

Company announcement 11/2020 October 29, 2020

Financial report for the first nine months of 2020

Revenue decrease of 7.8% to DKK 2.081m and an operating profit margin before special items of 5.3% in the first nine months of 2020

Performance highlights for the third quarter of 2020

- Group revenue decreased by 14% to DKK 658m in Q3 2020 compared to Q3 2019. Positively, revenue from life sciences international continued the growth path with revenue increasing by 29% to 122m while revenue from life sciences Denmark increased by 3.2% to 59m. In Q3 2020 other life science generated more revenue than the Novo Nordisk group
- Revenue from the Novo Nordisk Group continued the expected decline (-27%). Consequently, the share of NNIT's revenue from clients outside the Novo Nordisk Group increased to 75% in Q3 2020 from 71% in Q3 2019
- The COVID-19 situation continued to impact performance in Q3 2020 due to the ongoing uncertainty leading to delays of tenders and projects
- Operating profit margin before special items at 3.8% in Q3 2020 compared to 9.0% in Q3 2019
- Net profit at DKK 9m in Q3 2020 compared to DKK 50m in Q3 2019 due to the lower operating profit and negative impact from net financials
- Free cashflow at a conversion rate of 78%
- Order backlog for 2020 at the beginning of Q4 2020 at DKK 2,691m, a decrease of 7.9% compared to the same time last year impacted by a large decline of 27% from the Novo Nordisk Group
- Outlook for 2020:
COVID-19 continues to impact our business negatively by delaying project work and tenders and we now expect that our performance for 2020 will be at the bottom of previously guided intervals. Hence, our guidance for 2020 is specified as follows assuming no further deterioration in relation to the COVID-19 situation:
 - Revenue growth of around -8% in constant currencies
 - Operating profit margin before special items of around 6% in constant currencies
 - Level of investment (CAPEX) is 5-7% of total revenue (unchanged)

Per Kogut, CEO at NNIT comments: "NNIT's Q3 was driven by double digit profitable growth in the international life sciences segment. The Novo Nordisk Group impacted the growth negatively as expected. In addition, the private & public business contracted in Q3. The Q3 performance evidences the importance for NNIT of having different main business segments to execute on during challenging times."

Financial Overview and guidance 2020

DKK million	Q3 2020 (reported)	Q3 2020 (constant)*	Q3 2019*	Pct./pp Change (reported)	Pct./pp Change (constant)
Revenue	658	663	763	-13.7%	-13.1%
Gross profit margin	12.2%	12.0%	16.6%	-4.4pp	-4.6pp
Operating profit before special items	25	24	68	-63.7%	-64.9%
Operating profit margin before special items	3.8%	3.6%	9.0%	-5.2pp	-5.4pp
Special items	6	6	16	-63.9%	-63.5%
Operating profit	19	18	52	-63.6%	-65.4%
Operating profit margin	2.9%	2.7%	6.9%	-4pp	-4.2pp
Net profit	9	n.a.	50	-82.1%	n.a.
Investments (CAPEX)	27	n.a.	51	-47.8%	n.a.
Free cash flow	7	n.a.	-3	n.a.	n.a.

DKK million	9M 2020 (reported)	9M 2020 (constant)*	9M 2019*	Pct./pp Change (reported)	Pct./pp Change (constant)
Revenue	2,081	2,083	2,257	-7.8%	-7.7%
Gross profit margin	13.3%	13.3%	14.7%	-1.4pp	-1.4pp
Operating profit before special items	110	109	158	-30.6%	-30.8%
Operating profit margin before special items	5.3%	5.3%	7.0%	-1.7pp	-1.8pp
Special items	25	25	16	56.3%	57.1%
Operating profit	85	84	142	-40.4%	-40.8%
Operating profit margin	4.1%	4.0%	6.3%	-2.2pp	-2.3pp
Net profit	58	n.a.	125	-53.4%	n.a.
Investments (CAPEX)	104	n.a.	146	-28.9%	n.a.
Free cash flow	184	n.a.	-70	-364.0%	n.a.

*Constant currencies measured using average exchange rates for Q3 2019

COVID-19 continues to impact our business negatively by delaying project work and tenders and we now expect that our performance for 2020 will be at the bottom of previously guided intervals. Hence, our guidance for 2020 is specified as follows assuming no further deterioration in relation to the COVID-19 situation:

	Guidance for 2020	Guidance for 2020 at Q2 2020 announcement
Revenue growth		
Organic in constant currencies* as reported**	Around -8% Around 0.2pp lower	-4% to -8% Around 0.2pp higher
Operating profit margin In constant currencies* as reported**	Around 6% before special items of DKK 25-30m Around same level	6-8% before special items of DKK 25-30m Around same level
Investments / Revenue	5-7%	5-7%

*Constant currencies measured using average exchange rates for 2019

**Based on exchange rates as of October 7, 2020 as illustrated under key currency assumptions on page 24

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, 2020, NNIT A/S had 3,035 employees. NNIT has approximately 400 clients of which around 150 are located outside Denmark. Some 25% are international life sciences clients. For more information please visit www.nnit.com.

Conference call details

NNIT will host a teleconference October 29, 2020 at 10:30 CET about the financial report for the first nine months of 2020. Please visit the NNIT webpage at 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/2020q3/>

Participant telephone numbers:

Denmark:	+45 45 7815 0109
United Kingdom:	+44 333 300 9032
Sweden:	+46 850 558 356
United States:	+1 646 722 4904

Financial Calendar 2021

January 26, 2021	Deadline for NNIT shareholders to submit resolutions to be considered by the Annual General Meeting
January 29, 2021	Annual report 2020
March 10, 2021	Annual General Meeting
May 7, 2021	Interim report for the first three months of 2021
August 12, 2021	Interim report for the first six months of 2021
November 3, 2021	Interim report for the first nine months of 2021

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 29-31 in the Annual Report 2019.

