

## Company announcement 11/2019 October 24, 2019

### Financial report for the first nine months of 2019

## Revenue increase of 3.3% and an operating profit margin of 7.0% in 9M 2019 before restructuring costs

### Performance highlights for the third quarter of 2019 and guidance

- Revenue increased by 4.1% in Q3 2019 compared to Q3 2018 driven by growth from international life sciences (by 95%), finance (by 20%), Danish life sciences (by 12%) and enterprise (by 6.7%) customers, while the Novo Nordisk Group and public customers declined by 16% and 5.2%, respectively
- Revenue increased 16% (8.5% organic) excluding business from Novo Nordisk Group in Q3 2019. The share of NNIT's revenue from customers outside the Novo Nordisk Group increased to 71% in Q3 2019 from 64% in Q3 2018
- Gross profit increased by 4.2% in Q3 2019 in line with the revenue growth leading to an operating profit increase before restructuring costs of 3.9% and an operating profit margin of 9.0% in line with Q3 2018. The better balance between revenue and cost development shows that the business and cost restructuring plan is progressing with the first steps taken in Denmark in September and thereby reversing the negative trend from Q1 and Q2 2019
- Net profit was DKK 50m in Q3 2019 compared to DKK 48m in Q3 2018
- Order backlog for 2019 at the beginning of Q4 2019 was DKK 2,923m, an increase of 2.7% compared to the same time last year negatively impacted by a decline of 13% from the Novo Nordisk Group
- Q4 2019 revenue and operating profit margin are expected to be lower than Q4 last year which was particular strong
- Outlook for 2019 is maintained:
  - Low single-digit revenue growth
  - Operating profit margin of 8-9% excluding restructuring costs in constant currencies
  - Level of investments (CAPEX) is 5-7% of total revenue

Per Kogut, CEO at NNIT comments: *"We face challenging market conditions, however, we see strong revenue growth within our international life sciences and finance segments. The business and cost restructuring plan is progressing and contributes to a margin improvement in Q3 compared to the first two quarters of 2019."*

## Financial Overview

DKK million	Q3 2019 (reported)	Q3 2019 (constant)*	Q3 2018*	Pct./pp Change (reported)	Pct./pp Change (constant)
Revenue	763	760	733	4.1%	3.7%
Gross margin	16.6%	16.7%	16.6%	0pp	0.1pp
Operating profit before special items**	69	69	66	3.9%	4.3%
Operating profit margin before special items**	9.0%	9.1%	9.0%	0pp	0.1pp
Special items**	16	16	0	n.a.	n.a.
Operating profit	53	53	66	-20.4%	-19.4%
Operating profit margin	6.9%	7.0%	9.0%	-2.1pp	-2pp
Net profit	50	n.a.	48	3.1%	n.a.
Investments (CAPEX)	51	n.a.	9	451.8%	n.a.
Free cash flow	-3	n.a.	58	n.a.	n.a.

\*Constant currencies measured using average exchange rates for Q3 2018

\*\*Special items comprises restructuring costs related to the business and cost restructuring plan

DKK million	9M 2019 (reported)	9M 2019 (constant)*	9M 2018*	Pct./pp Change (reported)	Pct./pp Change (constant)
Revenue	2,257	2,244	2,184	3.3%	2.8%
Gross margin	14.7%	14.8%	17.2%	-2.5pp	-2.4pp
Operating profit before special items**	158	160	201	-21.4%	-20.3%
Operating profit margin before special items**	7.0%	7.1%	9.2%	-2.2pp	-2.1pp
Special items**	16	16	0	n.a.	n.a.
Operating profit	142	145	201	-29.4%	-28.1%
Operating profit margin	6.3%	6.5%	9.2%	-2.9pp	-2.8pp
Net profit	125	n.a.	151	-17.4%	n.a.
Investments (CAPEX)	145	n.a.	91	59.8%	n.a.
Free cash flow	-70	n.a.	116	n.a.	n.a.

\*Constant currencies measured using average exchange rates for 9M 2018

\*\*Special items comprises restructuring costs related to the business and cost restructuring plan

## Guidance 2019

The order backlog for 2019 at the beginning of Q4 2019 increased by DKK 77.0 million to DKK 2,923 million, or by 2.7%, compared to the order backlog one year earlier. It should be noted that the backlog from Valiance was not included in the total backlog at the beginning of Q4 2018, but generated revenue in November and December.

Therefore, the backlog growth at the beginning of Q4 2019 must be expected to overstate the revenue growth for the full year. Besides this it should be noted that Q4 2018 is a strong comparison base amongst others due to high revenue from the Novo Nordisk Group in this quarter.

The backlog development is impacted by a decline in multiyear outsourcing agreements, while business coming from projects with lower backlog visibility increases.

Based on the result for the first nine months and the current backlog, NNIT maintains an expected low single-digit revenue growth for 2019.

The operating profit margin in constant currencies is maintained to be in the interval 8-9% excluding restructuring costs of DKK 15-25m for 2019.

Investments / revenue is expected to be 5-7% of revenue.

	Guidance for 2019	Guidance at Q2 2019
<b>Revenue growth</b>	<b>Low single-digit</b>	<b>Low single-digit</b>
<b>Operating profit margin</b> In constant currencies*	<b>8-9% excluding restructuring costs of DKK 15-25m</b>	<b>8-9% excluding restructuring costs of DKK 15-25m</b>
as reported**	<b>Around 0.2pp lower</b>	<b>Around 0.2pp lower</b>
Investments / Revenue***	<b>5-7%</b>	<b>5-7%</b>

\*Constant currencies measured using average exchange rates for 2018

\*\*Based on exchange rates as of October 17, 2019 as illustrated under key currency assumptions on page 24

\*\*\* Investments and re-investments are in 2019 expected to be between 5-7 percent of total revenue.

The guidance is based on a number of assumptions, including that relevant macroeconomic trends will not significantly change business conditions for NNIT during 2019, that business performance, client and competitor actions will remain stable.

## 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 September 30, 2019, NNIT A/S had 3,221 employees. NNIT has approximately 400 clients of which around 170 are located outside Denmark. Some 25% are international life sciences clients (September 2019). For more information please visit [www.nnit.com](http://www.nnit.com).

## Conference call details

NNIT will host a teleconference October 24, 2019 at 10:30 CET about the financial report for the first nine months of 2019. 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

<https://nnit.eventcdn.net/2019q3/>

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 2020

January 23, 2020	Deadline for NNIT shareholders to submit resolutions to be considered by the Annual General Meeting
January 29, 2020	Full year report for 2019
March 5, 2020	Annual General Meeting
May 6, 2020	Interim report for the first three months of 2020
August 13, 2020	Interim report for the first six months of 2020
October 29, 2020	Interim report for the first nine months of 2020

## 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 33-35 in the Annual Report 2018.

## Contacts for further information

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## Financial figures and highlights

