordisk Group of 0.4% while other customers increased by 5.4%.

Operating profit margin in reported currencies was 13.9% in Q4 2017 (13.3% in constant currencies) and 9.6% in 2017 (9.2% in constant currencies) compared to 12.6% in Q4 2016 and 10.6% in full year 2016. Full year 2017 was negatively impacted by the one-off revenue reversal of DKK 26.1m and adjusting for the revenue reversal the operating profit margin was 10.4% in 2017 in line with NNIT's long term target of an operating profit margin of at least 10%.

For a detailed performance overview in both reported and constant currencies please see note 8 on page 27. Comparisons in this financial report are hereafter in reported

currencies. NNIT's major currencies have depreciated giving operating profit margin in 2017 a tailwind of 0.4pp whereas the impact on revenue growth was impacted negatively by 0.2pp.

Cost of goods sold increased by 4.1% in Q4 2017 and 6.3% in full year 2017 compared to the same periods last year. The gross profit margin was 22.3% in Q4 2017 (21.1% in Q4 2016) and 18.3% in 2017 (19.6% in 2016). The decrease in gross profit margin for 2017 was among others driven by the one-off revenue reversal, a reduction in the level of high margin projects from the Novo Nordisk Group and price reductions in certain outsourcing contracts. The decline in gross profit margin will be sought mitigated through the fully implemented operational excellence program in the IT Operation Services business area, the continued development of focused offerings to life sciences and other customer groups as well as a selective approach when bidding for public tenders. Adjusting for the revenue reversal, the gross profit margin was 19.0% in 2017.

Sales and marketing costs decreased by 2.1% in Q4 2017 mainly due to timing and increased by 0.6% in 2017 mainly due to a sales force expansion to support future growth, especially in international life sciences.

Administrative expenses increased by 9.0% in Q4 2017 and increased by 2.7% in 2017 compared to the same periods last year. The increase in Q4 2017 was mainly due to severance payments in connection with layoffs in staff functions that will have a positive effect in 2018 and onwards.

Operating profit in Q4 2017 increased by 17% to DKK 113.2m corresponding to an operating profit margin of 13.9% compared to 12.6% in Q4 2016. This led to an operating profit in 2017 of DKK 276.8m corresponding to an operating profit margin of 9.6% compared to 10.6% in 2016. The decrease was mainly due to the one-off revenue reversal. Adjusted for this reversal, the operating profit margin was 10.4% in 2017.

Net financials in Q4 2017 were negative DKK 1.7m which is an improvement of DKK 0.4m compared to Q4 2016. Net financials improved by DKK 11.7m in 2017 compared to 2016. The improvement in net financials is primarily due to higher gains on cash flow hedges and higher gains/fewer value adjustment losses on the Novo Nordisk shareholdings used to hedge NNIT's long-term incentive program.

The effective tax rate in Q4 2017 was 22.5% representing a decrease of 1.2pp compared to Q4 2016. The effective tax rate in 2017 was 21.5% representing a decrease of 1.5pp compared to 2016. The decrease was caused by changes in the level of non-taxable adjustments mainly from non-taxable income regarding unrealized gains from Novo Nordisk shares in 2017 compared to a loss in 2016 and non-taxable income regarding energy savings in 2017.

Net profit in Q4 2017 was DKK 86.4m corresponding to an increase of 19.6% compared to Q4 2016. Net profit in 2017 was DKK 216.5m corresponding to an increase of 0.4% compared to 2016. The increase in 2017 was impacted by improved net financials and a lower effective tax rate partly countered by the one-off revenue reversal. Adjusting for the revenue reversal of DKK 26.1m, net profit increased by 9.8% in 2017 compared to same period last year.

## Revenue

Revenue distribution:

DKKm (reported currencies)	Q4 2017	Q4 2016	Pct Change (reported)	Settlement impact*	SCALES impact
Life Sciences	446.9	431.2	3.6%	n.a.	0.6pp
<i>Hereof Novo Nordisk Group</i>	351.6	328.7	7.0%	n.a.	0pp
<i>Hereof other Life Sciences</i>	95.3	102.5	-7.1%	n.a.	2.5pp
Enterprise	193.0	170.5	13.2%	n.a.	20.2pp
Public	114.6	103.5	10.7%	6.7pp	3.1pp
Finance	57.8	63.8	-9.4%	n.a.	0.1pp
<b>Total</b>	<b>812.2</b>	<b>768.9</b>	<b>5.6%</b>	<b>0.9pp</b>	<b>5.2pp</b>

DKKm (reported currencies)	2017	2016	Pct Change (reported)	Settlement impact*	SCALES impact
Life Sciences	1,612.3	1,597.0	1.0%	n.a.	0.4pp
<i>Hereof Novo Nordisk Group</i>	1,233.8	1,238.4	-0.4%	n.a.	0pp
<i>Hereof other Life Sciences</i>	378.5	358.6	5.6%	n.a.	1.6pp
Enterprise	689.2	545.6	26.3%	n.a.	12.9pp
Public	345.9	385.3	-10.2%	-6.8pp	1.8pp
Finance	244.5	236.7	3.3%	n.a.	0.1pp
<b>Total</b>	<b>2,891.9</b>	<b>2,764.6</b>	<b>4.6%</b>	<b>-0.9pp</b>	<b>3pp</b>

\*Before revenue reversal of DKK 26m in (DKK 33.0m Q3 2017 and DKK -6.9m in Q4 2017) regarding a settlement with a public customer (see company announcement 8/2017)

Revenue growth in Q4 2017 of 5.6% was primarily driven by growth in the enterprise, public and the Novo Nordisk Group customer groups partly countered by the finance and other life sciences customer groups. Revenue growth in 2017 of 4.6% was driven by growth in the enterprise, other life sciences and finance customer groups partly countered by the public customer group which was impacted by the one-off revenue reversal.

The share of NNIT's revenue from customers outside the Novo Nordisk Group in 2017 was 57.3% compared to 55.2% in 2016.

### Life sciences:

Revenue in life sciences (including the Novo Nordisk Group and other life sciences customers) increased by 3.6% in Q4 2017 and 1.0% in 2017. NNIT's revenue from the Novo Nordisk Group revenue increased by DKK 22.9m in Q4 2017 corresponding to an increase of 7.0% due to a large transitional project and other projects. NNIT's revenue from the Novo Nordisk Group decreased by DKK 4.6m in 2017 corresponding to a decline of 0.4% primarily due to price reductions in the main outsourcing agreement and reduced project activity level.

Revenue from other life sciences customers experienced a decrease of 7.1% in Q4 2017 due to finalization of several large projects in Denmark while revenue from international customers increased with a strong double digit growth. In 2017, revenue from other life sciences customers increased by DKK 19.9m, corresponding to 5.6%, and driven by international life sciences customers which grew with more than 20%.

### Enterprise:

Revenue in Q4 2017 increased by DKK 22.5m and DKK 143.6m in 2017 corresponding to an increase of 13% in Q4 2017 and 26% in 2017 compared to the same periods last year. Revenue growth was driven by increased revenue from new customers such as PANDORA and Widex as well as a positive contribution from the SCALES acquisition with most customers in the enterprise customer group. Q4 2017 growth was impacted negatively by a large hardware sale in Q4 2016.