Contacts for further information

Investor relations:

Jens Binger
Head of Investor Relations
Tel: +45 3079 9222
jblb@nnit.com

Media relations:

Tina Joanne Hindsbo
NNIT Communications
Tel: +45 3077 9578
tnjh@nnit.com

Financial figures and highlights

DKK million, reported currencies	Q3 2020	Q3 2019	9M 2020	9M 2019	Change 9M	Total 2019
Financial performance						
Revenue						
Novo Nordisk Group	163	223	523	717	-27.1%	955
Life sciences international	122	95	320	262	22.1%	361
Life sciences Denmark	59	57	194	167	16.3%	230
Life sciences	344	375	1,037	1,146	-9.6%	1,546
Enterprise	164	212	540	600	-10.0%	802
Public	91	98	303	284	6.7%	392
Finance	59	78	201	227	-11.5%	318
Private & Public	314	388	1,044	1,111	-6.0%	1,512
Total revenue	658	763	2,081	2,257	-7.8%	3,058
EBITDA	75	131	285	354	-19.3%	498
Depreciations and amortizations	51	63	176	196	-10.2%	259
Operating profit before special items ¹	25	68	110	158	-30.6%	239
Special items ¹	6	16	25	16	56.3%	24
Operating profit	19	52	85	142	-40.4%	215
Net financials	-10	7	-10	12	-184.0%	16
Net profit	9	50	58	125	-53.4%	183
Investments in tangible assets	20	42	80	127	-36.7%	134
Investments in intangible assets and acquisition in subsidiaries	7	9	84	84	0.1%	88
Total assets	2,454	2,751	2,454	2,751	-10.8%	2,613
Equity	1,134	1,100	1,134	1,100	3.1%	1,169
Dividends paid	50	49	99	113	-12.7%	113
Free cash flow	7	-3	184	-70	-364.0%	242
Earnings per share						
Earnings per share (DKK)	0.35	2.03	2.35	5.06	-53.6%	7.43
Diluted earnings per share (DKK)	0.35	2.02	2.33	5.03	-53.7%	7.36
Employees						
Average number of full-time employees	3,056	3,207	3,083	3,235	-4.7%	3,237
Financial ratios						
Revenue growth	-13.7%	4.1%	-7.8%	3.3%	-11.1pp	1.7%
Gross profit margin	12.2%	16.6%	13.3%	14.7%	-1.4pp	15.5%
EBITDA margin	11.4%	17.3%	13.7%	15.7%	-2pp	16.3%
Operating profit margin before special items	3.8%	8.9%	5.3%	7.0%	-1.7pp	7.8%
Operating profit margin	2.9%	6.8%	4.1%	6.3%	-2.2pp	7.0%
Effective tax rate	5.5%	15.9%	22.9%	19.2%	3.7pp	21.0%
Investments/Revenue	4.1%	6.7%	5.0%	6.4%	-1.4pp	5.4%
Return on equity ²	10.4%	20.0%	10.4%	20.0%	-9.6pp	16.2%
Solvency ratio	46.2%	40.0%	46.1%	40.0%	6.1pp	44.8%
Return on invested capital (ROIC) ^{2,3}	7.3%	13.3%	7.3%	13.3%	-6pp	10.4%
Cash to earnings ²	426.5%	-33.3%	426.5%	-33.3%	459.8pp	132.3%
Cash to earnings (three-year average) ²	98.9%	16.4%	98.9%	16.4%	82.5pp	55.9%
Additional numbers⁴						
Order entry backlog for the current year	2,691	2,923	2,691	2,923	-7.9%	-

1) Special items comprises restructuring costs related to the cost restructuring plan and other special events

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

COVID-19 update

In Q3 2020 the business continued to see the impact of the COVID-19 situation. The private & public segment showed less project activity with customers delaying projects. Further, the SLA business was impacted due to delays of tenders that have postponed revenue which originally was expected to be realized in Q3 2020. Positively, the life sciences business including China showed more resilience, which can be seen in the realized growth rates.

Business highlights

Key wins since the Q2 2020 company announcement:

- Several agreements within winning solutions SAP, Data&AI, Hybrid Cloud and Veeva for new and existing international life sciences customer in both EU, US and China representing a mid double-digit DKK million amount
- Service desk operations and monitoring agreement with Copenhagen Airport representing a mid double-digit DKK million amount over a five-year-period
- IT environment, applications and infrastructure carve out agreement for a new life sciences customer Orifarm representing a lower double-digit DKK million amount over a one-year period
- IT management consulting framework agreement to support the digital transformation of UFTS (The Ministry of Taxation) for a five-year period

Business and cost restructuring plan

In Q3 2020, the business and cost restructuring plan progressed in line with expectations. The automation initiatives set forth in the cost restructuring plan also progressed as expected in order to enable continued high-quality services and stable operation towards the customers.

In Q3 2020 utilization was still impacted by COVID-19 resulting in a slight underperformance compared to target, but the underlying measures to support the targeted utilization have been implemented and are expected to have full effect when the situation normalizes.

Performance overview

DKK million (reported currencies)	Q3 2020	Q3 2019	Change (reported)	2019
Revenue	658	763	-13.7%	3,058
Cost of goods sold	578	637	-9.2%	2,583
Gross profit	80	126	-36.4%	475
<i>Gross profit margin</i>	12.2%	16.6%	-4.4pp	15.5%
Sales and marketing costs	31	33	-6.6%	131
Administrative expenses	24	25	-2.0%	105
Operating profit before special items	25	68	-63.6%	239
<i>Operating profit margin before special items</i>	3.8%	9.0%	-5.2pp	7.8%
Special items	6	16	-63.9%	24
Operating profit	19	52	-63.5%	215
<i>Operating profit margin</i>	2.9%	6.9%	-4pp	7.0%
Net financials	-10	7	n.a.	16
Profit before tax	9	59	-84.9%	231
Tax	0	9	-94.8%	48
<i>Effective tax rate</i>	5.5%	15.9%	-10.4pp	21.0%
Net profit	9	50	-81.8%	183

DKK million (reported currencies)	9M 2020	9M 2019	Change (reported)	2019
Revenue	2,081	2,257	-7.8%	3,058
Cost of goods sold	1,805	1,926	-6.3%	2,583
Gross profit	276	331	-16.5%	475
<i>Gross profit margin</i>	13.3%	14.7%	-1.4pp	15.5%
Sales and marketing costs	93	97	-3.9%	131
Administrative expenses	73	76	-4.1%	105
Operating profit before special items	110	158	-30.2%	239
<i>Operating profit margin before special items</i>	5.3%	7.0%	-1.7pp	7.8%
Special items	25	16	n.a.	24
Operating profit	85	142	-39.9%	215
<i>Operating profit margin</i>	4.1%	6.3%	-2.2pp	7.0%
Net financials	-10	12	n.a.	16
Profit before tax	75	154	-51.1%	231
Tax	17	29	-40.7%	48
<i>Effective tax rate</i>	22.8%	18.8%	4pp	21.0%
Net profit	58	125	-53.5%	183

Revenue in reported currencies decreased by 14% in Q3 2020 (-13% in constant currencies) to DKK 658m, mainly impacted by the expected decline from the Novo Nordisk group (-27%) and the enterprise segment (-23%) due to the phasing-out of the Pandora outsourcing agreement. The decline was partly offset by growth in life sciences international and life sciences Denmark of 29% and 3.2% respectively.

9M 2020 revenue in reported currencies decreased by -7.8% (-7.7% in constant currencies) to DKK 2,081m due to the same reasons as mentioned above. The decline was partly offset by growth in life sciences international and life sciences Denmark of 22% and 16% respectively whilst the public segment had growth of 6.7%. Revenue from the finance segments declined by 12%.