DKK million, reported currencies	Q3 2019	Q3 2018	9M 2019	9M 2018	Change 9M	Total 2018
<b>Financial performance</b>						
<b>Revenue</b>						
Novo Nordisk Group	223.4	266.6	717.5	801.1	-10.4%	1,124.2
Life sciences international	94.6	48.5	262.2	138.6	89.1%	211.7
Life sciences Denmark	57.4	51.2	166.8	162.0	2.9%	221.7
Life sciences	375.4	366.3	1,146.4	1,101.7	4.1%	1,557.6
Enterprise	211.6	198.3	599.4	591.7	1.3%	793.8
Public	98.0	103.3	283.5	306.6	-7.5%	399.2
Finance	78.2	65.4	227.6	184.2	23.5%	256.6
Private & Public	387.8	367.0	1,110.5	1,082.5	2.6%	1,449.6
Total revenue	763.2	733.2	2,256.9	2,184.3	3.3%	3,007.2
EBITDA	131.9	128.7	353.8	384.3	-7.9%	554.9
Depreciations and amortizations	63.4	62.6	195.6	183.1	6.8%	247.5
Operating profit before special items <sup>1</sup>	68.6	66.0	158.2	201.2	-21.4%	307.4
Special items <sup>1</sup>	16.0	0.0	16.0	0.0	n.a.	0.0
Operating profit	52.5	66.0	142.2	201.2	-29.4%	307.4
Net financials	6.9	-0.3	11.9	-3.7	n.a.	-2.3
Net profit	49.9	48.4	124.5	150.8	-17.4%	235.6
Investments in tangible assets	42.4	2.4	126.8	80.6	57.4%	146.2
Investments in intangible assets and acquisition in subsidiaries	8.7	6.9	83.7	10.4	n.a.	176.5
Total assets	2,751.2	2,285.4	2,751.2	2,285.4	20.4%	2,544.3
Equity	1,100.1	990.4	1,100.1	990.4	11.1%	1,084.9
Dividends paid	49.2	49.1	113.1	105.5	7.2%	105.5
Free cash flow	-2.7	58.0	-69.7	116.0	n.a.	116.1
<b>Earnings per share</b>						
Earnings per share (DKK)	2.03	1.97	5.06	6.15	-17.7%	9.60
Diluted earnings per share (DKK)	2.02	1.96	5.03	6.10	-17.5%	9.52
<b>Employees</b>						
Average number of full-time employees	3,207	3,137	3,235	3,103	4.3%	3,129
<b>Financial ratios</b>						
Revenue growth	4.1%	10.8%	3.3%	5.4%	-2.1pp	5.5%
Operating profit margin before special items	9.0%	9.0%	7.0%	9.2%	-2.2pp	10.2%
Operating profit margin	6.9%	10.8%	6.3%	9.2%	-2.9pp	10.2%
Gross profit margin	16.6%	16.6%	14.7%	17.2%	-2.5pp	18.0%
EBITDA margin	17.3%	17.5%	15.7%	17.6%	-1.9pp	18.5%
Effective tax rate	15.9%	26.3%	19.2%	23.6%	-4.5pp	22.8%
Investments/Revenue	6.7%	1.3%	6.4%	4.2%	2.3pp	5.3%
Return on equity <sup>2</sup>	20.0%	23.9%	20.0%	23.9%	-3.9pp	22.9%
Solvency ratio	40.0%	43.3%	40.0%	43.3%	-3.4pp	42.6%
Return on invested capital (ROIC) <sup>2,3</sup>	13.3%	16.9%	13.3%	16.9%	-3.7pp	18.5%
Cash to earnings <sup>2</sup>	-33.3%	52.5%	-33.3%	52.5%	-85.8pp	49.3%
Cash to earnings (three-year average) <sup>2</sup>	16.4%	60.0%	16.4%	60.0%	-43.5pp	44.9%
<b>Additional numbers<sup>4</sup></b>						
Order entry backlog for the current year	2,923	2,846.1	2,923	2,846.1	2.7%	-

1) Special items comprises restructuring costs related to the cost restructuring plan

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) 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.

## Highlights

Below are the key highlights for Q3 2019.

### Key wins in Q3 2019:

- Operations and development of ERP and CRM systems with Nordlys representing around DKK 50m over a five-year-period, see press release September 17, 2019
- Expansion of consultancy support with an International life sciences customer representing DKK 25-50m over a three-year-period
- Cloud server transition project with a public customer representing a single-digit DKKm amount over the next months

### Business and cost restructuring plan

The business and cost restructuring plan is progressing as planned with the first steps taken in Denmark in September giving restructuring costs of DKK 16.0m primarily related to severance payments. Further, billable utilization is increasing and the initiatives in the profit recovery plan are beginning to have a positive impact. As a result Q3 2019 shows a better balance between revenue and cost development securing a gross profit margin and operating profit margin before restructuring costs in line with the same period last year, thereby reversing the negative trend from Q1 and Q2 2019.

### New partnership – LEAPWORK

The aim with the partnership is to support automation in companies within the international life sciences industry and Danish enterprises.

The partnership combines NNIT's strong capabilities within Digital Quality Assurance with LEAPWORK's codeless automation software. LEAPWORK's technology includes machine learning and AI. The software is easy to access and implement, also for non technical users, see press release September 23, 2019.

## Performance overview

DKK million (reported currencies)	Q3 2019	Q3 2018	Change (reported)
<b>Revenue</b>	763.2	733.2	4.1%
Cost of goods sold	636.6	611.7	4.1%
<b>Gross profit</b>	<b>126.7</b>	<b>121.5</b>	<b>4.2%</b>
<i>Gross profit margin</i>	16.6%	16.6%	0pp
Sales and marketing costs	33.3	30.5	9.2%
Administrative expenses	24.8	25.0	-1.0%
<b>Operating profit before special items*</b>	<b>68.6</b>	<b>66.0</b>	<b>3.9%</b>
<i>Operating profit margin before special items*</i>	9.0%	9.0%	0pp
Special items*	16.0	0.0	n.a.
<b>Operating profit</b>	<b>52.5</b>	<b>66.0</b>	<b>-20.4%</b>
<i>Operating profit margin</i>	6.9%	9.0%	-2.1pp
Net financials	6.9	-0.3	n.a.
<b>Profit before tax</b>	<b>59.4</b>	<b>65.7</b>	<b>-9.6%</b>
Tax	9.5	17.3	-45.3%
<i>Effective tax rate</i>	15.9%	26.3%	-10.4pp
<b>Net profit</b>	<b>49.9</b>	<b>48.4</b>	<b>3.1%</b>

DKK million (reported currencies)	9M 2019	9M 2018	Change (reported)
<b>Revenue</b>	2,256.9	2,184.3	3.3%
Cost of goods sold	1,925.7	1,808.4	6.5%
<b>Gross profit</b>	<b>331.1</b>	<b>375.9</b>	<b>-11.9%</b>
<i>Gross profit margin</i>	14.7%	17.2%	-2.5pp
Sales and marketing costs	96.8	97.1	-0.3%
Administrative expenses	76.1	77.5	-1.8%
<b>Operating profit before special items*</b>	<b>158.2</b>	<b>201.2</b>	<b>-21.4%</b>
<i>Operating profit margin before special items*</i>	7.0%	9.2%	-2.2pp
Special items*	16.0	0.0	n.a.
<b>Operating profit</b>	<b>142.2</b>	<b>201.2</b>	<b>-29.4%</b>
<i>Operating profit margin</i>	6.3%	9.2%	-2.9pp
Net financials	11.9	-3.7	n.a.
<b>Profit before tax</b>	<b>154.1</b>	<b>197.5</b>	<b>-22.0%</b>
Tax	29.5	46.7	-36.7%
<i>Effective tax rate</i>	19.2%	23.6%	-4.5pp
<b>Net profit</b>	<b>124.5</b>	<b>150.8</b>	<b>-17.4%</b>

\*Special items comprises restructuring costs related to the business and cost restructuring plan

Revenue in reported currencies increased by 4.1% in Q3 2019 (3.7% in constant currencies) driven by growth from international life sciences (95%), finance (20%), Danish life sciences (12%) and enterprise (6.7%) customers, while the Novo Nordisk Group continued with a large decline of 16% and public customers declined by 5.2%. Organic growth in international life sciences was 19% when adjusting for the acquisitions of Valiance Partners and HGP. Total revenue for Q3 2019 was in line with Q3 2018 when adjusting for the acquisitions while organic revenue growth excluding business from the Novo Nordisk Group was 8.5%.

9M 2019 revenue increased by 3.3% (2.8% in constant currencies) driven by an 89% and 24% growth from the international life sciences and finance customer groups, respectively, while Life Sciences Denmark customers increased by 2.9% and enterprise customers by 1.3%. This was partly countered by the decline in revenue from the Novo Nordisk Group of 10% and the public customer group of 7.5%. Revenue growth from non-Novo Nordisk Group customers was 11% (5.5% organic) in 9M 2019.

Cost of goods sold increased by 4.1% in Q3 2019 compared to Q3 2018 in line with revenue growth, whereas costs of goods sold increased 6.5% 9M 2019 compared to the same period last year leading to a lower gross profit margin. In the first two quarters it was not possible to reduce costs fast enough following the large sudden decline in project revenue from the Novo Nordisk Group.

Gross profit increased by 4.2% in Q3 2019 giving a gross profit margin of 16.6% in line with Q3 2018. After the unsatisfactory development in the first two quarters of the year this shows that the business and cost restructuring plan is now beginning to have the planned impact. Due to the negative development in the first half of the year, 9M 2019 still shows an unsatisfactory development with a decline in the gross profit margin of 2.5pp. This is entirely due to declining revenue and lower margins from the business with the Novo Nordisk Group.

Sales and marketing costs increased by 9.2% in Q3 2019 due to increased marketing activities and decreased 0.3pp in 9M 2019 compared to the same periods last year.

Administrative expenses decreased by 1.0% in Q3 2019 and 1.8% in 9M 2019 compared to the same periods last year due to cost reductions.

Operating profit before restructuring costs in Q3 2019 increased by DKK 2.6m corresponding to an operating profit margin of 9.0% in line with Q3 2018 due to the above-mentioned developments. In 9M 2019, operating profit decreased by DKK 43.0m corresponding to an operating profit margin of 7.0% compared to 9.2% in 9M 2018. This is entirely due to the declining revenue and prices from the business from the Novo Nordisk Group.

Restructuring costs in Q3 2019 amounted to DKK 16.0m and was mainly related to severance payments to terminated employees. Operating profit margin after restructuring costs was 6.9% in Q3 and 6.3% in 9M 2019.