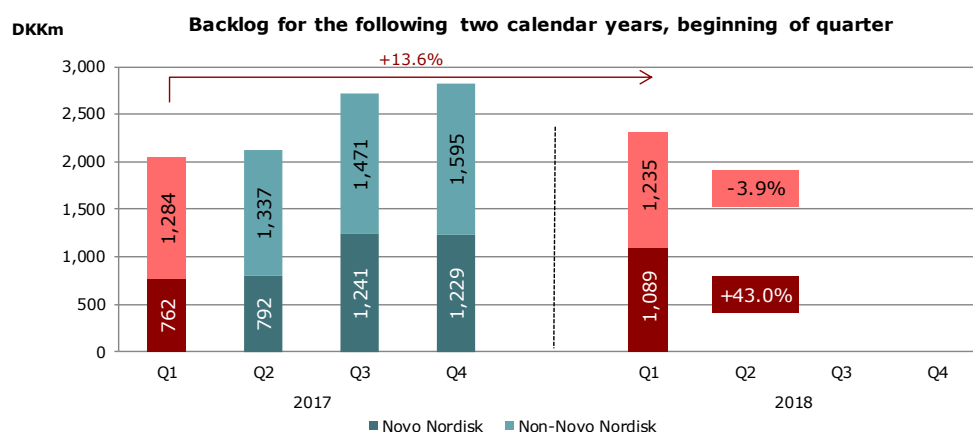
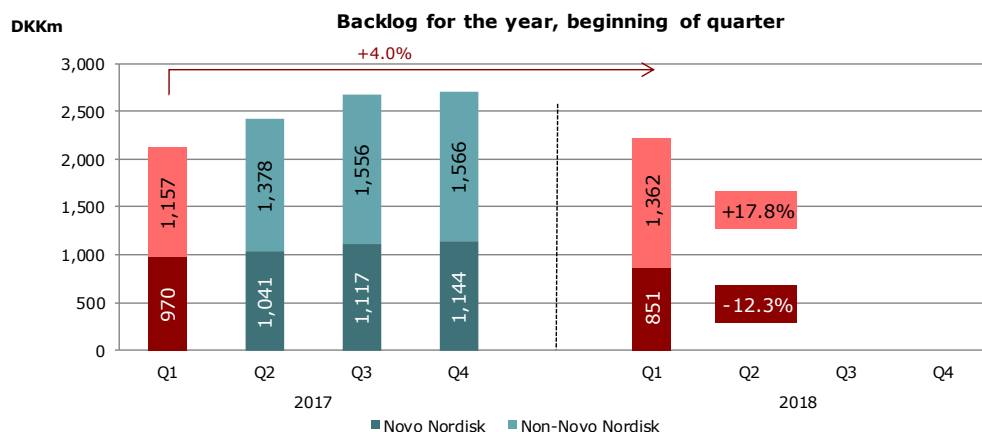
### Public:

Revenue in Q4 2017 increased by DKK 11.1m corresponding to 11% and decreased by DKK 39.4m in 2017 corresponding to a decrease of 10% compared to the same periods last year. The increase in Q4 2017 was mainly due to the final computation of the accounting impact of the settlement, whereas the decrease in 2017 was impacted by the same settlement with a customer in IT Solution Services of DKK 26.1m and another settlement with a customer within IT Operation Services in Q1 2017 as well as price reductions on certain outsourcing contracts.

### Finance:

Revenue in Q4 2017 decreased by DKK 6.0m or 9.4% due to a customer contract within IT Operation Services that was not extended when it expired in June 2017. Revenue in 2017 increased by DKK 7.8m in 2017, corresponding to an increase of 3.3% compared to the same period last year. The increase was primarily driven by contract wins with new customers such as E-nettet and Danske Bank and was partly offset by the customer contract within IT Operation Services that was not extended.

## Order backlog



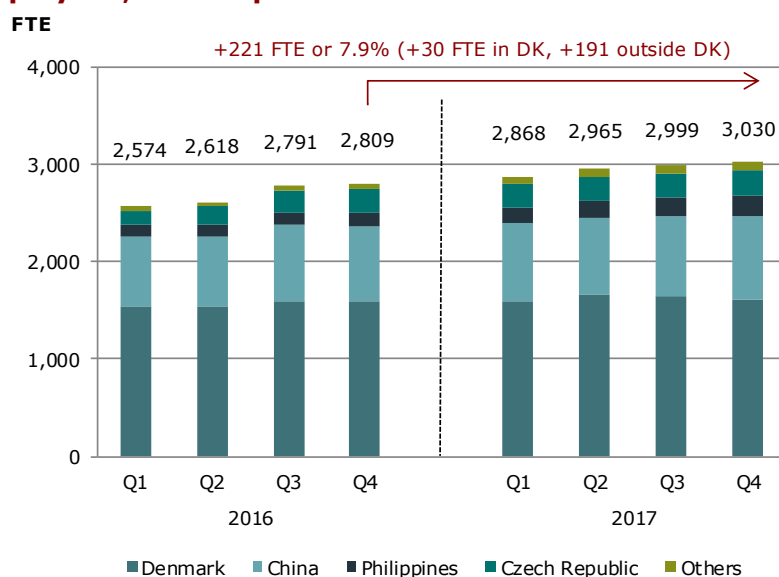
The order backlog for 2018 at the beginning of Q1 2018 increased by DKK 86m, or by 4.0%, to DKK 2,213m compared to the order backlog for 2017 at the beginning of Q1 2017. It should be noted that the revenue reversed of DKK 26m in Q3/Q4 2017 regarding a customer in the public customer group had a negative impact on full year revenue for 2017, but was not reflected in the backlog of the beginning of 2017.

The backlog has been restated according to IFRS 15 "Revenue from Contracts with Customers" which takes effect as from January 1, 2018 (please see note 9). When assessing the backlog development please see the guidance section.

Order backlog from the Novo Nordisk Group declined with 12.3%, while other customers increased 17.8%. It is assessed that the IFRS 15 standard will have limited impact on the total revenue growth in 2018. However, the decrease in the order backlog from the Novo Nordisk Group can to some extent be explained by a large transitional project in 2018 which will be recognized throughout the contract period due to the new IFRS 15 principle whereas the order backlog growth from other customers are impacted by transition projects brought forward into 2018 and the years to come from previous years.

At the beginning of Q1 2018 the order backlog for 2019 and 2020 was 13.6% higher than the order backlog for 2018 and 2019 at the beginning of Q1 2017. The increase in the order entry backlog is due to extension of the corporate core IT infrastructure outsourcing contract with Novo Nordisk and the five year contract extension with Arla partly countered by the expiry of several large infrastructure agreements in 2019 and 2020 in other customer groups. Any renewals or replacements of these contracts will increase the order backlog. The Novo Nordisk Group backlog increases with 43.0%, while the backlog from other customers declines with 3.9% due to the mentioned expiry of several large outsourcing contracts.