Excluding business from the Novo Nordisk Group, revenue growth was 1.2% (0.5% organic) in 9M 2020.

Cost of goods sold decreased by 9.2% to DKK 578m in Q3 2020 and by 6.3% to DKK 1,805m in 9M 2020 compared to the same period last year. The decrease in cost is mainly due to the implementation of the cost restructuring program to also match the reduced business activity.

Gross profit decreased by 36% to DKK 80m in Q3 2020 leading to a gross profit margin in reported currencies of 12% compared to 17% in the same period last year. The decline

was partially due to one-off license sales with low margins. In 9M 2020 gross profit decreased by 17% to DKK 276m leading to a gross profit margin in reported currencies of 13% compared to 15% in the same period last year.

Sales and marketing costs declined by 6.6% in Q3 2020 and by 3.9% in 9M 2020 compared to the same periods last year due to staff reductions as part of the cost restructuring plan.

Administrative expenses decreased by 2.0% in Q3 2020 and by 4.1% in 9M 2020 compared to the same periods last year due to cost reductions as part of the cost restructuring plan.

Operating profit before special items ended at DKK 25m in Q3 2020 and 110m in 9M 2020. This corresponds to an operating profit margin before special items of 3.8% in Q3 2020 (9.0% in Q3 2019) and 5.3% 9M 2020 (7.0% 9M 2019).

Net financials in Q3 2020 were negative with DKK 10m which is a decrease of DKK 17m compared to Q3 2019. Net financials in 9M 2020 was -10m compared to 12m in 9M 2019. The negative development in Q3 2020 compared to same period last year was due to currency fluctuations especially from USD receivables.

The effective tax rate for Q3 2020 was 5.5%, a decrease of 10.4pp compared to Q3 2019 due to a different composition in income from subsidiaries and consequently a different composition of tax rates. In 9M 2020 the effective tax rate was 22.9%, up by 3.7pp compared to 9M 2019. This is explained by the negative adjustment regarding previous years.

Net profit in Q3 2020 was DKK 9m compared to DKK 50m in Q3 2019. Net profit was impacted by lower revenue & business activity and by negative impact from net financials.

For a detailed performance overview in both reported and constant currencies please see note 8. Comparisons in this financial report are hereafter in reported currencies. NNIT's major currencies have depreciated giving operating profit margin in 9M 2020 a headwind of 0.1pp (average Q3 2020 compared to average 2019 exchange rates) which decreased the cost of NNIT's offshore centers in DKK. Revenue growth was impacted negatively by 0.1pp mainly due to depreciation of USD (average Q3 2020 compared to average 2019 exchange rates).

Life Sciences

DKK million (reported currencies)	Q3 2020	Q3 2019	Change	2019
Novo Nordisk Group	163	223	-27.0%	955
Life sciences international	122	95	28.8%	361
Life sciences Denmark	59	57	3.2%	230
Revenue	344	375	-8.3%	1,546
Cost of goods sold	292	297	-1.6%	1,212
Gross profit	52	78	-33.3%	334
<i>Gross profit margin</i>	<i>15.1%</i>	<i>20.8%</i>	<i>-5.7pp</i>	<i>21.6%</i>
Allocated costs	31	32	-4.2%	131
Operating profit before special items	21	46	-54.1%	203
<i>Operating profit margin before special items</i>	<i>6.1%</i>	<i>12.1%</i>	<i>-6.1pp</i>	<i>13.1%</i>
Special items	3	8	-61.3%	11
Operating profit	18	38	-52.7%	192
<i>Operating profit margin</i>	<i>5.2%</i>	<i>10.1%</i>	<i>-4.9pp</i>	<i>12.4%</i>

DKK million (reported currencies)	9M 2020	9M 2019	Change	2019
Novo Nordisk Group	523	717	-27.1%	955
Life sciences international	320	262	22.1%	361
Life sciences Denmark	194	167	16.3%	230
Revenue	1,037	1,146	-9.6%	1,546
Cost of goods sold	867	909	-4.6%	1,212
Gross profit	170	237	-28.4%	334
<i>Gross profit margin</i>	16.4%	20.7%	-4.3pp	21.6%
Allocated costs	92	97	-4.9%	131
Operating profit before special items	78	140	-44.7%	203
<i>Operating profit margin before special items</i>	7.5%	12.2%	-4.8pp	13.1%
Special items	12	8	58.3%	11
Operating profit	66	133	-50.6%	192
<i>Operating profit margin</i>	6.3%	11.6%	-5.3pp	12.4%

Revenue

Total life sciences revenue decreased by 8.3% in Q3 2020 compared to the same period last year due to the expected decline from the Novo Nordisk Group (-27%). Revenue from projects increased by 7.4% in Q3 2020 while revenue from service level agreements decreased by 21%. Total life sciences revenue decreased 9.6% in 9M 2020 compared to 9M 2019 due to the reasons mentioned above. Further details on revenue and profit development are explained below.

Novo Nordisk Group:

Revenue from the Novo Nordisk Group decreased by 27% in Q3 2020 and 27% in 9M 2020 compared to the same periods last year. Revenue is as expected significantly impacted by the loss of the large application maintenance agreement and the renewed operation maintenance agreement which both impacts the revenue and profitability from January 1, 2020. Further, project revenue continued to decrease with 17% compared to both Q3 2019 and 9M 2019.

As a consequence of the continued large decline in revenue from the Novo Nordisk Group and high growth from other clients, the share of NNIT's revenue from clients outside the Novo Nordisk Group increased to 75% in Q3 2020 from 71% in Q3 2019.

Life sciences international:

Revenue from international life sciences increased by 29% in Q3 2020 compared to the same period last year driven by strong growth in Europe and US. In Q3 2020 the Chinese business rebounded and seemed to be less impacted by COVID-19 with revenue at same levels as Q3 2019. The growth in EU and US is driven by Veeva related projects, Production IT (Manufacturing Execution System) enabled by the HGP acquisition and digitalization of clinical trials. Revenue increased by 22% in 9M 2020 compared to 9M 2019.

Danish life sciences:

Revenue from Danish life sciences increased by 3.2% in Q3 2020 compared to Q3 2019 mainly driven by the Association of Danish Pharmacies partly offset by less project activities at a number of other customers. Revenue increased by 16% in 9M 2020 compared to 9M 2019.

Gross profit and operating profit

In Q3 2020 gross profit margin was 15%, a decrease of 5.7pp compared to Q3 2019. Gross profit margin in 9M 2020 was 16%, a decrease of 4.3pp compared to 9M 2019.

The gross profit decline was due to the loss of the application maintenance agreement and price reductions on the prolonged operations maintenance agreement with the Novo Nordisk Group. The cost restructuring program has been executed as planned but could not fully compensate for the significant loss of business from the Novo Nordisk Group. However, gross profit margin in other life sciences showed a healthy increase in Q3 2020 and 9M 2020 compared to same periods last year supported by the cost restructuring program and high growth in the project business.