Net financials in Q3 2019 were positive with DKK 6.9m which is an improvement of DKK 7.2m compared to Q3 2018 due to higher gains on cash flow hedges and gains on currency accounts mainly due to the increasing USD. In 9M 2019, net financials were positive with DKK 11.9 million compared to an expense of DKK 3.7 million in 9M 2018. The improvement was also here primarily due to higher gains on cash flow hedges and gains on currency accounts.

The effective tax rate for Q3 2019 was 15.9%, a decrease of 10.4pp compared to Q3 2018 due to Q3 2018 being affected by negative adjustments regarding previous years and Q3 2019 being affected positively by an adjustment regarding previous years. In 9M the effective tax rate was 19.2%, down 4.5pp compared to 9M 2018. The decrease was due to the Q3 2019 adjustments.

Net profit in Q3 2019 was DKK 49.9m corresponding to an increase of 3.1% compared to Q3 2018. Net profit in 9M 2019 was DKK 124.5m compared to DKK 150.8m in 9M 2018, a decrease of 17%.

For a detailed performance overview in both reported and constant currencies please see note 9 on page 25-26. Comparisons in this financial report are hereafter in reported currencies. NNIT's major currencies have appreciated giving operating profit margin in 9M 2019 a headwind of 0.2pp mainly due to the appreciation of CNY (average 2019 compared to average 2018 exchange rates) which increases the cost of NNIT's offshore center in DKK. Revenue growth in 9M 2019 was impacted positively by 0.5pp mainly due to appreciation of USD (average 2019 compared to average 2018 exchange rates).



## Life Sciences

DKK million (reported currencies)	Q3 2019	Q3 2018	Change	2018
Novo Nordisk Group	223.4	266.6	-16.2%	1,124.2
Life sciences international	94.6	48.5	95.3%	211.7
Life sciences Denmark	57.4	51.2	12.2%	221.7
Revenue	375.4	366.3	2.5%	1,557.6
Cost of goods sold	296.8	280.5	5.8%	1,148.6
<b>Gross profit</b>	<b>78.6</b>	<b>85.8</b>	<b>-8.4%</b>	<b>408.9</b>
Gross profit margin	20.9%	23.4%	-2.5pp	26.3%
Allocated costs	32.4	30.4	6.7%	128.8
<b>Operating profit before special items*</b>	<b>46.1</b>	<b>55.4</b>	<b>-16.8%</b>	<b>280.2</b>
Operating profit margin before special items*	12.3%	15.1%	-2.8pp	18.0%
Special items*	7.7	0.0	n.a.	0.0
<b>Operating profit</b>	<b>38.4</b>	<b>55.4</b>	<b>-30.6%</b>	<b>280.2</b>
Operating profit margin	10.2%	15.1%	-4.9pp	18.0%

DKK million (reported currencies)	9M 2019	9M 2018	Change	2018
Novo Nordisk Group	717.5	801.1	-10.4%	1,124.2
Life sciences international	262.2	138.6	89.1%	211.7
Life sciences Denmark	166.8	162.0	2.9%	221.7
Revenue	1,146.4	1,101.7	4.1%	1,557.6
Cost of goods sold	909.0	815.1	11.5%	1,148.6
<b>Gross profit</b>	<b>237.4</b>	<b>286.6</b>	<b>-17.2%</b>	<b>408.9</b>
Gross profit margin	20.7%	26.0%	-5.3pp	26.3%
Allocated costs	97.6	96.1	1.6%	128.8
<b>Operating profit before special items*</b>	<b>139.7</b>	<b>190.5</b>	<b>-26.7%</b>	<b>280.2</b>
Operating profit margin before special items*	12.2%	17.3%	-5.1pp	18.0%
Special items*	7.7	0.0	n.a.	0.0
<b>Operating profit</b>	<b>132.1</b>	<b>190.5</b>	<b>-30.7%</b>	<b>280.2</b>
Operating profit margin	11.5%	17.3%	-5.8pp	18.0%

\*Special items comprises restructuring costs related to the business and cost restructuring plan

## Revenue

Revenue in life sciences in Q3 2019 increased 2.5% following a 95% increase from international life sciences and a 12% increase from Danish life sciences customers which was offset by a decline in revenue from the Novo Nordisk Group of 16%, further explained below.

### Novo Nordisk Group:

Revenue from the Novo Nordisk Group showed a large decrease of 16% in Q3 2019 and 10% in 9M 2019 compared to the same periods last year due to the sudden decline in project revenue. Thus, revenue from Novo Nordisk Group projects decreased with 29% in Q3 2019 and 25% in 9M 2019.

As a consequence of the large decline in revenue from the Novo Nordisk Group and high growth from other clients, the share of NNIT's revenue from customers outside the Novo Nordisk Group increased to 71% in Q3 2019 from 64% in Q3 2018.

### Life sciences international:

Revenue from life sciences international increased by 95% in Q3 2019 and 89% in 9M 2019 compared to the same periods last year driven by the contribution from the Valiance acquisition with impact from November 2018, the HGP acquisition with impact from April 2019 and increased project activity. Organic growth was 19% in Q3 2019

and 22% in 9M 2019 in line with the strategy to grow revenue from international life sciences with more than 20% organically.

Life sciences Denmark:

Revenue from Danish life sciences increased by 12% in Q3 2019 and by 2.9% in 9M 2019 compared to the same periods last year. The increase in Q3 2019 was mainly due to higher project activity with existing customers and favorable comparison figures in Q3 2018.

### Gross profit and operating profit

The decline in revenue and prices from the Novo Nordisk Group continued to have a very negative impact on gross profit, operating profit and corresponding margins. However, in Q3 2019 a positive impact from the business and cost restructuring plan is seen. Gross profit and operating profit margins in the life sciences segment only decreased with 2.5pp and 2.8pp, respectively in Q3 2019 compared to a decrease of 6.7pp and 6.2pp in 6M 2019. Margins were also impacted negatively by costs from purchase price allocation (PPA) in relation to the acquisitions of Valiance Partners and HGP which typically impact NNIT two-three years after the acquisitions. Margins were negatively impacted with around 0.8pp in both Q3 and 9M 2019.

### Private & Public

DKK million (reported currencies)	Q3 2019	Q3 2018	Change	2018
Enterprise	211.6	198.3	6.7%	793.8
Public	98.0	103.3	-5.2%	399.2
Finance	78.2	65.4	19.6%	256.6
Revenue	387.8	367.0	5.7%	1,449.6
Cost of goods sold	339.6	331.3	2.5%	1,317.3
<b>Gross profit</b>	<b>48.2</b>	<b>35.7</b>	<b>35.1%</b>	<b>132.3</b>
<i>Gross profit margin</i>	<i>12.4%</i>	<i>9.7%</i>	<i>2.7pp</i>	<i>9.1%</i>
Allocated costs	25.8	25.1	2.7%	105.0
<b>Operating profit before special items*</b>	<b>22.5</b>	<b>10.6</b>	<b>111.8%</b>	<b>27.2</b>
<i>Operating profit margin before special items*</i>	<i>5.8%</i>	<i>2.9%</i>	<i>2.9pp</i>	<i>1.9%</i>
Special items*	8.4	0.0	n.a.	0.0
<b>Operating profit</b>	<b>14.1</b>	<b>10.6</b>	<b>32.9%</b>	<b>27.2</b>
<i>Operating profit margin</i>	<i>3.6%</i>	<i>2.9%</i>	<i>0.7pp</i>	<i>1.9%</i>

DKK million (reported currencies)	9M 2019	9M 2018	Change	2018
Enterprise	599.4	591.7	1.3%	793.8
Public	283.5	306.6	-7.5%	399.2
Finance	227.6	184.2	23.5%	256.6
Revenue	1,110.5	1,082.5	2.6%	1,449.6
Cost of goods sold	1,016.6	993.2	2.3%	1,317.3
<b>Gross profit</b>	<b>93.9</b>	<b>89.3</b>	<b>5.2%</b>	<b>132.3</b>
<i>Gross profit margin</i>	<i>8.5%</i>	<i>8.2%</i>	<i>0.2pp</i>	<i>9.1%</i>
Allocated costs	75.4	78.6	-4.0%	105.0
<b>Operating profit before special items*</b>	<b>18.5</b>	<b>10.7</b>	<b>72.6%</b>	<b>27.2</b>
<i>Operating profit margin before special items*</i>	<i>1.7%</i>	<i>1.0%</i>	<i>0.7pp</i>	<i>1.9%</i>
Special items*	8.4	0.0	n.a.	0.0
<b>Operating profit</b>	<b>10.1</b>	<b>10.7</b>	<b>-5.6%</b>	<b>27.2</b>
<i>Operating profit margin</i>	<i>0.9%</i>	<i>1.0%</i>	<i>-0.1pp</i>	<i>1.9%</i>

\*Special items comprises restructuring costs related to the business and cost restructuring plan

## Revenue

Revenue in the private & public segment increased by 5.7% in Q3 2019 due to one-off impacts from two customers in the enterprise segment and continued strong growth from finance customers partly countered by public customers. In 9M 2019 the private & public revenue increased by 2.6% compared to the same period last year.