## Employees, end-of-period



At the end of Q4 2017, the number of employees increased by 221 FTE corresponding to 7.9% compared to the same period last year. More than half of the increase was due to the inclusion of 101 SCALES FTEs in Denmark and 20 FTEs in Norway. Excluding SCALES the underlying growth was only 3.5% entirely driven by countries outside Denmark whereas FTEs in Denmark decreased by 71. The increase outside Denmark was in-line with the long-term offshoring strategy, increasing primarily in China (72 FTEs), the Philippines (61 FTEs), and Czech Republic (28 FTEs). Denmark increased by 30 FTEs entirely due to SCALES, while Switzerland, Germany, United Kingdom, United States and Norway combined grew by 30 FTEs also due to SCALES and increased activity within international life sciences.

## Balance sheet

Total assets at December 31, 2017 increased by DKK 237.5m to DKK 1,828.0m compared to DKK 1,590.5m at December 31, 2016 primarily due to an increase in intangible assets in connection with the acquisition of SCALES (DKK 187.2m), tangible assets and other receivables partly countered by a decrease in cash and cash equivalents and trade receivables.

The net of Cash and cash equivalents and bank overdraft amounted to DKK -18.6m at December 31, 2017, a decrease of DKK 192.5m compared to December 31, 2016. The decrease was due to the acquisition of SCALES (DKK 98.0m), increased investments in a new data center (DKK 181.1m) and the payment of ordinary dividend for 2016 (DKK 53.4m) and interim dividend for 2017 (DKK 48.7m) partly countered by net profits from operating activities and a positive development in working capital.

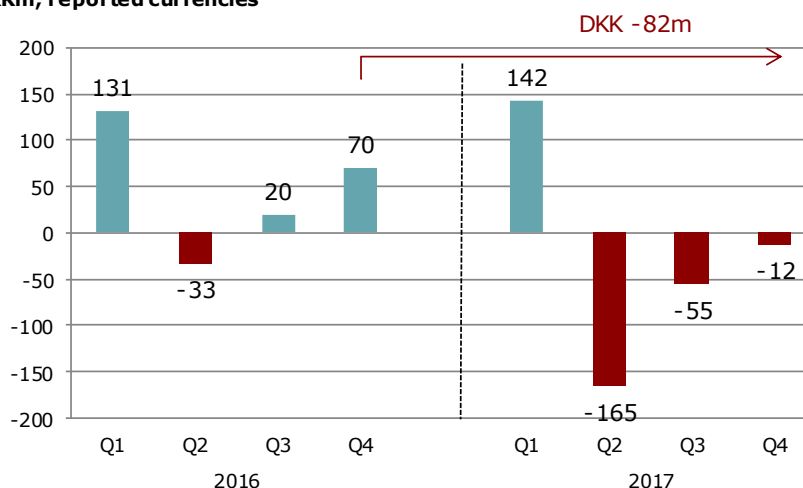
Equity at December 31, 2017 amounted to DKK 1,005.3m, an increase of DKK 158.8m compared to December 31, 2016. The improvement was due to higher net profits offset by paid ordinary dividends for 2016 (DKK 53.4m) and paid interim dividends for 2017 (DKK 48.7m).

## Investments

Investments amounted to DKK 102.5m in Q4 2017 (of which DKK 45.6m related to the new data center) compared to DKK 55.4m in Q4 2016. Investments amounted to DKK 434.9m in 2017 (of which DKK 98.0m related to SCALES and DKK 181.1m related to the new data center) compared to DKK 167.7m in 2016. The construction of the data center in Ejby, Copenhagen was finished according to time schedule and budget and the data center was inaugurated January 12, 2018.

## Free cash flow

DKKm, reported currencies



The free cash flow for Q4 2017 was negative at DKK 12.4m, a decline of DKK 82.4m compared to Q4 2016 due to higher investments related to the new data center. In 2017, the free cash flow was negative with DKK 90.4m compared to a positive free cash flow of DKK 188.4m in 2016 due to the acquisition of SCALES and the investment in a new data center. The underlying free cash flow of DKK 188.6m was at the same level as 2016 when adjusted for the acquisition of SCALES and the investment in a new data center.

## Business areas

### IT Operation Services

DKK million (reported currencies)	Q4 2017	Q4 2016	Change
<b>Revenue</b>			
Novo Nordisk Group	251.8	225.9	11.5%
Non-Novo Nordisk Group	255.1	289.7	-12.0%
<b>Total</b>	<b>506.8</b>	<b>515.6</b>	<b>-1.7%</b>
Costs	432.6	447.9	-3.4%
<b>Operating profit</b>	<b>74.2</b>	<b>67.7</b>	<b>9.6%</b>
<i>Operating profit margin</i>	<i>14.6%</i>	<i>13.1%</i>	<i>1.5pp</i>

DKK million (reported currencies)	2017	2016	Change
<b>Revenue</b>			
Novo Nordisk Group	862.1	841.4	2.5%
Non-Novo Nordisk Group	998.4	982.3	1.6%
<b>Total</b>	<b>1,860.6</b>	<b>1,823.7</b>	<b>2.0%</b>
Costs	1,642.5	1,616.9	1.6%
<b>Operating profit</b>	<b>218.1</b>	<b>206.8</b>	<b>5.4%</b>
<i>Operating profit margin</i>	<i>11.7%</i>	<i>11.3%</i>	<i>0.4pp</i>

IT Operation Services revenue decreased by 1.7% in Q4 2017 and increased by 2.0% in 2017 compared to the same periods last year. The decrease in Q4 2017 was primarily due to lower Q4 project activity within customers outside the Novo Nordisk Group whereas the increase in full year 2017 was primarily driven by new large customers such as PANDORA, Danske Bank and the life sciences customer group partly offset by the the finance customer group. Revenue from the Novo Nordisk Group increased with 2.5% in 2017 relative to 2016 due to a large transitional project and increased project activity level in Q4 2017 partly countered by price reductions in the main outsourcing agreement.

Operating profit increased by 9.6% in Q4 2017 compared to Q4 2016 mainly due to increased project activity from the Novo Nordisk Group. Operating profit in 2017 increased by 5.4% compared to 2016. Operating profit margin in Q4 2017 was 14.6% compared to 13.1% in Q4 2016 while operating profit margin in 2017 was 11.7% and 0.4pp above 2016. The increase was driven by the operational excellence program partly offset by a settlement with a customer in the public customer group.