Operating profit margin before special items was 6.1% in Q3 2020 (12% in Q3 2019) and 7.5% in 9M 2020 (12% in 9M 2019).

Private & Public

DKK million (reported currencies)	Q3 2020	Q3 2019	Change	2019
Enterprise	164	212	-22.5%	802
Public	91	98	-6.9%	392
Finance	59	78	-24.7%	318
Revenue	314	388	-19.0%	1,512
Cost of goods sold	286	340	-15.8%	1,371
Gross profit	28	48	-41.5%	141
<i>Gross profit margin</i>	8.9%	12.4%	-3.5pp	9.4%
Allocated costs	24	26	-5.2%	106
Operating profit before special items	4	22	-83.0%	36
<i>Operating profit margin before special items</i>	1.2%	5.8%	-4.6pp	2.4%
Special items	3	8	-66.3%	12
Operating profit	1	14	-92.9%	23
<i>Operating profit margin</i>	0.3%	3.6%	-3.3pp	1.5%

DKK million (reported currencies)	9M 2020	9M 2019	Change	2019
Enterprise	540	600	-10.0%	802
Public	303	284	6.7%	392
Finance	201	227	-11.5%	318
Revenue	1,044	1,111	-6.0%	1,512
Cost of goods sold	938	1,017	-7.8%	1,371
Gross profit	106	94	12.9%	141
<i>Gross profit margin</i>	10.2%	8.5%	1.7pp	9.4%
Allocated costs	74	76	-2.6%	106
Operating profit before special items	32	18	77.3%	36
<i>Operating profit margin before special items</i>	3.1%	1.6%	1.5pp	2.4%
Special items	13	8	54.5%	12
Operating profit	19	10	96.6%	23
<i>Operating profit margin</i>	1.9%	0.9%	1pp	1.5%

Revenue

Revenue from private & public decreased by 19% in Q3 2020 and by 6.0% in 9M 2020 compared to the same periods last year.

Revenue on projects in the private & public segment decreased by 11% and revenue from service level agreements decreased by 25% in Q3 2020 compared to Q3 2019. Further details on revenue and profit development are explained below.

Enterprise customers:

Revenue decreased by 23% in Q3 2020 and by 10% in 9M 2020 compared to the same periods last year. The expected decline in Q3 2020 was due to the phasing out of the Pandora outsourcing agreement.

Public customers:

Revenue decreased by 6.9% in Q3 2020 and increased by 6.7% in 9M 2020 compared to the same periods last year. The revenue decrease in Q3 2020 was driven by reduction in project activity with UFST (The Ministry of Taxation), Sund & Bælt and DSB.

Finance customers:

Revenue decreased by 25% in Q3 2020 and by 12% in 9M 2020 compared to the same periods last year. The revenue decline in Q3 2020 was mainly due the expiry of the contract with Alka (acquired by Tryg) and hardware sale in Q3 2019.

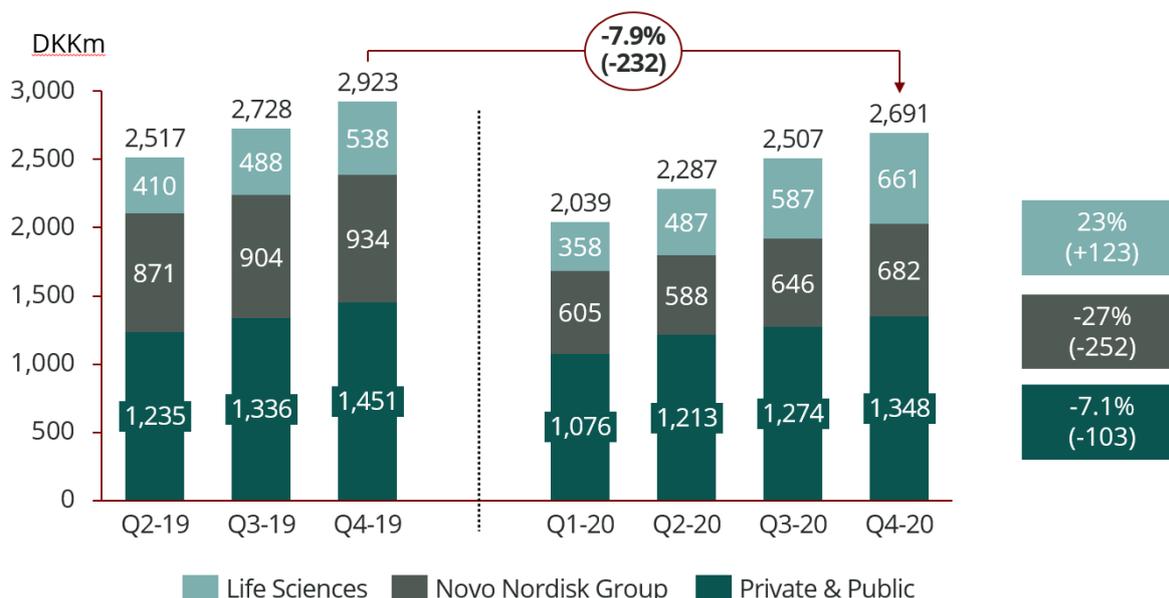
Gross profit and operating profit

In Q3 2020 gross profit margin was 8.9%, a decrease of 3.5pp compared to Q3 2019. The gross profit margin in 9M 2020 was 10%, an increase of 1.7pp compared to 9M 2019. Operating profit margin before special items was 1.2% in Q3 2020 (5.8% in Q3 2019) and 3.1% in 9M 2020 (1.6% in 9M 2019)

The cost restructuring program has been executed as planned but could not fully compensate for the loss of business in Q3 2020 compared to Q3 2019.