### Enterprise customers:

Revenue increased by 6.7% in Q3 2019 and 1.3% in 9M 2019 compared to the same periods last year. This was driven by GN Hearing and the mentioned one-off impacts. This was partly countered by price reductions and lower scope on some of the large enterprise agreements.

### Public customers:

Revenue decreased by 5.2% in Q3 2019 and 7.5% in 9M 2019 compared to the same periods last year mainly due to lower scope on the agreement with DSB.

### Finance customers:

Revenue increased by 20% in Q3 2019 and 24% in 9M 2019 compared to the same periods last year mainly due to expansion of service level agreements with existing customers and the new contracts with AP Pension and SDC.

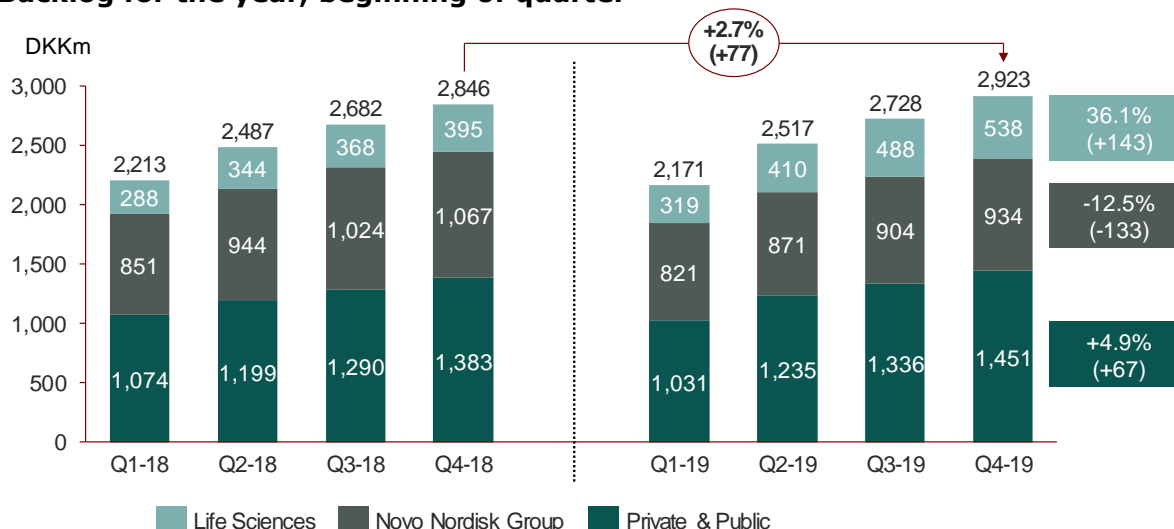
## Gross profit and operating profit

The private & public segment profitability was positively impacted by the business and cost restructuring plan in Q3 2019 where gross profit margin increased with 2.7pp to 12.4% and operating profit margin increased with 2.9pp to 5.8%. Part of this improvement was due to a one-off impact in the enterprise segment related to a settlement with a customer. Strong growth and margin development in the Microsoft D365 ERP implementation business also contributed to the positive development.

In 9M 2019 gross profit and operating profit margins in the private & public segment improved with 0.2pp and 0.7pp, respectively compared to 9M 2018.

## Order backlog

### Backlog for the year, beginning of quarter

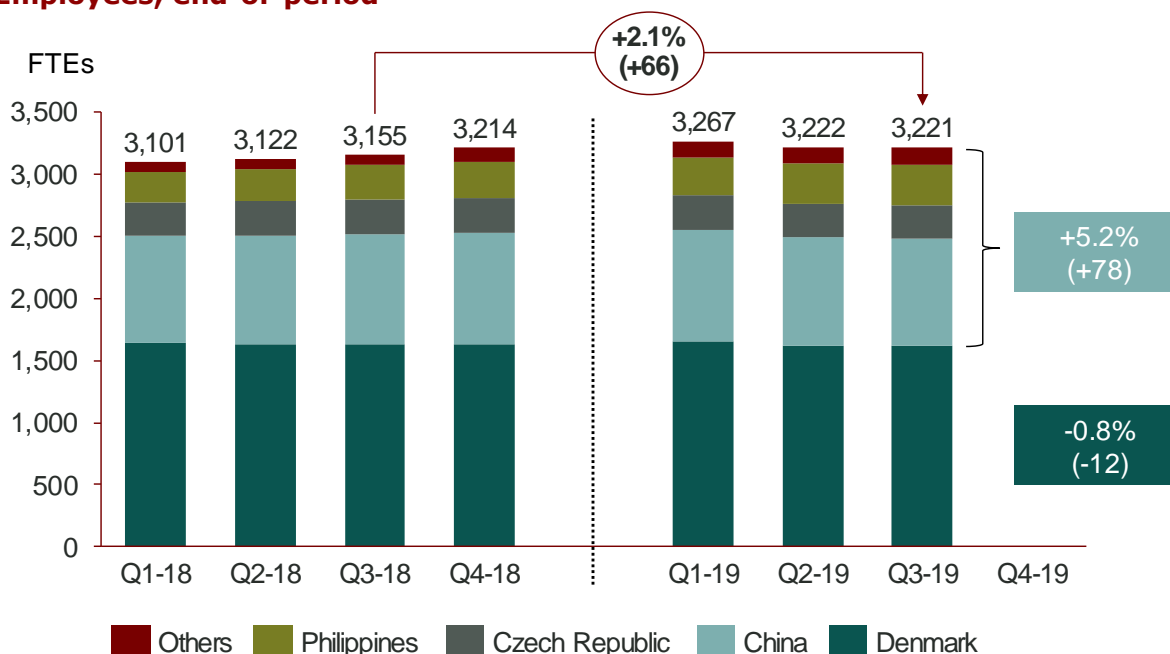


At the beginning of Q4 2019, NNIT's order entry backlog for 2019 amounted to DKK 2,923 million, which was an increase of 2.7% compared to one year earlier. It should be noted that the backlog from Valiance was not included in the total backlog at the beginning of Q4 2018, but generated revenue in November and December. Therefore, the backlog growth at the beginning of Q4 2019 must be expected to overstate the

revenue growth for the full year. The backlog from life sciences clients excluding the Novo Nordisk Group increased by 36% driven by international life sciences, private & public increased by 4.9% while the Novo Nordisk Group declined by 13%.

The high growth in NNIT's project business with low backlog visibility and a declining multiyear outsourcing business makes the backlog numbers less useful as a predictor for revenue growth. Therefore, the backlog for the current year should be interpreted with caution and the backlog for the following two calendar years are no longer provided in this report since this information no longer provides reliable visibility regarding future revenue.

### Employees, end-of-period



At the end of Q3 2019, the number of employees increased by 66 FTE corresponding to 2.1% compared to the same time last year. The increase was driven by the inclusion of Valiance Partners and Halfmann Goetsch Partners as well as the Philippines (61 FTEs) in-line with the long-term offshoring strategy. Employees in Denmark decreased by 0.8%.

### Balance sheet

Total assets at September 30, 2019 increased by DKK 465.7m to DKK 2,751.2m compared to DKK 2,285.4m at September 30, 2018 primarily due to an increase in intangible assets after the acquisition of Valiance Partners and HGP.

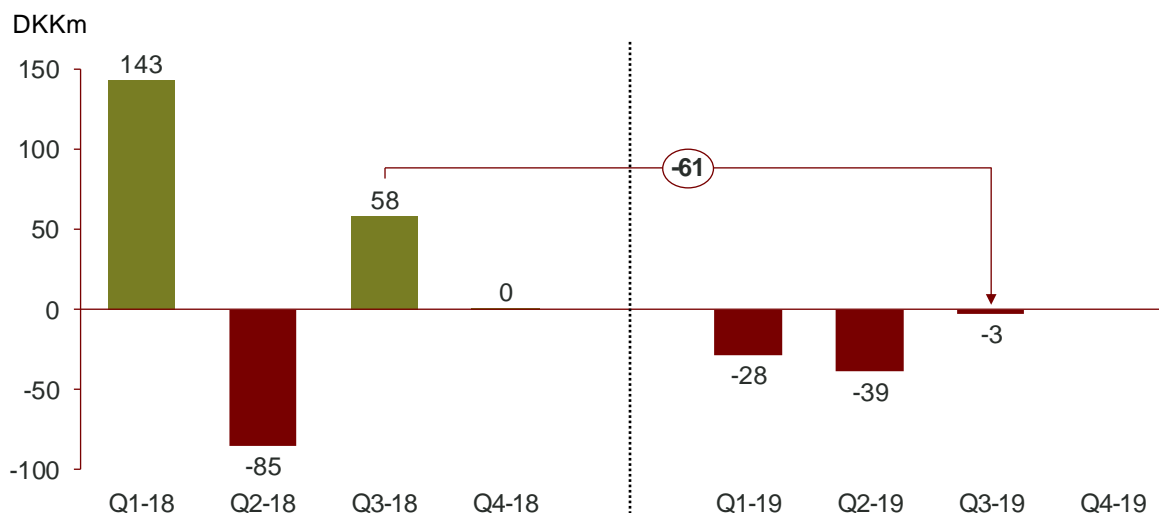
The net of Cash and cash equivalents amounted to DKK -392.1m at September 30, 2019, a decrease of DKK 274.6m compared to September 30, 2018. The decrease was due to the up-front payment for Valiance Partners (DKK 162.3m), upfront payment for HGP (DKK 67.6m), the payment of ordinary dividend for 2018 (DKK 63.9m) and interim dividend for 2019 (DKK 49.2) partly countered by cash flows from operating activities.