### IT Solution Services

DKK million (reported currencies)	Q4 2017	Q4 2016	Change	Settlement impact*	SCALES impact
<b>Revenue</b>					
Novo Nordisk Group	99.82	102.7	-2.8%	0pp	n.a.
Non-Novo Nordisk Group	205.55	150.5	36.6%	4.6pp	26,7pp
<b>Total</b>	<b>305.4</b>	<b>253.2</b>	<b>20.6%</b>	<b>2.7pp</b>	<b>15.9pp</b>
Costs	266.34	224.1	18.8%	0pp	15,6pp
<b>Operating profit</b>	<b>39.0</b>	<b>29.1</b>	<b>34.0%</b>	<b>23.8pp</b>	<b>18.1pp</b>
<i>Operating profit margin</i>	<i>12.8%</i>	<i>11.5%</i>	<i>1.3pp</i>	<i>1.9pp</i>	<i>0.1pp</i>

DKK million (reported currencies)	2017	2016	Change	Settlement impact*	SCALES impact
<b>Revenue</b>					
Novo Nordisk Group	371.6	397.0	-6.4%	n.a.	n.a.
Non-Novo Nordisk Group	659.7	543.9	21.3%	-4.8pp	15.3pp
<b>Total</b>	<b>1,031.3</b>	<b>940.9</b>	<b>9.6%</b>	<b>-2.8pp</b>	<b>8.8pp</b>
Costs	972.6	854.8	13.8%	0pp	8.7pp
<b>Operating profit</b>	<b>58.7</b>	<b>86.1</b>	<b>-31.8%</b>	<b>-30.3pp</b>	<b>10.7pp</b>
<i>Operating profit margin</i>	<i>5.7%</i>	<i>9.1%</i>	<i>-3.5pp</i>	<i>-2.4pp</i>	<i>0.5pp</i>

\*Before revenue reversal of DKK 26.1m in (DKK 33.0m Q3 2017 and DKK -6.9m in Q4 2017) regarding a settlement with a public customer (see company announcement 8/2017)

IT Solution Services revenue increased by 20.6% in Q4 2017 and 9.6% in 2017 compared to the same periods last year despite the one-off revenue reversal related to a settlement with a public customer in Q3 2017. Q4 2017 and 2017 were positively impacted by the SCALES acquisition. The increase in 2017 revenue was driven by customers outside the Novo Nordisk Group increasing with 21%, whereas revenue from the Novo Nordisk Group decreased with 6.4% compared to 2016 due to a decline in project activities.

Operating profit in Q4 2017 increased by 34% due to final computation of the settlement and SCALES compared to Q4 2016. Operating profit in 2017 declined by 32% following the revenue reversal in Q3 2017, reduction in high margin project activities from the Novo Nordisk Group as well as price and scope reductions on certain outsourcing contracts. Operating profit margin in 2017 was 5.7% compared to 9.1% in 2016, a decrease of 3.5pp due to the above mentioned reasons. Adjusted for the one-off revenue reversal, the operating profit margin was 8.0%.

### **Events after balance sheet date**

There have been no events after the balance sheet date which would have a significant impact on an assessment of NNIT's financial position at December 31, 2017.



## Management statement

The Board of Directors and Executive Management have approved the Annual Report 2017 of NNIT A/S (NNIT A/S, together with its subsidiaries, the "Group") – including the audited consolidated financial statements. The Board of Directors and Executive Management also approved this financial statement containing condensed financial information for 2017.

The consolidated financial statements in the Annual Report 2017 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and further requirements in the Danish Financial Statements Act.

This financial statement is prepared in accordance with the recognition and measurement requirements in the IFRS, the accounting policies as applied in the audited consolidated financial statements of 2017.

In our opinion, the accounting policies used are appropriate, and the overall presentation of this financial statement is adequate. Furthermore, in our opinion, this company announcement of the financial statement for 2017 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 as well as, together with the Annual Report 2017, a description of the most significant risks and elements of uncertainty facing the Group in accordance with Danish disclosure requirements for listed companies.

Søborg, January 25, 2018

### Executive management

Per Kogut  
*CEO*

#### Board of Directors

Carsten Krogsgaard Thomsen  
*CFO*

Carsten Dilling  
*Chairman*

Peter H. J. Haahr  
*Deputy Chairman*

Anne Broeng

Eivind Kolding

John Beck

René Stockner

Anders Vidstrup

Henrik Vienberg Andersen

## Consolidated financial statements

### Income statement and Statement of comprehensive income

	Note	Q4 2017 DKK '000	Q4 2016 DKK '000	12M 2017 DKK '000	12M 2016 DKK '000
<b>Income statement</b>					
<b>Revenue</b>	2	<b>812,210</b>	<b>768,868</b>	<b>2,891,878</b>	<b>2,764,592</b>
Cost of goods sold		631,474	606,373	2,362,506	2,223,006
<b>Gross profit</b>		<b>180,736</b>	<b>162,495</b>	<b>529,372</b>	<b>541,586</b>
Sales and marketing costs		35,917	36,688	135,563	134,794
Administrative expenses		31,580	28,959	116,986	113,889
<b>Operating profit</b>		<b>113,239</b>	<b>96,848</b>	<b>276,823</b>	<b>292,903</b>
Financial income		1,412	291	5,059	6,922
Financial expenses		3,159	2,431	5,993	19,550
<b>Profit before income taxes</b>		<b>111,492</b>	<b>94,708</b>	<b>275,889</b>	<b>280,275</b>
Income taxes		25,088	22,458	59,410	64,575
<b>Net profit for the period</b>		<b>86,404</b>	<b>72,250</b>	<b>216,479</b>	<b>215,700</b>

### Earnings per share

	DKK	DKK	DKK	DKK
<b>Earnings per share</b>	<b>3.55</b>	<b>2.98</b>	<b>8.89</b>	<b>8.89</b>
<b>Diluted earnings per share</b>	<b>3.48</b>	<b>2.97</b>	<b>8.72</b>	<b>8.85</b>

### Statement of comprehensive income

	DKK '000	DKK '000	DKK '000	DKK '000
<b>Net profit for the period</b>	<b>86,404</b>	<b>72,250</b>	<b>216,479</b>	<b>215,700</b>
Other comprehensive income:				
<i>Items that will not be reclassified subsequently to the Income statement:</i>				
Remeasurement related to pension obligations	3,600	260	4,798	-1,015
Tax on other comprehensive income	-559	220	-1,314	-338
<i>Items that will be reclassified subsequently to the Income statement, when specific conditions are met:</i>				
Currency revaluation related to subsidiaries (net)	1,926	3,062	-1,755	820
Recycled to financial items	1,378	-8,476	2,799	-3,362
Unrealized value adjustments	2,010	7,126	2,043	5,942
<i>Cash flow hedges</i>	<i>3,388</i>	<i>-1,350</i>	<i>4,842</i>	<i>2,580</i>
Tax on other comprehensive income related to cash flow hedges	-1,036	-619	-1,065	-626
<b>Other comprehensive income, net of tax</b>	<b>7,319</b>	<b>1,573</b>	<b>5,506</b>	<b>1,421</b>
<b>Total comprehensive income</b>	<b>93,723</b>	<b>73,823</b>	<b>221,985</b>	<b>217,121</b>

## Balance sheet

### Assets

	Note	Dec 31, 2017	Dec 31, 2016
		DKK '000	DKK '000
Intangible assets	3	212,057	33,307
Tangible assets		573,982	412,920
Deferred tax		52,548	52,390
Deposits		32,637	28,730
<b>Total non-current assets</b>		<b>871,224</b>	<b>527,347</b>
Inventories		1,566	2,797
Trade receivables	4	574,808	604,567
Work in progress	4	122,868	136,370
Other receivables and pre-payments		164,432	126,183
Shares		13,950	18,200
Derivative financial instruments		4,598	1,140
Cash and cash equivalents		74,577	173,912
<b>Total current assets</b>		<b>956,799</b>	<b>1,063,169</b>
<b>Total assets</b>		<b>1,828,023</b>	<b>1,590,516</b>