Order backlog

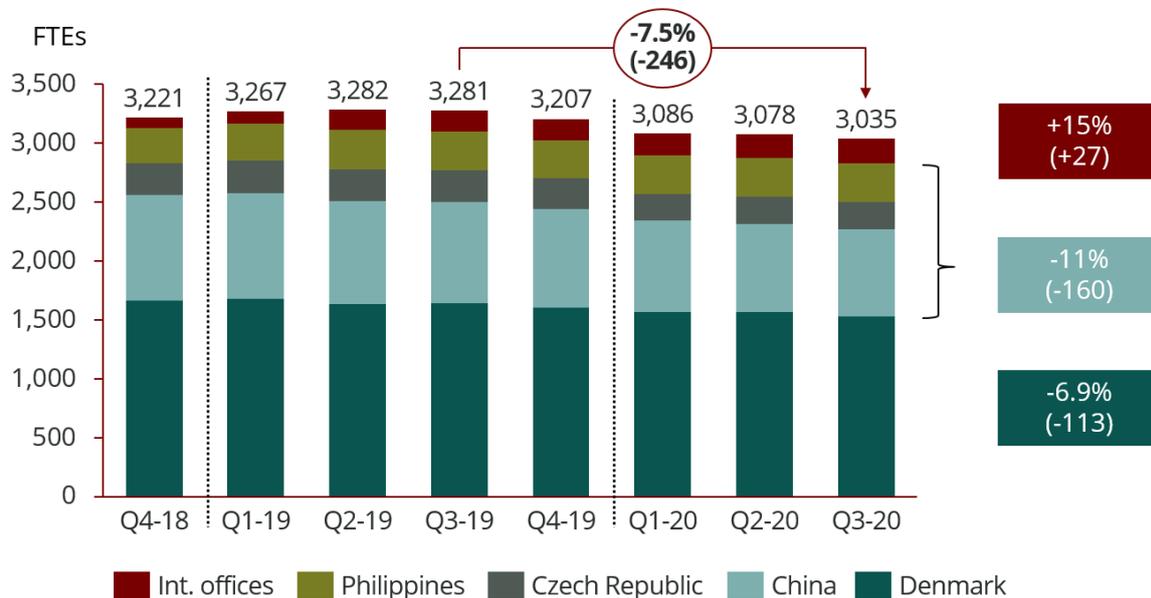
Backlog for the year, beginning of quarter



At the beginning of Q4 2020, NNIT's order entry backlog for 2020 amounted to DKK 2,691 million, which was a decrease of 7.9% compared to last year. The backlog from life sciences clients excluding the Novo Nordisk Group increased by 23% driven by international life sciences while the Novo Nordisk Group declined by expected 27% due to the loss of the large application maintenance contract and a considerable price reduction on the prolonged operation maintenance agreement. Private & public decreased by 7.1% mainly due to expiry of the Pandora outsourcing contract and COVID-19.

The high growth in NNIT's project business with low backlog visibility and a declining/stagnating 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.

Employees, end-of-period



As a consequence of the cost restructuring program and the loss of business with the Novo Nordisk Group and Pandora the number of employees decreased by 246 FTEs corresponding to -7.5% compared to the same time last year. The decrease was driven by China (-117 FTEs), Denmark (-113 FTEs) and Czech (-40 FTEs) while FTEs in our international offices (excluding outsourcing centers) increased by 27 FTEs in order to support the strong growth in international life sciences.

Balance sheet

Total assets at September 30, 2020 decreased by DKK 297m to DKK 2,454m compared to DKK 2,751m at September 30, 2019 primarily due to a decrease in non-current assets, trade receivables and other receivables.

Net cash and cash equivalents amounted to DKK -100m at September 30, 2020, an increase of DKK 292m compared September 30, 2019. The increase was mainly driven by cash flows from operating activities partly countered by payments related to acquisitions (DKK 53m), payment of ordinary dividend for 2019 (DKK 49m) and interim dividend for 2020 (DKK 50m).

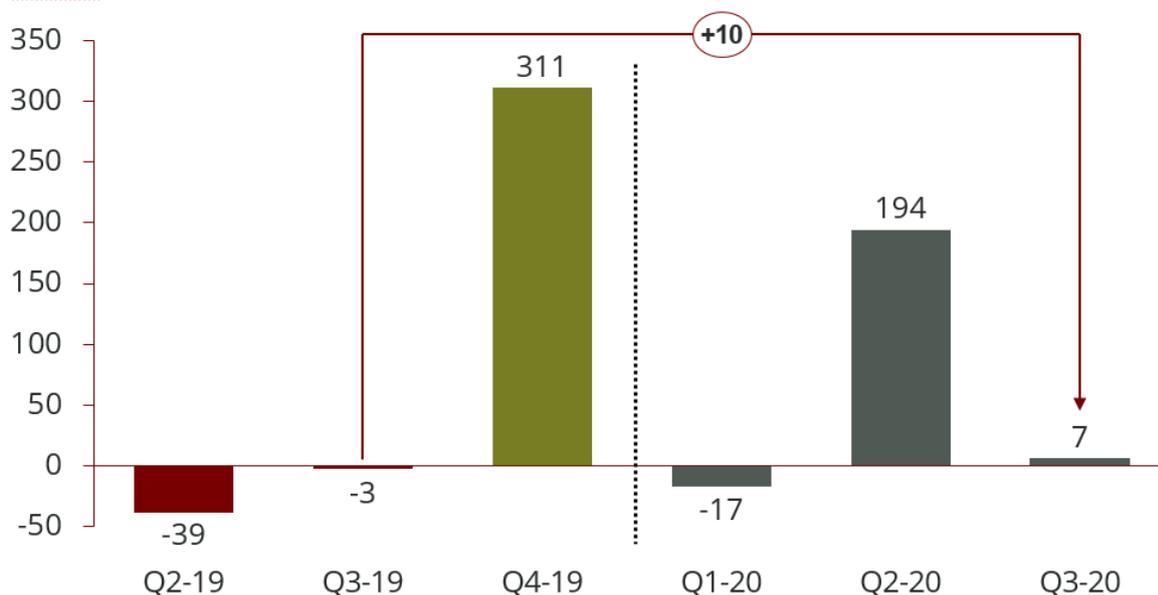
Equity at September 30, 2020 amounted to DKK 1,134m, an increase of DKK 34m compared to September 30, 2019. The improvement was mainly due to net profits for the period offset by the payment of ordinary dividend for 2019 (DKK 49m) and interim dividend for 2020 (DKK 50m).

Investments

Investments excluding investments related to acquisition of subsidiaries amounted to DKK 27m in Q3 2020 compared to DKK 51m in Q3 2019.

Free cash flow

DKKm



The free cash flow for Q3 2020 was positive DKK 7m which was DKK 10m above Q3 2019 due to lower investments and an improvement in working capital partly countered by a decrease in net profit for the period and higher income taxes paid on account.

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 as of September 30, 2020

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, 2020

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 2020 with comparative figures for the first nine months of 2019. The interim consolidated financial statements have not been audited or reviewed by the company's independent auditors.

The interim consolidated financial statements for the first nine months of 2020 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 2019 of NNIT A/S. Furthermore, the interim consolidated financial statement for the first nine months of 2020 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 2020 are adequate and give a true and fair view of the Group's assets, liabilities and financial position as at September 30, 2020 and of the results of the Group's operations and cash flow for the nine months ended September 30, 2020. 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 2020, no changes in the Group's most significant risks and uncertainties have occurred relative to what was disclosed in the Annual Report for 2019 of NNIT A/S.