Equity at September 30, 2019 amounted to DKK 1,100.1m, an increase of DKK 109.7m compared to September 30, 2018. The improvement was mainly due to net profits for the period offset by the payment of ordinary dividend for 2018 (DKK 63.9m) and interim dividend for 2019 (DKK 49.2m).

### Investments

Investments excluding the acquisition of HGP amounted to DKK 51.1m in Q3 2019 and DKK 145.3m in 9M 2019 compared to DKK 9.3m in Q3 2018 and DKK 90.9m in 9M 2018 mainly due to timing of investments and replacement of fully depreciated equipment.

### Free cash flow



The free cash flow for Q3 2019 was negative with DKK 2.7m. This was DKK 60.8m below Q3 2018 due to increased investments and a negative impact from change in working capital.

The free cash flow for 9M 2019 was negative DKK 69.7 million compared to the positive free cash flow of DKK 116.0 million in 9M 2018 due to the acquisition of HGP, higher investments and change in working capital. The free cash flow in Q1 2018 was extraordinarily high following payment of project milestones and hardware contracts being invoiced in Q4 2017 and paid in Q1 2018 as also seen in the trade receivable development. A similar development was not present in 2019.

### 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 September 30, 2019.

## 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, 2019

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 2019 with comparative figures for the first nine months of 2018. 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 six months of 2019 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 for 2018 of NNIT A/S. Furthermore, the interim consolidated financial statement for the first nine months of 2019 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 2019 are adequate and give a true and fair view of the Group's assets, liabilities and financial position as at September 30, 2019 and of the results of the Group's operations and cash flow for the nine months ended September 30, 2019. 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 2019, no changes in the Group's most significant risks and uncertainties have occurred relative to what was disclosed in the Annual Report for 2018 of NNIT A/S.

Søborg, October 24, 2019

#### 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

Christian Kanstrup

Caroline Serfass

Anders Vidstrup

Brankica Markovic

Trine Io Bjerregaard

## Consolidated financial statements

### Income statement and Statement of comprehensive income

	Note	Q3 2019 DKK '000	Q3 2018 DKK '000	9M 2019 DKK '000	9M 2018 DKK '000	12M 2018 DKK '000
<b>Income statement</b>						
	1					
<b>Revenue</b>	2	<b>763,202</b>	<b>733,226</b>	<b>2,256,872</b>	<b>2,184,284</b>	<b>3,007,154</b>
Cost of goods sold		636,550	611,717	1,925,733	1,808,383	2,465,941
<b>Gross profit</b>		<b>126,652</b>	<b>121,509</b>	<b>331,139</b>	<b>375,901</b>	<b>541,213</b>
Sales and marketing costs		33,297	30,483	96,801	97,133	127,613
Administrative expenses		24,767	25,023	76,126	77,529	106,191
<b>Operating profit before special items</b>		<b>68,588</b>	<b>66,003</b>	<b>158,212</b>	<b>201,239</b>	<b>307,409</b>
Special items*	3	16,041	0	16,041	0	0
<b>Operating profit</b>		<b>52,547</b>	<b>66,003</b>	<b>142,171</b>	<b>201,239</b>	<b>307,409</b>
Financial income		9,528	4,059	21,859	6,761	11,203
Financial expenses		2,666	4,333	9,948	10,489	13,481
<b>Profit before income taxes</b>		<b>59,409</b>	<b>65,729</b>	<b>154,082</b>	<b>197,511</b>	<b>305,131</b>
Income taxes		9,458	17,290	29,547	46,680	69,525
<b>Net profit for the period</b>		<b>49,951</b>	<b>48,439</b>	<b>124,535</b>	<b>150,831</b>	<b>235,606</b>

\*Special items comprises restructuring costs related to the cost restructuring plan

#### Earnings per share

	DKK	DKK	DKK	DKK	DKK
<b>Earnings per share</b>	<b>2.03</b>	<b>1.97</b>	<b>5.06</b>	<b>6.15</b>	<b>9.60</b>
<b>Diluted earnings per share</b>	<b>2.02</b>	<b>1.96</b>	<b>5.03</b>	<b>6.10</b>	<b>9.52</b>

#### Statement of comprehensive income

	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
<b>Net profit for the period</b>	<b>49,951</b>	<b>48,439</b>	<b>124,535</b>	<b>150,831</b>	<b>235,606</b>
Other comprehensive income:					
<i>Items that will not be reclassified subsequently to the Income statement:</i>					
Remeasurement related to pension obligations	24	77	57	-77	4,441
Tax on other comprehensive income	1	-18	0	18	(846)
<i>Items that will be reclassified subsequently to the Income statement, when specific conditions are met:</i>					
Currency revaluation related to subsidiaries (net)	1,382	-1,178	2,416	1,093	1,246
Recycled to financial items	4,817	2,009	16,255	2,621	8,875
Unrealized value adjustments	-4,326	-6,022	-14,851	231	(5,076)
Cash flow hedges	491	-4,013	1,404	2,852	3,799
Tax on other comprehensive income related to cash flow hedges	-108	882	226	-627	(1,371)
<b>Other comprehensive income, net of tax</b>	<b>1,790</b>	<b>-4,250</b>	<b>4,103</b>	<b>3,259</b>	<b>7,269</b>
<b>Total comprehensive income</b>	<b>51,741</b>	<b>44,189</b>	<b>128,638</b>	<b>154,090</b>	<b>242,875</b>

## Balance sheet

### Assets

	Note	Sep 30, 2019 DKK '000	Sep 30, 2018 DKK '000	Dec 31, 2018 DKK '000
Intangible assets	4	525,329	213,017	432,152
Tangible assets		606,748	583,847	593,649
Lease assets		333,911	344,198	371,742
Contract assets		80,485	120,744	111,070
Deferred tax		25,129	53,097	39,336
Deposits		32,781	32,623	32,730
<b>Total non-current assets</b>		<b>1,604,383</b>	<b>1,347,526</b>	<b>1,580,679</b>
Inventories		1,325	1,567	1,718
Contract assets		56,847	52,892	52,459
Trade receivables	5	536,670	488,873	500,627
Work in progress	5	143,673	144,301	151,050
Other receivables and pre-payments		274,529	161,975	140,135
Tax receivable		19,480	0	224
Derivative financial instruments		13,429	4,687	9,842
Cash and cash equivalents		100,822	83,620	107,547
<b>Total current assets</b>		<b>1,146,775</b>	<b>937,915</b>	<b>963,602</b>
<b>Total assets</b>		<b>2,751,158</b>	<b>2,285,441</b>	<b>2,544,281</b>

### Equity and liabilities

		Sep 30, 2019 DKK '000	Sep 30, 2018 DKK '000	Dec 31, 2018 DKK '000
Share capital		250,000	250,000	250,000
Treasury shares		(4,091)	(4,647)	(4,641)
Retained earnings		838,584	737,422	764,110
Other reserves		15,572	7,663	11,526
Proposed dividends		0	0	63,935
<b>Total equity</b>		<b>1,100,065</b>	<b>990,438</b>	<b>1,084,930</b>
Leasing liability		271,963	276,351	298,823
Deferred tax		1,670	0	2,741
Employee benefit obligation		33,647	17,083	15,497
Contingent consideration (earn out)	4	136,851	54,345	112,715
Provisions		24,404	24,700	24,576
<b>Total non-current liabilities</b>		<b>468,535</b>	<b>372,479</b>	<b>454,352</b>
Prepayments received, contract assets		59,755	107,350	87,533
Prepayments received, work in progress	5	58,345	99,119	115,252
Leasing liability		75,001	77,789	83,590
Bank overdraft		492,955	201,118	242,675
Trade payables		82,098	98,484	97,476
Employee cost payable		240,632	216,125	253,285
Tax payables		14,873	13,534	6,675
Other current liabilities		158,317	105,620	117,207
Derivative financial instruments		582	3,165	1,306
Provisions		0	220	0
<b>Total current liabilities</b>		<b>1,182,558</b>	<b>922,524</b>	<b>1,004,999</b>
<b>Total equity and liabilities</b>		<b>2,751,158</b>	<b>2,285,441</b>	<b>2,544,281</b>
Contingent liabilities and legal proceedings	6			
Currency hedging	7			