### Equity and liabilities

		Dec 31, 2017	Dec 31, 2016
		DKK '000	DKK '000
Share capital		250,000	250,000
Treasury shares		-6,567	-7,500
Retained earnings		697,398	542,833
Other reserves		8,493	7,785
Proposed dividends		55,990	53,350
<b>Total equity</b>		<b>1,005,314</b>	<b>846,468</b>
Employee benefit obligation		15,397	34,251
Contingent consideration (earn out)		54,345	0
Provisions	3	13,245	11,395
<b>Total non-current liabilities</b>		<b>82,987</b>	<b>45,646</b>
Prepayments received	4	158,428	186,507
Bank overdraft		93,194	0
Trade payables		58,948	59,282
Employee cost payable		255,421	258,386
Tax payables		18,096	29,913
Other current liabilities	4	132,617	140,946
Derivative financial instruments		1,164	2,098
Employee benefit obligation		21,694	7,577
Provisions		160	13,693
<b>Total current liabilities</b>		<b>739,722</b>	<b>698,402</b>
<b>Total equity and liabilities</b>		<b>1,828,023</b>	<b>1,590,516</b>
Contingent liabilities and legal proceedings	5		
Currency hedging	6		

## Statement of cash flow

		Q4 2017	Q4 2016	12M 2017	12M 2016
		DKK '000	DKK '000	DKK '000	DKK '000
<b>Net profit for the period</b>	<b>Note</b>	<b>86,404</b>	<b>72,250</b>	<b>216,479</b>	<b>215,700</b>
Reversal of non-cash items		96,070	94,576	247,097	270,666
Interest received		48	51	171	102
Interest paid		-1,429	-1,308	-3,750	-3,569
Income taxes paid		-30,866	-14,837	-80,220	-51,415
<b>Cash flow before change in working capital</b>		<b>150,227</b>	<b>150,732</b>	<b>379,777</b>	<b>431,484</b>
Changes in working capital		-52,638	-22,056	-32,577	-68,667
<b>Cash flow from operating activities</b>		<b>97,589</b>	<b>128,676</b>	<b>347,200</b>	<b>362,817</b>
Capitalization of intangible assets		-7,290	-13,575	-10,279	-13,575
Purchase of tangible assets		-96,544	-41,828	-323,710	-154,120
Change in trade payables related to investments		-5,939	-4,329	-2,887	-10,454
Sale of tangible assets		0	0	0	2,236
Dividends received		0	0	317	721
Sale/(purchase) of shares (net)		0	1,236	0	1,236
Payment of deposits		-206	-96	-3,142	-475
Acquisition of subsidiary	3	0	0	-97,991	0
<b>Cash flow from investing activities</b>		<b>-109,979</b>	<b>-58,592</b>	<b>-437,692</b>	<b>-174,431</b>
Dividends paid		0	0	-102,037	-145,500
<b>Cash flow from financing activities</b>		<b>0</b>	<b>0</b>	<b>-102,037</b>	<b>-145,500</b>
<b>Net cash flow</b>		<b>-12,390</b>	<b>70,084</b>	<b>-192,529</b>	<b>42,886</b>
Cash and cash equivalents at the beginning of the period		-6,227	103,828	173,912	131,026
<b>Cash and cash equivalents at the end of the period</b>		<b>-18,617</b>	<b>173,912</b>	<b>-18,617</b>	<b>173,912</b>
<b>Additional information<sup>1</sup>:</b>					
Cash and cash equivalents at the end of the period		-18,617	173,912	-18,617	173,912
Undrawn committed credit facilities		306,806	400,000	306,806	400,000
<b>Financial resources at the end of the period</b>		<b>288,189</b>	<b>573,912</b>	<b>288,189</b>	<b>573,912</b>
Cash flow from operating activities		97,589	128,676	347,200	362,817
Cash flow from investing activities		-109,979	-58,592	-437,692	-174,431
<b>Free cash flow</b>		<b>-12,390</b>	<b>70,084</b>	<b>-90,492</b>	<b>188,386</b>

<sup>1</sup> Additional non-IFRS measures. 'Financial resources at the end of the period' is defined as the sum of cash and cash equivalents at the end of the period and undrawn committed credit facilities. Free cash flow is defined as 'cash flow from operating activities' less 'cash flow from investing activities'.

## Statement of changes in equity

DKK '000	Share capital	Treasury shares	Retained earnings	Other reserves			Total other reserves	Proposed dividends	Total
				Currency revaluation	Cash flow hedges	Tax			
<b>December 31, 2017</b>									
<b>Balance at the beginning of the period</b>	<b>250,000</b>	<b>-7,500</b>	<b>542,833</b>	<b>6,784</b>	<b>-1,321</b>	<b>2,322</b>	<b>7,785</b>	<b>53,350</b>	<b>846,468</b>
Net profit for the period	0	0	216,479	0	0	0	0	0	216,479
Other comprehensive income for the period	0	0	4,798	-1,755	4,842	-2,379	708	0	5,506
Total comprehensive income for the period	0	0	221,277	-1,755	4,842	-2,379	708	0	221,985
Transactions with owners:									
Transfer of treasury shares	0	933	18,190						19,123
Share-based payments	0	0	21,342	0	0	0	0	0	21,342
Deferred tax on share-based payments	0	0	-1,567	0	0	0	0	0	-1,567
Dividends paid	0	0	0	0	0	0	0	-102,037	-102,037
Interim dividend for 2017	0	0	-48,687	0	0	0	0	48,687	0
Proposed dividend for 2017	0	0	-55,990	0	0	0	0	55,990	0
Total dividends for 2017	0	0	-104,677	0	0	0	0	104,677	0
<b>Balance at the end of the period</b>	<b>250,000</b>	<b>-6,567</b>	<b>697,398</b>	<b>5,029</b>	<b>3,521</b>	<b>-57</b>	<b>8,493</b>	<b>55,990</b>	<b>1,005,314</b>

DKK '000	Share capital	Treasury shares	Retained earnings	Other reserves			Total other reserves	Proposed dividends	Total
				Currency revaluation	Cash flow hedges	Tax			
<b>December 31, 2016</b>									
<b>Balance at the beginning of the period</b>	<b>250,000</b>	<b>-7,500</b>	<b>395,969</b>	<b>5,964</b>	<b>-3,901</b>	<b>3,286</b>	<b>5,349</b>	<b>97,000</b>	<b>740,818</b>
Net profit for the period	0	0	215,700	0	0	0	0	0	215,700
Other comprehensive income for the period	0	0	-1,015	820	2,580	-964	2,436	0	1,421
Total comprehensive income for the period	0	0	214,685	820	2,580	-964	2,436	0	217,121
Transactions with owners:									
Share-based payments	0	0	30,212	0	0	0	0	0	30,212
Deferred tax on share-based payments	0	0	3,817	0	0	0	0	0	3,817
Dividends paid	0	0	0	0	0	0	0	-145,500	-145,500
Interim dividend for 2016	0	0	-48,500	0	0	0	0	48,500	0
Proposed dividend for 2016	0	0	-53,350	0	0	0	0	53,350	0
Total dividends for 2016	0	0	-101,850	0	0	0	0	101,850	0
<b>Balance at the end of the period</b>	<b>250,000</b>	<b>-7,500</b>	<b>542,833</b>	<b>6,784</b>	<b>-1,321</b>	<b>2,322</b>	<b>7,785</b>	<b>53,350</b>	<b>846,468</b>

## Notes

### Note 1

#### Accounting policies

The Board of Directors and Executive Management have approved the Annual Report 2017 of NNIT A/S including the audited consolidated financial statements. The Board of Directors and Executive Management also approved this financial statement containing condensed financial information for 2017.