Søborg, October 29, 2020

Executive management

Per Kogut
CEO

Pernille Fabricius
CFO

Board of Directors

Carsten Dilling
Chairman

Peter H. J. Haahr
Deputy Chairman

Anne Broeng

Eivind Kolding

Christian Kanstrup

Caroline Serfass

Anders Vidstrup

Camilla K. K. Christensen

Trine Io Bjerregaard

Consolidated financial statements

Income statement and Statement of comprehensive income

DKK million	Note	Q3 2020	Q3 2019	9M 2020	9M 2019	12M 2019
Income statement						
Revenue	2	658	763	2,081	2,257	3,058
Cost of goods sold		578	637	1,805	1,926	2,583
Gross profit		80	126	276	331	475
Sales and marketing costs		31	33	93	97	131
Administrative expenses		24	25	73	76	105
Operating profit before special items		25	68	110	158	239
Special items*	3	6	16	25	16	24
Operating profit		19	52	85	142	215
Financial income		1	10	9	22	32
Financial expenses		11	3	19	10	16
Profit before income taxes		9	59	75	154	231
Income taxes		0	9	17	29	48
Net profit for the period		9	50	58	125	183

*Special items comprises restructuring costs related to the cost restructuring plan and other special events

Earnings per share

	DKK	DKK	DKK	DKK	DKK
Earnings per share	0.35	2.03	2.35	5.06	7.43
Diluted earnings per share	0.35	2.02	2.33	5.03	7.36

Statement of comprehensive income

DKK million					
Net profit for the period	9	50	58	125	183
Other comprehensive income:					
<i>Items that will not be reclassified subsequently to the Income statement:</i>					
Remeasurement related to pension obligations	-2	0	-2	0	9
Tax on other comprehensive income	-1	0	0	0	-1
<i>Items that will be reclassified subsequently to the Income statement, when specific conditions are met:</i>					
Currency revaluation related to subsidiaries (net)	-2	1	-4	3	1
Recycled to financial items	1	5	9	16	21
Unrealized value adjustments	-4	-4	-22	-15	-20
Cash flow hedges	-3	1	-13	1	1
Tax on other comprehensive income related to cash flow hedges	2	0	2	0	1
Other comprehensive income, net of tax	-6	2	-17	4	11
Total comprehensive income	3	52	41	129	194

Balance sheet

	Note	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
DKK million				
Intangible assets		519	525	524
Tangible assets		558	607	576
Lease assets		245	334	316
Contract assets		60	80	69
Deferred tax		25	25	32
Deposits		32	33	34
Total non-current assets		1,439	1,604	1,551
Inventories		2	1	2
Contract assets		38	57	53
Trade receivables	4	475	601	627
Work in progress	4	199	144	140
Other receivables		23	117	11
Pre-payments		93	93	84
Tax receivable		32	20	11
Derivative financial instruments		3	13	12
Cash and cash equivalents		150	101	122
Total current assets		1,015	1,147	1,062
Total assets		2,454	2,751	2,613

Equity and liabilities

		Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
DKK million				
Share capital		250	250	250
Treasury shares		-3	-4	-4
Retained earnings		887	839	860
Other reserves		0	15	14
Proposed dividends		0	0	49
Total equity		1,134	1,100	1,169
Leasing liability		183	272	236
Deferred tax		0	2	0
Employee benefit obligation		144	34	82
Contingent consideration (earn out)		42	137	43
Provisions		24	24	28
Long term loan		19	0	28
Bank overdraft		250	493	231
Total non-current liabilities		662	962	648
Prepayments received, contract assets		18	60	42
Prepayments received, work in progress	4	47	58	98
Leasing liability		76	75	90
Trade payables		81	82	88
Employee cost payable		94	240	228
Tax payables		4	15	9
Other current liabilities		313	158	155
Derivative financial instruments		7	1	1
Contingent consideration (earn out)		16	0	81
Provisions		2	0	4
Total current liabilities		658	689	796
Total equity and liabilities		2,454	2,751	2,613
Contingent liabilities and legal proceedings	5			
Currency hedging	6			

Statement of cash flow

DKK million		Q3 2020	Q3 2019	9M 2020	9M 2019	12M 2019
Net profit for the period	Note	9	50	58	125	183
Reversal of non-cash items		78	89	282	256	439
Interest received		0	0	0	0	0
Interest paid		-3	-3	-11	-10	-16
Income taxes paid		-9	-2	-32	-30	-50
Cash flow before change in working capital		75	134	297	341	556
Changes in working capital		-41	-86	50	-200	-91
Cash flow from operating activities		34	48	347	141	465
Capitalization of intangible assets		-7	-9	-24	-19	-33
Purchase of tangible assets		-25	-44	-70	-118	-135
Change in trade payables related to investments		5	2	-10	-9	1
Payment of deposits		0	0	1	0	0
Acquisition cost refunded		0	0	0	0	2
Acquisition of subsidiary		0	0	0	-65	-58
Payment of earn-out		0	0	-60	0	0
Cash flow from investing activities		-27	-51	-163	-211	-223
Dividends paid		-50	-49	-99	-113	-113
Purchase of treasury shares		0	0	0	-5	-5
Installments on lease liabilities		-21	-23	-68	-69	-93
Long term loan		-8	0	-8	0	-5
Bank overdraft		102	75	19	250	-12
Cash flow from financing activities		23	3	-156	63	-228
Net cash flow		30	0	28	-7	14
Cash and cash equivalents at the beginning of the period		120	100	122	108	108
Cash and cash equivalents at the end of the period		150	100	150	101	122
Additional information¹:						
Cash and cash equivalents		150	100	150	101	122
Bank overdraft		-250	-417	-250	-493	-231
Committed credit facilities		900	540	900	540	900
Financial resources at the end of the period		800	223	801	148	791
Cash flow from operating activities		34	48	347	141	465
Cash flow from investing activities		-27	-51	-163	-211	-223
Free cash flow		7	-3	184	-70	242

¹ 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 million	Share capital	Treasury shares	Retained earnings	Other reserves			Total other reserves	Proposed dividends	Total
				Currency revaluation	Cash flow hedges	Tax			
September 30, 2020									
Balance at the beginning of the period	250	-4	860	7	9	-2	14	49	1,169
Net profit for the period	0	0	58	0	0	0	0	0	58
Other comprehensive income for the period	0	0	-2	-4	-13	2	-15	0	-17
Total comprehensive income for the period	0	0	56	-4	-13	2	-15	0	41
Transactions with owners:									
Transfer of treasury shares	0	1	9	0	0	0	0	0	10
Share-based payments	0	0	11	0	0	0	0	0	11
Deferred tax on share-based payments	0	0	2	0	0	0	0	0	2
Dividends paid	0	0	0	0	0	0	0	-99	-99
Adjustment to proposed dividend	0	0	-1	0	0	0	0	1	0
Interim dividend for 2020	0	0	-49	0	0	0	0	49	0
Balance at the end of the period	250	-3	888	3	-4	0	-1	0	1,134