## Statement of cash flow

		Q3 2019	Q3 2018	9M 2019	9M 2018	12 M 2018
		DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
<b>Net profit for the period</b>	<b>Note</b>	<b>49,951</b>	<b>48,439</b>	<b>124,535</b>	<b>150,831</b>	<b>235,606</b>
Reversal of non-cash items		88,993	71,465	256,191	249,001	341,402
Interest received		100	713	300	794	185
Interest paid		-2,667	-2,348	-9,948	-4,212	-13,453
Income taxes paid		-1,627	-5,472	-30,236	-42,170	-63,204
<b>Cash flow before change in working capital</b>		<b>134,750</b>	<b>112,797</b>	<b>340,842</b>	<b>354,244</b>	<b>500,536</b>
Changes in working capital		-86,547	-45,736	-200,075	-147,422	-61,840
<b>Cash flow from operating activities</b>		<b>48,203</b>	<b>67,061</b>	<b>140,767</b>	<b>206,822</b>	<b>438,696</b>
Capitalization of intangible assets		-8,714	-6,905	-18,530	-10,390	-14,283
Purchase of tangible assets		-44,208	-32,212	-117,529	-115,342	-164,347
Change in trade payables related to investments		1,779	29,849	-9,239	34,786	18,105
Sale/(purchase) of shares (net)		0	0	0	89	89
Payment of deposits		194	211	-50	13	51
Acquisition of subsidiary	4	0	0	-65,153	0	-162,253
<b>Cash flow from investing activities</b>		<b>-50,949</b>	<b>-9,057</b>	<b>-210,501</b>	<b>-90,844</b>	<b>-322,638</b>
Dividends paid		-49,182	-49,070	-113,117	-105,488	-105,488
Purchase of treasury shares		0	0	-5,003	-37,345	-37,345
Installments on lease liabilities		-22,846	-25,194	-69,152	-72,026	-89,736
Bank overdraft		75,388	17,329	250,281	107,924	149,481
<b>Cash flow from financing activities</b>		<b>3,360</b>	<b>-56,935</b>	<b>63,009</b>	<b>-106,935</b>	<b>-83,088</b>
<b>Net cash flow</b>		<b>614</b>	<b>1,069</b>	<b>-6,725</b>	<b>9,043</b>	<b>32,970</b>
Cash and cash equivalents at the beginning of the period		100,208	82,551	107,547	74,577	74,577
<b>Cash and cash equivalents at the end of the period</b>		<b>100,822</b>	<b>83,620</b>	<b>100,822</b>	<b>83,620</b>	<b>107,547</b>
<b>Additional information<sup>1</sup>:</b>						
Cash and cash equivalents		100,822	83,620	100,822	83,620	107,547
Bank overdraft		-492,955	-201,118	-492,955	-201,118	-242,675
Committed credit facilities		540,000	400,000	540,000	400,000	540,000
<b>Financial resources at the end of the period</b>		<b>147,867</b>	<b>282,502</b>	<b>147,867</b>	<b>282,502</b>	<b>404,872</b>
Cash flow from operating activities		48,203	67,061	140,767	206,822	438,696
Cash flow from investing activities		-50,949	-9,057	-210,501	-90,844	-322,638
<b>Free cash flow</b>		<b>-2,746</b>	<b>58,004</b>	<b>-69,734</b>	<b>115,978</b>	<b>116,058</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>September 30, 2019</b>									
<b>Balance at the beginning of the period</b>	<b>250,000</b>	<b>-4,641</b>	<b>764,110</b>	<b>6,480</b>	<b>7,320</b>	<b>-2,274</b>	<b>11,526</b>	<b>63,935</b>	<b>1,084,930</b>
Net profit for the period	0	0	124,535	0	0	0	0	0	124,535
Other comprehensive income for the period	0	0	57	2,416	1,404	226	4,046	0	4,103
Total comprehensive income for the period	0		124,592	2,416	1,404	226	4,046	0	128,638
Transactions with owners:									
Purchase of treasury shares	0	-255	-4,748	0	0	0	0	0	-5,003
Transfer of treasury shares	0	805	-771	0	0	0	0	0	34
Share-based payments	0	0	9,208	0	0	0	0	0	9,208
Deferred tax on share-based payments	0	0	-4,625	0	0	0	0	0	-4,625
Dividends paid	0	0	0	0	0	0	0	-113,117	-113,117
Proposed interim dividend for 2019	0	0	-49,182	0	0	0	0	49,182	0
<b>Balance at the end of the period</b>	<b>250,000</b>	<b>-4,091</b>	<b>838,584</b>	<b>8,896</b>	<b>8,724</b>	<b>-2,048</b>	<b>15,572</b>	<b>0</b>	<b>1,100,065</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, 2018</b>									
<b>Balance at the beginning of the period</b>	<b>250,000</b>	<b>-6,567</b>	<b>665,444</b>	<b>5,234</b>	<b>3,521</b>	<b>-57</b>	<b>8,698</b>	<b>55,990</b>	<b>973,565</b>
Net profit for the period	0	0	235,606	0	0	0	0	0	235,606
Other comprehensive income for the period	0	0	4,441	1,246	3,799	-2,217	2,828	0	7,269
Total comprehensive income for the period	0		240,047	1,246	3,799	-2,217	2,828	0	242,875
Transactions with owners:									
Purchase of treasury shares	0	-2,030	-35,315	0	0	0	0	0	-37,345
Transfer of treasury shares	0	3,956	-5,059	0	0	0	0	0	-1,103
Share-based payments	0	0	16,092	0	0	0	0	0	16,092
Deferred tax on share-based payments	0	0	-3,666	0	0	0	0	0	-3,666
Adjustment to proposed dividend	0	0	-428	0	0	0	0	428	0
Dividends paid	0	0	0	0	0	0	0	-105,488	-105,488
Interim dividend for 2018	0	0	-49,070	0	0	0	0	49,070	0
Proposed dividend for 2018	0	0	-63,935	0	0	0	0	63,935	0
Total dividends for 2018	0	0	-113,005	0	0	0	0	113,005	0
<b>Balance at the end of the period</b>	<b>250,000</b>	<b>-4,641</b>	<b>764,110</b>	<b>6,480</b>	<b>7,320</b>	<b>-2,274</b>	<b>11,526</b>	<b>63,935</b>	<b>1,084,930</b>

DKK '000	Share capital	Treasury shares	Retained earnings	Other reserves			Total other reserves	Proposed dividends	Total
				Currency revaluation	Cash flow hedges	Tax			
<b>Sep 30, 2018</b>									
<b>Balance at the beginning of the period</b>	<b>250,000</b>	<b>-6,567</b>	<b>665,914</b>	<b>5,190</b>	<b>3,521</b>	<b>-57</b>	<b>8,654</b>	<b>55,990</b>	<b>973,991</b>
Net profit for the period	0	0	150,831	0	0	0	0	0	150,831
Other comprehensive income for the period	0	0	0	-85	-1,161	255	-991	0	-991
Total comprehensive income for the period	0		150,831	-85	-1,161	255	-991	0	149,840
Transactions with owners:									
Purchase of treasury shares	0	-2,030	-35,315	0	0	0	0	0	-37,345
Transfer of treasury shares	0	3,950	-3,123	0	0	0	0	0	827
Share-based payments	0	0	12,332	0	0	0	0	0	12,332
Deferred tax on share-based payments	0	0	-3,719	0	0	0	0	0	-3,719
Adjustment to proposed dividend	0	0	-428	0	0	0	0	428	0
Dividends paid	0	0	0	0	0	0	0	-105,488	-105,488
Proposed dividend for 2017	0	0	0	0	0	0	0	0	0
Total dividends for 2018	0	0	-49,070	0	0	0	0	49,070	0
<b>Balance at the end of the period</b>	<b>250,000</b>	<b>-4,647</b>	<b>737,422</b>	<b>5,105</b>	<b>2,360</b>	<b>198</b>	<b>7,663</b>	<b>0</b>	<b>990,438</b>

**Notes****Note 1***Accounting policies*

The consolidated financial statements for the first nine months of 2019 have been 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 2018.

The financial reporting including the consolidated financial statements for the first nine months of 2019 and Management's review have been prepared in accordance with additional Danish disclosure requirements for interim report of listed companies. See pages 63 to 71 of the Annual Report 2018 for a comprehensive description of the accounting policies applied for recognition and measurement.