This financial statement is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and further requirements in the Danish Financial Statements Act. The accounting policies used in this financial statement are consistent with those used in the audited consolidated financial statements in the Annual Report 2017.

### Note 2

#### Quarterly numbers

DKK '000	2017				2016			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Revenue</b>	<b>812,210</b>	<b>675,649</b>	<b>688,709</b>	<b>715,310</b>	<b>768,868</b>	<b>674,456</b>	<b>658,647</b>	<b>662,621</b>
Cost of goods sold	631,474	582,317	567,006	581,709	606,373	543,780	540,713	532,140
<b>Gross profit</b>	<b>180,736</b>	<b>93,332</b>	<b>121,703</b>	<b>133,601</b>	<b>162,495</b>	<b>130,676</b>	<b>117,934</b>	<b>130,481</b>
Sales and marketing costs	35,917	33,902	32,841	32,903	36,688	31,582	33,592	32,932
Administrative expenses	31,580	28,873	28,663	27,870	28,959	29,350	27,847	27,733
<b>Operating profit</b>	<b>113,239</b>	<b>30,557</b>	<b>60,199</b>	<b>72,828</b>	<b>96,848</b>	<b>69,744</b>	<b>56,495</b>	<b>69,816</b>
Net financials	-1,747	3,615	-1,201	-1,601	-2,140	-2,710	-3,477	-4,301
<b>Profit before income taxes</b>	<b>111,492</b>	<b>34,172</b>	<b>58,998</b>	<b>71,227</b>	<b>94,708</b>	<b>67,034</b>	<b>53,018</b>	<b>65,515</b>
Income taxes	25,088	7,485	11,422	15,415	22,458	16,110	11,763	14,244
<b>Net profit for the period</b>	<b>86,404</b>	<b>26,687</b>	<b>47,576</b>	<b>55,812</b>	<b>72,250</b>	<b>50,924</b>	<b>41,255</b>	<b>51,271</b>

## Segment disclosures

DKK '000	2017				2016			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Revenue by business area</b>								
Operations	506,835	451,108	433,948	468,676	515,641	447,079	422,336	438,626
<i>hereof Novo Nordisk Group</i>	251,783	203,469	180,844	226,047	225,914	203,005	199,843	212,635
<i>hereof non-Novo Nordisk Group</i>	255,052	247,639	253,104	242,629	289,727	244,074	222,493	225,991
Solutions	305,375	224,541	254,761	246,634	253,227	227,377	236,311	223,995
<i>hereof Novo Nordisk Group</i>	99,824	87,807	87,817	96,180	102,748	95,259	100,915	98,076
<i>hereof non-Novo Nordisk Group</i>	205,551	136,734	166,944	150,454	150,479	132,118	135,396	125,919
<b>Total revenue</b>	<b>812,210</b>	<b>675,649</b>	<b>688,709</b>	<b>715,310</b>	<b>768,868</b>	<b>674,456</b>	<b>658,647</b>	<b>662,621</b>
<b>Revenue by customer group</b>								
Life Sciences	446,857	386,470	364,629	414,356	431,165	386,848	386,459	392,550
<i>hereof Novo Nordisk Group</i>	351,606	291,276	268,661	322,227	328,662	298,264	300,758	310,711
Enterprise	193,041	182,000	163,653	150,521	170,469	144,661	120,931	109,559
Public	114,550	54,709	92,480	84,151	103,455	90,370	90,768	100,695
Finance	57,762	52,470	67,947	66,282	63,779	52,577	60,489	59,817
<b>Total revenue</b>	<b>812,210</b>	<b>675,649</b>	<b>688,709</b>	<b>715,310</b>	<b>768,868</b>	<b>674,456</b>	<b>658,647</b>	<b>662,621</b>
<b>Operating profit by business area</b>								
Operations	74,207	50,253	44,284	49,345	67,727	53,137	32,999	52,968
Solutions	39,032	-19,696	15,915	23,483	29,121	16,607	23,496	16,848
<b>Total operating profit</b>	<b>113,239</b>	<b>30,557</b>	<b>60,199</b>	<b>72,828</b>	<b>96,848</b>	<b>69,744</b>	<b>56,495</b>	<b>69,816</b>
<b>Amortization, depreciation and impairment losses</b>								
Operations	34,112	35,325	37,917	37,952	37,696	34,689	34,374	34,758
Solutions	2,294	2,059	1,506	1,103	708	737	721	679
<b>Total amortization, depreciation and impairment losses</b>	<b>36,406</b>	<b>37,384</b>	<b>39,423</b>	<b>39,055</b>	<b>38,404</b>	<b>35,426</b>	<b>35,095</b>	<b>35,437</b>

The Danish operations generated 88.8% of NNIT's revenue in 12M 2017 and 91.0% in 12M 2016 based on the location of customer purchase orders. As a consequence of the predominantly Danish revenue, we will not disclose a geographical revenue split.

### Note 3

#### Acquisition of SCALES Group

On June 1, 2017, NNIT acquired full ownership and control of SCALES Group in Denmark. SCALES Group is a leading Danish-based consultancy, who delivers implementations of Microsoft Dynamics 365 ERP solutions (previously: Dynamics AX).

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

DKK '000	June 1, 2017
<b>Acquisition cost</b>	
Cash paid	103,837
Consideration in NNIT A/S shares	19,123
Contingent consideration (earn out)	54,345
	<b>177,305</b>
<b>Fair value of net assets acquired</b>	
Intangible assets	9,200
Other non-current assets	1,772
Trade receivables and work in progress	33,218
Other receivables and pre-payments	1,582
Cash and cash equivalents	5,846
Non-current liabilities	-2,055
Prepayments received	-7,986
Employee costs payable	-15,890
Other current liabilities	-16,070
<b>Net assets acquired</b>	<b>9,617</b>
Goodwill	167,688
<b>Acquisition cost</b>	<b>177,305</b>
Of which cash and cash equivalents in Scales Group	-5,846
Consideration in NNIT A/S shares	-19,123
Contingent consideration (earn out)	-54,345
<b>Paid acquisition cost, net</b>	<b>97,991</b>

Goodwill relates to expected synergies regarding revenue from new Dynamics 365 projects where SCALES previously has been too small to implement such large scale projects and cost savings from off shoring of coding and other tasks in SCALES Group

done in NNIT Philippines off shore center. Further synergies are expected regarding additional revenue in NNIT from application maintenance service on Dynamics 365 customers.

Recognized goodwill is non-deductible for tax purpose.