DKK million	Share capital	Treasury shares	Retained earnings	Other reserves			Total other reserves	Proposed dividends	Total
				Currency revaluation	Cash flow hedges	Tax			
December 31, 2019									
Balance at the beginning of the period	250	-5	764	6	8	-2	12	64	1,085
Net profit for the period	0	0	183	0	0	0	0	0	183
Other comprehensive income for the period	0	0	9	1	1	0	2	0	11
Total comprehensive income for the period	0	0	192	1	1	0	2	0	194
Transactions with owners:									
Purchase of treasury shares	0	0	-5	0	0	0	0	0	-5
Transfer of treasury shares	0	1	-1	0	0	0	0	0	0
Share-based payments	0	0	13	0	0	0	0	0	13
Deferred tax on share-based payments	0	0	-5	0	0	0	0	0	-5
Dividends paid	0	0	0	0	0	0	0	-113	-113
Interim dividend for 2018	0	0	-49	0	0	0	0	49	0
Proposed dividend for 2018	0	0	-49	0	0	0	0	49	0
Total dividends for 2018	0	0	-98	0	0	0	0	98	0
Balance at the end of the period	250	-4	860	7	9	-2	14	49	1,169

DKK million	Share capital	Treasury shares	Retained earnings	Other reserves			Total other reserves	Proposed dividends	Total
				Currency revaluation	Cash flow hedges	Tax			
September 30, 2019									
Balance at the beginning of the period	250	-5	764	6	8	-2	12	64	1,085
Net profit for the period	0	0	125	0	0	0	0	0	125
Other comprehensive income for the period	0	0	0	3	1	0	4	0	4
Total comprehensive income for the period	0	0	125	3	1	0	4	0	129
Transactions with owners:									
Purchase of treasury shares	0	0	-5	0	0	0	0	0	-5
Transfer of treasury shares	0	1	-1	0	0	0	0	0	0
Share-based payments	0	0	9	0	0	0	0	0	9
Deferred tax on share-based payments	0	0	-5	0	0	0	0	0	-5
Dividends paid	0	0	0	0	0	0	0	-113	-113
Interim dividend for 2019	0	0	-49	0	0	0	0	49	0
Balance at the end of the period	250	-4	838	9	9	-2	16	0	1,100

Notes

Note 1

Accounting policies

The consolidated financial statements for the first nine months of 2020 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 2019 except what is mentioned below.

Change in accounting estimates

As a consequence of an asset review and slower technological development of server components NNIT has increased the useful lifetime for certain servers from 3 years to 5 years. An asset review of Datacenter assets based on the first 9 years of operations in NNIT's data center in Bagsværd has led to a change in the useful lifetime of data center components from 12-20 years to 20-30 years.

The changes have positively affected net profit in Q3 2020 by 0.3 million and 9M 2020 by 10.8 million.

The financial reporting including the consolidated financial statements for the first nine months of 2020 and Management's review have been prepared in accordance with additional Danish disclosure requirements for interim report of listed companies.

See pages 57 to 62 of the Annual Report 2019 for a comprehensive description of the accounting policies applied for recognition and measurement.

Note 2

Quarterly numbers

DKK million	2020			2019			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	658	701	722	801	763	744	750
Cost of goods sold	578	608	619	657	637	644	645
Gross profit	80	93	103	144	126	100	105
Sales and marketing costs	31	31	31	34	33	32	32
Administrative expenses	24	24	25	29	25	24	27
Operating profit before special items	25	38	47	81	68	44	46
Special items*	6	12	7	8	16	0	0
Operating profit	19	26	40	73	52	44	46
Net financials	-10	-6	6	4	7	-1	6
Profit before income taxes	9	20	46	77	59	43	52
Income taxes	0	6	11	18	9	9	11
Net profit for the period	9	14	35	59	50	34	41

*Special items comprises restructuring costs related to the cost restructuring plan and other special events

Note 2 -continued

Segment disclosures

DKK million	2020			2019			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue by customer group							
<i>Novo Nordisk Group</i>	163	175	185	238	223	235	259
<i>Life sciences international</i>	122	106	92	99	95	90	77
<i>Life sciences Denmark</i>	59	68	67	64	57	56	54
Life sciences	344	349	344	401	375	381	390
Enterprise	164	170	206	202	212	190	198
Public	91	107	105	108	98	96	90
Finance	59	75	67	90	78	77	72
Private & public	314	352	378	400	388	363	360
Total revenue	658	701	722	801	763	744	750
Gross profit by business unit							
Life sciences	52	56	62	97	78	73	86
Private & public	28	37	41	47	48	27	19
Total Gross profit	80	93	103	144	126	100	105
Operating profit before special items by business unit							
Life sciences	21	26	31	63	46	41	53
Private & public	4	12	16	18	22	3	-7
Total operating profit before special items	25	38	47	81	68	44	46

The Danish operations generated 78.6% of NNIT's revenue in the first nine months of 2020 and 81.9% in the same period last year 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 and are non-recurring of nature.

The costs relate to significant restructuring of the cost base and processes as well as restructuring costs related to resignation of employees due 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.

Q3 2020 was affected by DKK 6 million and YTD September 30, 2020 by DKK 25 million.

Note 4

Related party transactions

DKK million	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Assets			
Receivables from related parties	110	115	146
Work in progress related parties	55	39	54
Liabilities			
Liabilities to related parties	2	0	0
Prepayments from related parties	7	3	20

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, 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, 2020 is recognized in Equity (Other comprehensive income) with an amount of DKK -13m before tax (DKK -11m after tax).

Note 7

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 -17 million	14
CZK	DKK -10 million	14
PHP	DKK -7 million	14
USD	DKK 5 million	-
CHF	DKK -1 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.