## Note 2

### Quarterly numbers

DKK '000	2019			2018			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Revenue</b>	<b>763,202</b>	<b>743,656</b>	<b>750,014</b>	<b>822,870</b>	<b>733,226</b>	<b>752,557</b>	<b>698,502</b>
Cost of goods sold	636,550	643,713	645,470	657,559	611,712	617,526	579,145
<b>Gross profit</b>	<b>126,652</b>	<b>99,943</b>	<b>104,544</b>	<b>165,311</b>	<b>121,514</b>	<b>135,031</b>	<b>119,357</b>
Sales and marketing costs	33,297	31,443	32,061	30,480	30,483	34,676	31,975
Administrative expenses	24,767	24,387	26,972	28,662	25,022	25,825	26,681
<b>Operating profit before special items</b>	<b>68,588</b>	<b>44,113</b>	<b>45,511</b>	<b>106,169</b>	<b>66,009</b>	<b>74,530</b>	<b>60,701</b>
Special items*	16,041	0	0	0	0	0	0
<b>Operating profit</b>	<b>52,547</b>	<b>44,113</b>	<b>45,511</b>	<b>106,169</b>	<b>66,009</b>	<b>74,530</b>	<b>60,701</b>
Net financials	6,862	-777	5,826	1,450	-274	-1,432	-2,022
<b>Profit before income taxes</b>	<b>59,409</b>	<b>43,336</b>	<b>51,337</b>	<b>107,619</b>	<b>65,735</b>	<b>73,098</b>	<b>58,679</b>
Income taxes	9,458	8,979	11,110	22,845	17,290	16,521	12,869
<b>Net profit for the period</b>	<b>49,951</b>	<b>34,357</b>	<b>40,227</b>	<b>84,774</b>	<b>48,445</b>	<b>56,577</b>	<b>45,810</b>

\*Special items comprises restructuring costs related to the cost restructuring plan

### Segment disclosures

As announced on January 29, 2019 NNIT have implemented a new organization with effect as of March 1, 2019.

The segments to drive revenue growth for NNIT going forward is the international life sciences and the Private & Public segments. To reflect the new strategy and organization the segment reporting have been changed from IT Operation Services and IT Solution Services to the international life sciences and Private & Public. Comparison figures for 2018 have been restated.

The Life science segment contains both the Novo Nordisk Group and our other life science customers in Denmark as well as internationally.

The Private and Public segment contains customers within the enterprise, public and finance segment.

DKK '000	2019			2018			
	Q2	Q1	Q4	Q3	Q2	Q1	
<b>Revenue by customer group</b>							
Novo Nordisk Group	223,358	235,291	258,805	323,025	266,613	278,434	256,084
Life sciences international	94,633	90,119	77,411	73,097	48,457	45,348	44,812
Life sciences Denmark	57,406	55,614	53,745	59,699	51,183	56,379	54,425
Life sciences	375,397	381,024	389,961	455,822	366,253	380,161	355,321
Enterprise	211,647	189,538	198,226	202,102	198,283	206,183	187,251
Public	97,988	95,980	89,510	92,551	103,324	103,902	99,379
Finance	78,170	77,114	72,317	72,396	65,366	62,311	56,551
Private & Public	387,805	362,632	360,053	367,048	366,973	372,396	343,181
<b>Total revenue</b>	<b>763,202</b>	<b>743,656</b>	<b>750,014</b>	<b>822,870</b>	<b>733,226</b>	<b>752,557</b>	<b>698,502</b>
<b>Gross profit by business unit</b>							
Life sciences	78,405	72,658	86,167	122,347	85,801	102,456	98,342
Private & Public	48,247	27,285	18,377	42,964	35,713	32,575	21,015
<b>Total Gross profit</b>	<b>126,652</b>	<b>99,943</b>	<b>104,544</b>	<b>165,311</b>	<b>121,514</b>	<b>135,031</b>	<b>119,357</b>
<b>Operating profit by business unit</b>							
Life sciences	38,449	41,073	52,553	89,639	55,325	68,940	66,165
Private & Public	14,098	3,040	-7,042	16,530	10,684	5,590	-5,464
<b>Total operating profit</b>	<b>52,547</b>	<b>44,113</b>	<b>45,511</b>	<b>106,169</b>	<b>66,009</b>	<b>74,530</b>	<b>60,701</b>

The Danish operations generated 81.9% of NNIT's revenue in 9M 2019 and 88.1% in 9M 2018 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***Special items*

Special items comprise costs that cannot be attributed directly to NNIT's ordinary activities.

The costs relate to significant restructuring of the cost base and processes as well as restructuring costs related to lost contracts.

The costs comprise staff related costs as well as external costs to advisors.

Therefore, the costs are separately disclosed to allow a view of the underlying business performance and in order to compare the underlying business performance to the guidance provided by NNIT.

The restructuring will take place in phases based on cost base, process changes and contract expirations. In the Q3 financials NNIT has included an obligation regarding the restructuring costs that fulfils the requirements set out in IAS 37 as of the balance sheet date.

NNIT expects full year restructuring costs of DKK 15 – 25m

**Note 4***Acquisition of subsidiaries*

On April 24, 2019, NNIT acquired full ownership and control of Halfmann Goetsch Partner AG (HGP), a Swiss based consultancy business within the life sciences industry. The acquisition provides NNIT with a stronger presence in European life sciences hubs Frankfurt and Basel, and strengthens NNIT's position as an international leading IT transformation partner for life sciences companies.

HGP started out in Basel in 2008 as a business consultancy dedicated to IT compliance services to the pharmaceutical industry, and clients include companies such as Merck, Novartis and Hoffmann La-Roche. With more than 10 years in business, the company employs 70 experts with extensive experience delivering highly specialized offerings such as Information Risk Management, Computer System Validation (CSV), Manufacturing Execution Systems (MES) Implementation, Data Privacy (GDPR), Data Integrity, Good Manufacturing Practices, Track & Trace and Audit Readiness.

The purchase price was DKK 67.6m in up-front cash payment and an earn out in an amount up to DKK 20.5m. Payments under the earn out clause is 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 22.4 corresponding to a present value of DKK 20.5m equaling a total consideration of DKK 88.1m.

Management has not yet completed the purchase price allocation, and assets and liabilities have therefore been included in the financial reporting for Q3 2019 on a preliminary basis.

Majority of the purchase price is currently allocated to goodwill, DKK 84.7 million. Goodwill can be attributed to assembled workforce and expected synergies. Goodwill is not deductible for tax purposes.

Remaining part of the preliminary purchase price allocation is dedicated to intangible assets consisting of committed orders with customers and pipeline. Both measured at fair value. The pipeline has been assessed by evaluating the stages of the order pipeline in combination with average expected EBIT margin excluding selling costs.

**Earnings impact**

Revenue and EBIT comprise DKK 12.5m and DKK 1.4m, respectively, reported by HGP since the date of acquisition April 24th. On a pro forma basis, if the acquisition had been effective from January 1, 2019 HGP would have contributed DKK 27.8m to revenue and DKK 3.2m to EBIT.

**Note 5**
*Related party transactions*

DKK'000	Sep 30, 2019	Sep 30, 2018	Dec 31, 2018
<b>Assets</b>			
Receivables from related parties	115,450	146,175	163,882
Work in progress related parties	39,237	32,408	90,547
<b>Liabilities</b>			
Liabilities to related parties	231	10,760	3,364
Prepayments from related parties	2,759	14,962	24,315

**Note 6**
*Contingent liabilities and legal proceedings*
**Contingent liabilities**

None

**Legal proceedings**

None

**Note 7**
*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, Czech koruna and the Philippine peso. Due to the size of the exposure Swiss franc is not hedged.

Cumulative profit on derivative financial instruments regarding future cash flow per September 30, 2019 is recognized in Equity (Other comprehensive income) with an amount of DKK 1.4m before tax (DKK 1.6m after tax).

## Note 8

### 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 28 million	-
CNY	DKK -19 million	14
CZK	DKK -11 million	14
PHP	DKK -8 million	14
USD	DKK 5 million	-
CHF	DKK -0 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.