Transaction cost of DKK 1,5 million has been recognized in administrative expenses.

Earn out target is DKK 52 million with an earn out range of 0-130% of target depending on performance on three KPIs: EBITDA in SCALES business, total revenue derived from Microsoft Dynamics as well as unmanaged attrition in the SCALES business area. The KPIs are weighted with EBITDA having the highest weight.

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

The period for earn out target ends 2019 and will be settled after approval of the annual report for 2019.

### **Earnings impact**

Revenue and EBIT comprise DKK 86,249 thousand and DKK 12,330 thousand, respectively, reported by SCALES Group since the date of acquisition June 1, 2017.

On a pro forma basis, if the acquisition had been effective from January 1, 2017 SCALES Group would have contributed DKK 143,854 thousand to revenue and DKK 17,960 thousand to EBIT.

### **Note 4**

#### *Related party transactions*

<b>DKK'000</b>	<b>Dec 31, 2017</b>	<b>Dec 31, 2016</b>
<b>Assets</b>		
Receivables from related parties	216,151	238,208
Work in progress related parties	37,652	37,579
<b>Liabilities</b>		
Liabilities to related parties	1,264	799
Prepayments from related parties	48,760	95,103

### **Note 5**

#### *Contingent liabilities and legal proceedings*

#### **Contingent liabilities**

None

#### **Legal proceedings**

None



## Note 6

### Currency hedging

NNIT's objective is at any time to limit the company's financial risks.

NNIT is exposed to exchange rate risks in the countries where NNIT has its main activities. The majority of NNIT's sales are 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, to a lesser extent, the Czech koruna, the Philippine peso, the Swiss franc and the British pound.

At present NNIT's sales in Chinese yuan, Czech koruna, and Swiss franc are not sufficiently to balance these currency risks. To manage foreign exchange rate risks, NNIT has entered into hedging contracts to hedge major foreign currency balances in Chinese yuan and Czech koruna. Due to the size of the exposure Swiss franc is not hedged.

Cumulative profit on derivative financial instruments regarding future cash flow per December 31, 2017 is recognized in Equity (Other comprehensive income) with an amount of DKK 4.8m before tax (DKK 3.8m after tax).

## Note 7

### Currency sensitivity and development

#### Currency sensitivities

	Estimated annual impact on NNIT's operating profit of a 10% increase in the outlined currencies against DKK*	Hedging period (months)
EUR	DKK 35 million	-
CNY	DKK -19 million	14
CZK	DKK -11 million	14
PHP	DKK -6 million	-
CHF	DKK -1 million	-
USD	DKK -4 million	-

Hedging gains and losses do not impact operating profit as they are recognized under net financials. For further details on hedging, please see note 6 above.

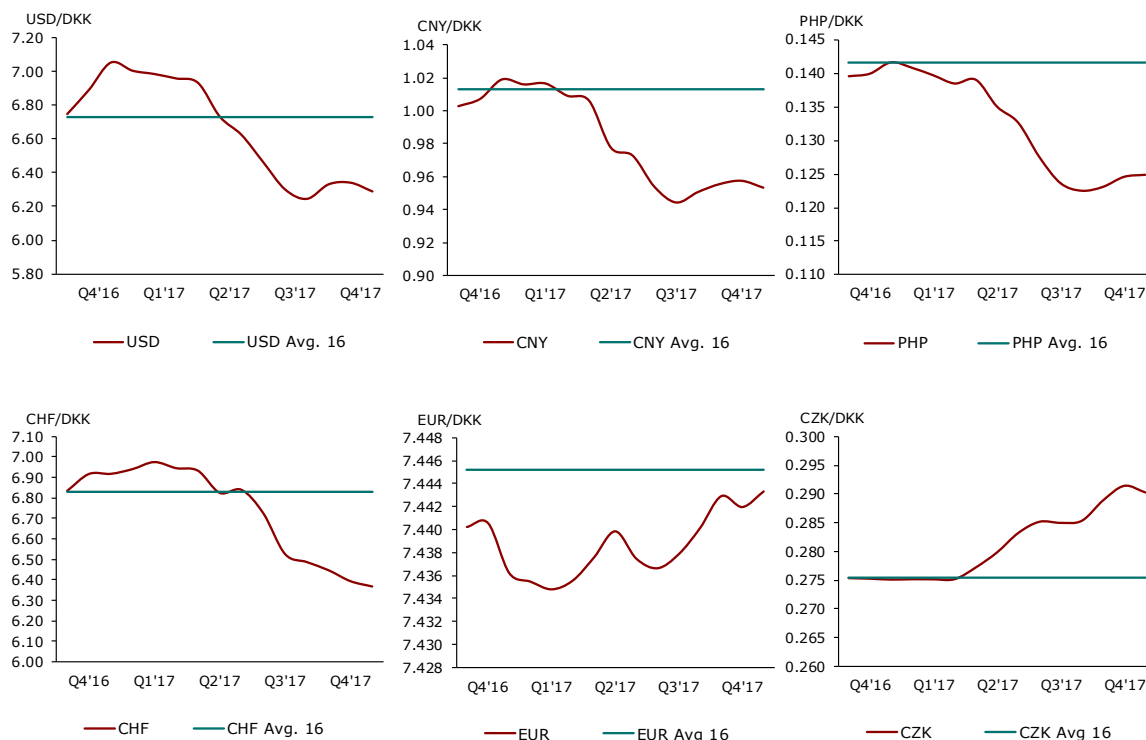
\* The above sensitivities address hypothetical situations and are provided for illustrative purposes only. The sensitivities assume the business develops consistent with the current 2018 business plan.

#### Key currency assumptions

DKK per 100	2016 average exchange rates	2017 average exchange rates	YTD 2018 average exchange rates at January 18, 2018	Current exchange rates at January 18, 2018
CNY	101.29	97.57	95.08	94.77
EUR	744.52	743.86	744.68	744.75
CZK	27.54	28.27	29.18	29.36
PHP	14.17	13.08	12.25	12.00
CHF	683.13	669.63	633.68	633.94
USD	673.27	659.53	615.90	608.70

#### Currency development

NNIT has a net cost exposure in the Chinese yuan, the Czech koruna (CZK), the Philippine peso and the Swiss franc and therefore the depreciation of the Chinese yuan and the Philippine peso versus Danish kroner had a positive impact on reported operating profit, whereas the increase in the Czech koruna had the reverse effect.



NNIT has hedged 90% of its net exposure in Chinese yuan (CNY hedged with CNH (CNY offshore)) and Czech koruna (CZK) for the coming 14 months.