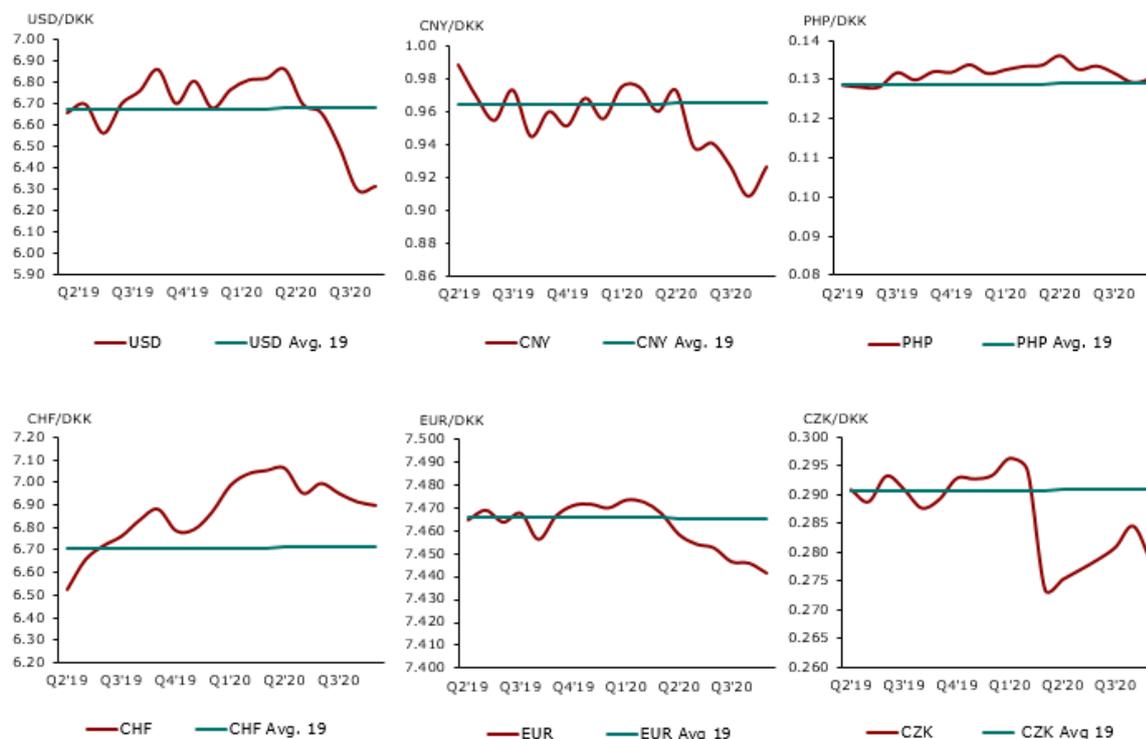
* The above sensitivities address hypothetical situations and are provided for illustrative purposes only. The sensitivities assume the business develops consistent with the current 2020 business plan.

Key currency assumptions

DKK per 100	2018 average exchange rates	2019 average exchange rates	YTD 2020 average exchange rates at October 7, 2020	Current exchange rates at October 7, 2020
CNY	95.43	96.53	94.80	92.62
EUR	745.32	746.60	745.75	744.08
CZK	29.06	29.08	28.29	27.51
PHP	11.98	12.88	13.25	13.03
CHF	645.74	671.37	698.00	690.47
USD	631.74	667.03	662.15	630.76

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 8

Performance in constant and reported currencies

Performance overview

DKK million (reported currencies)	Q3 2020	Q3 2020 (constant*)	Q3 2019	Change (reported)	Change (constant)	2019
Revenue	658	663	763	-13.7%	-13.1%	3,058
Cost of goods sold	578	583	637	-9.2%	-8.3%	2,583
Gross profit	80	80	126	-36.4%	-36.9%	475
<i>Gross profit margin</i>	12.2%	12.0%	16.6%	-4.4pp	-4.6pp	15.5%
Sales and marketing costs	31	31	33	-6.6%	-6.1%	131
Administrative expenses	24	24	25	-2.0%	-1.5%	105
Operating profit before special items	25	24	68	-63.6%	-64.9%	239
<i>Operating profit margin before special items</i>	3.8%	3.6%	9.0%	-5.2pp	-5.4pp	7.8%
Special items	6	6	16	-63.9%	-63.5%	24
Operating profit	19	18	52	-63.5%	-1	215
<i>Operating profit margin</i>	2.9%	2.7%	6.9%	-4pp	-4.2pp	7.0%
Net financials	-10	n.a.	7	n.a.	n.a.	16
Profit before tax	9	n.a.	59	-84.9%	n.a.	231
Tax	0	n.a.	9	-94.8%	n.a.	48
<i>Effective tax rate</i>	5.5%	n.a.	15.9%	-10.4pp	n.a.	21.0%
Net profit	9	n.a.	50	-81.8%	n.a.	183

DKK million (reported currencies)	9M 2020	9M 2020 (constant*)	9M 2019	Change (reported)	Change (constant)	2019
Revenue	2,081	2,083	2,257	-7.8%	-7.7%	3,058
Cost of goods sold	1,805	1,807	1,926	-6.3%	-6.2%	2,583
Gross profit	276	276	331	-16.5%	-16.6%	475
<i>Gross profit margin</i>	13.3%	13.3%	14.7%	-1.4pp	-1.4pp	15.5%
Sales and marketing costs	93	93	97	-3.9%	-4.0%	131
Administrative expenses	73	74	76	-4.1%	-3.2%	105
Operating profit before special items	110	109	158	-30.2%	-30.8%	239
<i>Operating profit margin before special items</i>	5.3%	5.3%	7.0%	-1.7pp	-1.8pp	7.8%
Special items	25	25	16	56.3%	57.1%	24
Operating profit	85	84	142	-39.9%	0	215
<i>Operating profit margin</i>	4.1%	4.0%	6.3%	-2.2pp	-2.3pp	7.0%
Net financials	-10	n.a.	12	n.a.	n.a.	16
Profit before tax	75	n.a.	154	-51.1%	n.a.	231
Tax	17	n.a.	29	-40.7%	n.a.	48
<i>Effective tax rate</i>	22.8%	n.a.	18.8%	4pp	n.a.	21.0%
Net profit	58	n.a.	125	-53.5%	n.a.	183

*Constant currencies measured using average exchange rates for Q3 2019.

Revenue distribution

DKKm (reported currencies)	Q3 2020	Q3 2020 (constant*)	Q3 2019	Pct Change (reported)	Pct Change (constant)
Novo Nordisk Group	163	164	223	-27.0%	-26.6%
Life sciences international	122	122	95	28.8%	29.1%
Life sciences Denmark	59	62	57	3.2%	8.3%
Life sciences	344	348	375	-8.3%	-7.2%
Enterprise	164	164	212	-22.5%	-22.4%
Public	91	92	98	-6.9%	-6.6%
Finance	59	59	78	-24.7%	-24.7%
Private & Public	314	315	388	-19.0%	-18.9%
Total	658	663	763	-13.7%	-13.1%

DKKm (reported currencies)	9M 2020	9M 2020 (constant*)	9M 2019	Pct Change (reported)	Pct Change (constant)
Novo Nordisk Group	523	524	717	-27.1%	-27.0%
Life sciences international	320	314	262	22.1%	19.9%
Life sciences Denmark	194	200	167	16.3%	20.0%
Life sciences	1,037	1,038	1,146	-9.6%	-9.4%
Enterprise	540	540	599	-9.9%	-9.8%
Public	304	305	283	7.1%	7.5%
Finance	200	200	228	-12.2%	-12.2%
Private & Public	1,044	1,045	1,110	-6.0%	-5.9%
Total	2,081	2,083	2,257	-7.8%	-7.7%

*Constant currencies measured using average exchange rates for Q3 2019.