

Financial report for Q2 and 6M of 2023

NNIT completed the transformative divestment of its infrastructure operations to become a highly specialized IT services provider and generated growth and improved earnings entailing an upgrade of the 2023 outlook on August 26.

Financial highlights

- Group revenue increased by 15% to DKK 424 million in Q2 and by 16% to DKK 837 million for 6M 2023.
- The operating profit before special items increased to DKK 25 million for Q2 from DKK -18 million in Q2 2022 and increased to DKK 45 million for 6M 2023 from DKK -34 million for 6M 2022. The increase is driven by improved business performance, better utilization and lower costs. As a result, the operating profit margin before special items increased to 5.9% for Q2 2023 from -4.8% in Q2 2022 and to 5.4% for 6M 2023 from -4.7% for 6M 2022.
- Special items amounted to DKK 30 million for Q2 and DKK 44 million for 6M 2023 mainly related to the change in accounting treatment of earn-outs following a decision by the Danish Business Authority. The decision has been appealed by NNIT.

Business highlights

- NNIT continued to organically grow its current business by expanding its engagement with several clients and growing through group companies such as SCALES and Excellis Health Solutions.
- To support strategy execution, focusing on the life science industry internationally and on the public sector in Denmark, NNIT introduced a new regional organizational structure aiming to increase customer proximity and enhance global coordination across regions. The Group's financial reporting format was subsequently changed to reflect the new organizational structure, cf. company announcement no. 20/2023 released on August 30, 2023.

Outlook

- NNIT upgraded its full-year outlook for 2023 on August 26, cf. company announcement no. 19/2023. Revenue growth is expected to be around 15% (previously around 10%) with an operating profit margin before special items of around 6% (previously around 5%).
- Special items are still expected up to DKK 70 million in 2023 relating to earn out payments connected to acquisitions and restructuring costs to right-size the organization after completion of the divestment of the infrastructure operations.

Pär Fors, CEO of NNIT, comments: *"Having launched our new strategy to become a highly specialized IT services provider, after the successful divestment of our infrastructure business, we saw further positive results in Q2, supporting our choice of direction for the future. NNIT delivered strong performance and organic growth based on solid business performance, improved utilization, and adjusted costs, which led to an upgrade of our 2023 outlook on August 26."*

Conference call

On August 31, 2023, at 14:00 CEST, NNIT hosts a teleconference, which can be accessed [here](#) or at www.nnit.com under 'Investors – Events & Presentations'.

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Business performance

DKK million	Q2 2023	Q2 2022	6M 2023	6M 2022	FY 2022
Financial performance					
Revenue					
Region Denmark	166	136	329	277	564
Region Europe	119	119	232	231	468
Region US	103	76	202	147	312
Region Asia	36	37	74	69	157
Total revenue	424	368	837	724	1,500
Production cost	307	274	602	534	1,080
Gross profit	117	94	235	190	420
<i>Gross margin</i>	27.6%	25.6%	28.1%	26.3%	28.0%
Operating profit (EBIT) before special items	25	-18	45	-34	-7
<i>Operating profit margin before special items</i>	5.9%	-4.8%	5.4%	-4.7%	-0.5%
Special items	30	57	44	104	278
Operating profit (EBIT) incl. special items	-5	-75	1	-138	-285

In Q2, NNIT generated 15% revenue growth (11% organic) compared to Q2 2022 coming from region US and Denmark.

The operating profit margin before special items increased to 5.9% in Q2 2023 from -4.8% in Q2 2022 driven by a high revenue growth and utilization level combined with cost reductions.

For 6M 2023, NNIT generated a 16% increase in revenue to DKK 837 million (12% organic). Operating profit margin before special items increased to 5.4% from -4.7%.

Region Denmark

Region DK, DKK million	Q2 2023	Q2 2022	6M 2023	6M 2022	FY 22
Revenue	166	136	329	277	564
Production cost	118	97	226	191	368
Gross profit	48	39	103	86	195
<i>Gross margin</i>	29.1%	28.9%	31.3%	31.0%	34.7%
Regional operating profit	37	26	81	59	138
<i>Regional operating profit margin</i>	22.2%	19.2%	24.5%	21.2%	24.5%
Group operating profit	18	1	40	10	49
<i>Group operating profit margin</i>	10.9%	0.8%	12.2%	3.4%	8.7%

Region Denmark (excluding life sciences customers in Denmark served by Region Europe) generated revenue of DKK 166 million in Q2, corresponding to a growth of 22%. Progress was primarily driven by a contract with the Danish National Bank awarded in late Q2 2022 and projects related to The Association of Danish Pharmacies, Aura Energy and Norlys.

SCALES Group delivered continued strong growth in Q2 and contributed strongly to Group performance with around 30% organic growth, also adding a new contract with 3shape.

On June 29, the Danish Agency for Higher Education and Science unexpectedly withdrew from the development project of a new Student Grants & Loans system after the clarification phase. NNIT is well positioned for the expected retender later in 2023.