**Note 8**
*Performance in constant and reported currencies*
**Performance overview**

DKK million (reported currencies)	Q4 2017 (reported)	Q4 2017 (constant*)	Q4 2016	Change (reported)	Change (constant)
<b>Revenue</b>	812.2	816.3	768.9	5.6%	6.2%
Cost of goods sold	631.5	639.9	606.4	4.1%	5.5%
<b>Gross profit</b>	<b>180.7</b>	<b>176.5</b>	<b>162.5</b>	<b>11.2%</b>	<b>8.6%</b>
<i>Gross profit margin</i>	22.3%	21.6%	21.1%	1.1pp	0.5pp
Sales and marketing costs	35.9	36.2	36.7	-2.1%	-1.3%
Administrative expenses	31.6	31.7	29.0	9.0%	9.3%
<b>Operating profit</b>	<b>113.2</b>	<b>108.6</b>	<b>96.8</b>	<b>16.9%</b>	<b>12.1%</b>
<i>Operating profit margin</i>	13.9%	13.3%	12.6%	1.3pp	0.7pp
Net financials	-1.7	n.a.	-2.1	n.a.	n.a.
<b>Profit before tax</b>	<b>111.5</b>	<b>n.a.</b>	<b>94.7</b>	<b>17.7%</b>	<b>n.a.</b>
Tax	25.1	n.a.	22.5	11.7%	n.a.
<i>Effective tax rate</i>	22.5%	n.a.	23.7%	-1.2pp	n.a.
<b>Net profit</b>	<b>86.4</b>	<b>n.a.</b>	<b>72.2</b>	<b>19.6%</b>	<b>n.a.</b>

DKK million (reported currencies)	2017 (reported)	2017 (constant*)	2016	Change (reported)	Change (constant)
<b>Revenue</b>	2,891.9	2,896.9	2,764.6	4.6%	4.8%
Cost of goods sold	2,362.5	2,376.4	2,223.0	6.3%	6.9%
<b>Gross profit</b>	<b>529.4</b>	<b>520.5</b>	<b>541.6</b>	<b>-2.3%</b>	<b>-3.9%</b>
<i>Gross profit margin</i>	18.3%	18.0%	19.6%	-1.3pp	-1.6pp
Sales and marketing costs	135.6	136.1	134.8	0.6%	1.0%
Administrative expenses	117.0	117.2	113.9	2.7%	2.9%
<b>Operating profit</b>	<b>276.8</b>	<b>267.2</b>	<b>292.9</b>	<b>-5.5%</b>	<b>-8.8%</b>
<i>Operating profit margin</i>	9.6%	9.2%	10.6%	-1pp	-1.4pp
Net financials	-0.9	n.a.	-12.6	n.a.	n.a.
<b>Profit before tax</b>	<b>275.9</b>	<b>n.a.</b>	<b>280.3</b>	<b>-1.6%</b>	<b>n.a.</b>
Tax	59.4	n.a.	64.6	-8.0%	n.a.
<i>Effective tax rate</i>	21.5%	n.a.	23.0%	-1.5pp	n.a.
<b>Net profit</b>	<b>216.5</b>	<b>n.a.</b>	<b>215.7</b>	<b>0.4%</b>	<b>n.a.</b>

\* Constant currencies measured using average exchange rates for 2016.

**Revenue distribution**

DKKm (reported currencies)	Q4 2017	Q4 2017 (constant*)	Q4 2016	Pct Change (reported)	Pct Change (constant)
Life Sciences	446.9	450.7	431.2	3.6%	4.5%
<i>Hereof Novo Nordisk Group</i>	351.6	353.1	328.7	7.0%	7.4%
<i>Hereof other Life Sciences</i>	95.3	97.7	102.5	-7.1%	-4.7%
Enterprise	193.0	193.3	170.5	13.2%	13.4%
Public	114.6	114.6	103.5	10.7%	10.7%
Finance	57.8	57.8	63.8	-9.4%	-9.4%
<b>Total</b>	<b>812.2</b>	<b>816.3</b>	<b>768.9</b>	<b>5.6%</b>	<b>6.2%</b>

DKKm (reported currencies)	2017	2017 (constant*)	2016	Pct Change (reported)	Pct Change (constant)
Life Sciences	1,612.3	1,616.6	1,597.0	1.0%	1.2%
<i>Hereof Novo Nordisk Group</i>	1,233.8	1,235.5	1,238.4	-0.4%	-0.2%
<i>Hereof other Life Sciences</i>	378.5	381.1	358.6	5.6%	6.3%
Enterprise	689.2	689.9	545.6	26.3%	26.5%
Public	345.9	345.9	385.3	-10.2%	-10.2%
Finance	244.5	244.5	236.7	3.3%	3.3%
<b>Total</b>	<b>2,891.9</b>	<b>2,896.9</b>	<b>2,764.6</b>	<b>4.6%</b>	<b>4.8%</b>

\*Constant currencies measured using average exchange rates for 2016.

## Note 9 IFRS 15 and IFRS 16

IASB has issued IFRS 15 "Revenue from Contracts with Customers" and IFRS 16 "Leasing" to take effect as of January 1, 2018. The standards will establish a single, comprehensive framework for revenue recognition and for leasing.

### IFRS 15

Revenue is recognized 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 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. The standard will impact outsourcing contracts. Revenue and operating profit on some phases in outsourcing contracts will be postponed to later periods other than the period during which the activities are performed.

This postponement arises from the fact that some of the activities performed in the transition and transformation phases do not transfer services to the customer under IFRS 15. In this case, the costs incurred to perform those activities are considered start-up costs, which are capitalized and amortized over the contract period. Equity will be impacted negatively by deferral of profit from such start up activities.

Based on the level of profit margins on outsourcing contracts in 2017 and prior periods, it is assessed that the standard has a insignificant impact on the consolidated financial statements for 2017.

### IFRS 16

All leases will be recognized in the balance sheet with a corresponding lease debt except for short-term assets and low value assets. Leased assets are depreciated over the lease term, and payments are allocated between installements on the lease obligation and interest expense, classified as financial expenses.

The standards will be applied fully retrospectively as of January 1, 2018, thus the 2017 comparative figures will be adjusted in the consolidated financial statement for 2018. It is assessed that the IFRS 15 standard will have a marginal negative impact on revenue growth in 2018. Based on the current contracts the combined impact from IFRS 15 and IFRS 16 "Leasing" will have a slightly negative impact on operating profit margin of 0.2pp in 2018.

IFRS 16 has an estimated positive impact on EBITDA margin in 2018 of around 2pp and an estimated negative impact on ROIC of 9pp.

DKKm (reported currencies)	2017	2017 IFRS 15 adj.	2017 IFRS 16 adj.	2017 Adjusted	IFRS 15 & 16 impact
Revenue	2,891.9	-40.5	-	2,851.4	-1.4%
EBITDA	429.1	-21.8	83.9	491.2	14.5%
EBIT	276.8	-21.8	4.2	259.2	-6.4%
<i>EBIT margin</i>	<i>9.6%</i>			<i>9.1%</i>	<i>-0.5pp</i>
Net profit	216.7	-17.0	-3.0	196.7	-9.2%
Backlog beginning of year	2,092.9	34.1	-	2,127.0	1.6%
Backlog for year 2+3	1,964.5	81.6	-	2,046.1	4.2%
Total assets	1,828.0	113.8	362.6	2,304.4	26.1%
Liabilities	822.7	131.6	393.0	1,347.3	63.8%
Equity	1,005.3	-17.8	-30.4	957.1	-4.8%
EBITDA margin	14.8%			17.2%	2.4pp
Solvency ratio	55.0%			41.5%	-13.5%
ROIC	26.1%			16.9%	-9.2pp