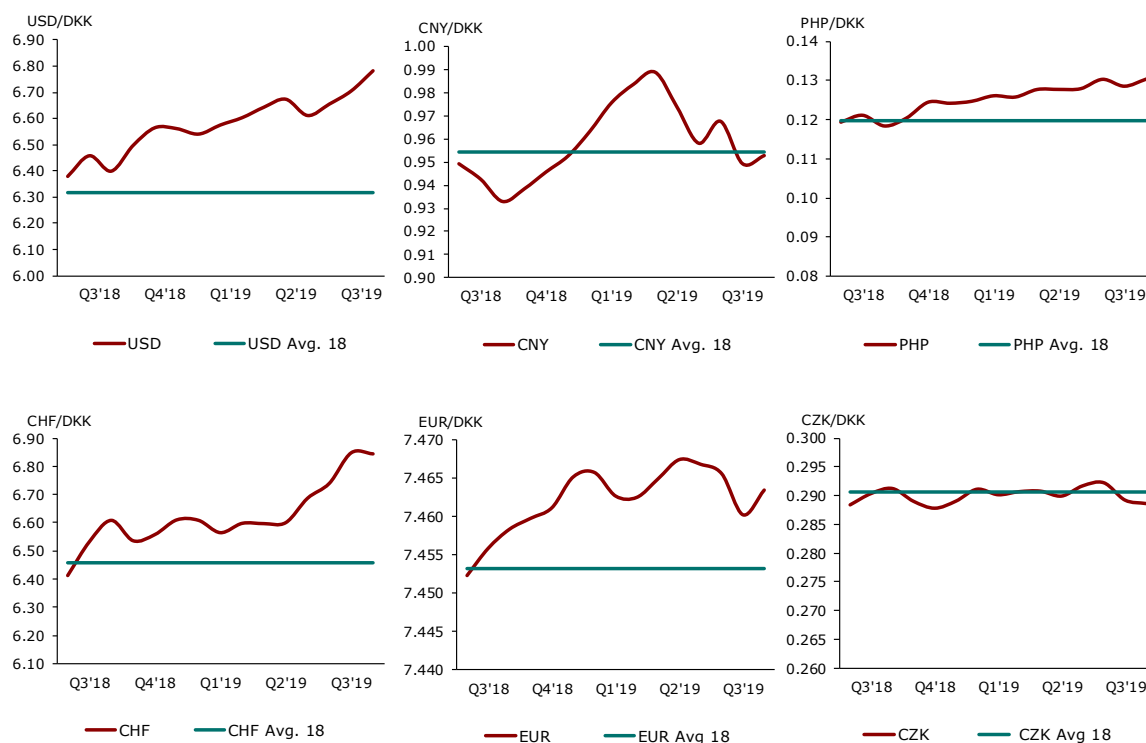
\* The above sensitivities address hypothetical situations and are provided for illustrative purposes only. The sensitivities assume the business develops consistent with the current 2019 business plan.

### Key currency assumptions

DKK per 100	2017 average exchange rates	2018 average exchange rates	YTD 2019 average exchange rates at October 17, 2019	Current exchange rates at October 17, 2019
CNY	97.57	95.43	96.70	94.87
EUR	743.86	745.32	746.46	747.07
CZK	28.27	29.06	29.04	29.11
PHP	13.08	11.98	12.79	13.07
CHF	669.63	645.74	668.98	678.97
USD	659.53	631.74	665.44	672.04

### Currency development

NNIT has a net cost exposure in the Chinese yuan, the Czech koruna, the Philippine peso 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 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 9**
*Performance in constant and reported currencies*
**Performance overview**

DKK million (reported currencies)	Q3 2019	Q3 2019 (constant*)	Q3 2018	Change (reported)	Change (constant)
<b>Revenue</b>	763.2	760.2	733.2	4.1%	3.7%
Cost of goods sold	636.6	633.1	611.7	4.1%	3.5%
<b>Gross profit</b>	<b>126.7</b>	<b>127.0</b>	<b>121.5</b>	<b>4.2%</b>	<b>4.5%</b>
<i>Gross profit margin</i>	16.6%	16.7%	16.6%	0pp	0.1pp
Sales and marketing costs	33.3	33.5	30.5	9.2%	9.9%
Administrative expenses	24.8	24.7	25.0	-1.0%	-1.5%
<b>Operating profit before special items*</b>	<b>68.6</b>	<b>68.9</b>	<b>66.0</b>	<b>3.9%</b>	<b>4.3%</b>
<i>Operating profit margin before special items*</i>	9.0%	9.1%	9.0%	0pp	0.1pp
Special items*	16.0	15.7	0.0	n.a.	n.a.
<b>Operating profit</b>	<b>52.5</b>	<b>53.2</b>	<b>66.0</b>	<b>-20.4%</b>	<b>-19.4%</b>
<i>Operating profit margin</i>	6.9%	7.0%	9.0%	-2.1pp	-2pp
Net financials	6.9	n.a.	-0.3	n.a.	n.a.
<b>Profit before tax</b>	<b>59.4</b>	<b>n.a.</b>	<b>65.7</b>	<b>-9.6%</b>	<b>n.a.</b>
Tax	9.5	n.a.	17.3	-45.3%	n.a.
<i>Effective tax rate</i>	15.9%	n.a.	26.3%	-10.4pp	n.a.
<b>Net profit</b>	<b>49.9</b>	<b>n.a.</b>	<b>48.4</b>	<b>3.1%</b>	<b>n.a.</b>

DKK million (reported currencies)	9M 2019	9M 2019 (constant*)	9M 2018	Change (reported)	Change (constant)
<b>Revenue</b>	2,256.9	2,244.4	2,184.3	3.3%	2.8%
Cost of goods sold	1,925.7	1,911.3	1,808.4	6.5%	5.7%
<b>Gross profit</b>	<b>331.1</b>	<b>333.0</b>	<b>375.9</b>	<b>-11.9%</b>	<b>-11.4%</b>
<i>Gross profit margin</i>	14.7%	14.8%	17.2%	-2.5pp	-2.4pp
Sales and marketing costs	96.8	96.8	97.1	-0.3%	-0.4%
Administrative expenses	76.1	75.8	77.5	-1.8%	-2.2%
<b>Operating profit before special items*</b>	<b>158.2</b>	<b>160.5</b>	<b>201.2</b>	<b>-21.4%</b>	<b>-20.3%</b>
<i>Operating profit margin before special items*</i>	7.0%	7.1%	9.2%	-2.2pp	-2.1pp
Special items*	16.0	15.7	0.0	n.a.	n.a.
<b>Operating profit</b>	<b>142.2</b>	<b>144.8</b>	<b>201.2</b>	<b>-29.4%</b>	<b>-28.1%</b>
<i>Operating profit margin</i>	6.3%	6.5%	9.2%	-2.9pp	-2.8pp
Net financials	11.9	n.a.	-3.7	n.a.	n.a.
<b>Profit before tax</b>	<b>154.1</b>	<b>n.a.</b>	<b>197.5</b>	<b>-22.0%</b>	<b>n.a.</b>
Tax	29.5	n.a.	46.7	-36.7%	n.a.
<i>Effective tax rate</i>	19.2%	n.a.	23.6%	-4.5pp	n.a.
<b>Net profit</b>	<b>124.5</b>	<b>n.a.</b>	<b>150.8</b>	<b>-17.4%</b>	<b>n.a.</b>

\*Constant currencies measured using average exchange rates for 9M 2018

\*\*Special items comprises restructuring costs related to the business and cost restructuring plan

## Revenue distribution

DKKm (reported currencies)	Q3 2019	Q3 2019 (constant*)	Q3 2018	Pct Change (reported)	Pct Change (constant)
Novo Nordisk Group	223.4	223.1	266.6	-16.2%	-16.3%
Life sciences international	94.6	92.1	48.5	95.3%	90.1%
Life sciences Denmark	57.4	57.4	51.2	12.2%	12.2%
Life sciences	375.4	372.6	366.3	2.5%	1.7%
Enterprise	211.6	211.5	198.3	6.7%	6.7%
Public	98.0	97.9	103.3	-5.2%	-5.2%
Finance	78.2	78.2	65.4	19.6%	19.6%
Private & Public	387.8	387.6	367.0	5.7%	5.6%
<b>Total</b>	<b>763.2</b>	<b>760.2</b>	<b>733.2</b>	<b>4.1%</b>	<b>3.7%</b>

DKKm (reported currencies)	9M 2019	9M 2019 (constant*)	9M 2018	Pct Change (reported)	Pct Change (constant)
Novo Nordisk Group	717.5	714.8	801.1	-10.4%	-10.8%
Life sciences international	262.2	252.9	138.6	89.1%	82.5%
Life sciences Denmark	166.8	166.8	162.0	2.9%	2.9%
Life sciences	1,146.4	1,134.6	1,101.7	4.1%	3.0%
Enterprise	599.4	598.9	591.7	1.3%	1.2%
Public	283.5	283.3	306.6	-7.5%	-7.6%
Finance	227.6	227.6	184.2	23.5%	23.5%
Private & Public	1,110.5	1,109.8	1,082.5	2.6%	2.5%
<b>Total</b>	<b>2,256.9</b>	<b>2,244.4</b>	<b>2,184.3</b>	<b>3.3%</b>	<b>2.8%</b>

\*Constant currencies measured using average exchange rates for 9M 2018