NNIT was awarded solid expansions of engagements on Danish National Bank, ATP, Norlys and HusCompagniet during Q2. As a result of strong performance, NNIT was furthermore awarded with two 'Microsoft Partner of the year' awards in the categories 'Low Code' and 'Life Sciences & Healthcare'.

Region Denmark improved group operating profit by DKK 17 million on the back of higher revenue and improved capacity utilization.

Region Europe

Region Europe, DKK million	Q2 2023	Q2 2022	6M 2023	6M 2022	FY 22
Revenue	119	119	232	231	468
Production cost	91	90	174	173	365
Gross profit	28	29	57	57	103
<i>Gross margin</i>	23.7%	24.4%	24.8%	24.8%	22.1%
Regional operating profit	14	15	31	26	40
<i>Regional operating profit margin</i>	11.9%	12.3%	13.5%	11.2%	8.6%
Group operating profit	0	-6	-1	-15	-33
<i>Group operating profit margin</i>	0.0%	-5.2%	-0.2%	-6.5%	-7.1%

The region's revenue (including life sciences customers in Denmark) was flat in Q2 2023 as we several customers were reluctant to invest due to the challenging macroeconomic environment. The current trajectory on performance following the divestment is positive though into the second half of the year.

During the second quarter, the region secured extensions and expansions of several long-term customer engagements with our international life science customers in Region Europe, including extension of significant Veeva engagements – e.g. the Boehringer Ingelheim Veeva Quality program – and continuous growth within our Manufacturing Solutions.

Region Europe's Group operating profit improved in Q2 2023 with DKK 6 million compared to Q2 2022.

Region US

Region US, DKK million	Q2 2023	Q2 2022	6M 2023	6M 2022	FY 2022
Revenue	103	76	202	147	312
Cost of goods sold	64	56	130	107	213
Gross profit	39	20	72	40	98
<i>Gross margin</i>	38.2%	26.7%	35.4%	27.3%	31.5%
Regional operating profit	25	5	44	11	40
<i>Regional operating profit margin</i>	24.4%	7.0%	21.7%	7.5%	12.9%
Group operating profit	14	-9	20	-16	-9
<i>Group operating profit margin</i>	13.6%	-11.2%	9.9%	-11.0%	-2.9%

During the second quarter, Region US continued its strong performance delivering 36% revenue growth. The performance was driven by extension of contracts, expansion of engagements with existing clients and adding several new logos to the business. Excellis Health Solutions and Valiance also contributed very positively to the growth, underlining NNIT's ability to successfully integrate acquired companies.

The Group operating profit increased by DKK 23 million from Q2 2022 to Q2 2023. The improvement in profitability of 15%-pt. to a Group operating profit margin of 13.6% was driven by the increase in the utilization rate and maintaining costs at the same level as in the same quarter last year.

Region Asia

Region Asia, DKK million	Q2 2023	Q2 2022	6M 2023	6M 2022	FY 22
Revenue	36	37	74	69	157
Production cost	35	32	71	63	134
Gross profit	1	5	3	7	23
<i>Gross margin</i>	3.6%	14.6%	3.9%	9.9%	14.7%
Regional operating profit	-2	3	-4	2	11
<i>Regional operating profit margin</i>	-6.5%	7.6%	-4.8%	2.2%	7.1%
Group operating profit	-7	-4	-14	-12	-14
<i>Group operating profit margin</i>	-19.9%	-11.2%	-19.6%	-17.5%	-8.7%

The performance in Region Asia reflects the ongoing transformation of the business. The decline in revenue of 2% is not satisfactory but in line with internal expectations.

The region expanded its engagement with existing clients in China, but it was not enough to offset the decline in revenue. This is a result of a slow recovery in the Chinese economy meaning new clients holding back on the usage of external support for IT-related projects. Singapore, which is approximately 20% of the Asia revenue, saw improved performance during the quarter partly driven by new engagements, and partly driven by expansion of existing engagement with larger clients.

The Group operating profit decreased from DKK -4 million in Q2 2022 to DKK -7 million in Q2 2023.

Due to high uncertainty of the macroeconomy in China, NNIT has chosen to take mitigating actions by reducing cost, optimize utilization and reassessing the pipeline. Specifically, the labor force will be adjusted to a level matching the current backlog which will have positive implications on the profitability in Q4 this year.

Group financial review

Financial key figures and highlights

DKK million	6M 2023	6M 2022	FY 2022
Financial performance			
Revenue			
Region Denmark	329	277	564
Region Europe	232	231	468
Region US	202	147	312
Region Asia	74	69	157
Total revenue	837	724	1,500
Production cost	602	534	1,080
Gross profit	235	190	420
<i>Gross margin</i>	<i>28.1%</i>	<i>26.3%</i>	<i>28.0%</i>
EBITDA before special items	65	7	57
Depreciations, amortizations and impairment	20	41	64
Group operating profit before special items ¹	45	-34	-7
Special items, costs ¹	44	104	278
EBITDA incl. special items	21	-97	-221
Operating profit/loss (EBIT)	1	-138	-285
Net financials	-34	-3	-9
Net profit/loss from continuing operations	-33	-116	-258
Net profit/loss from discontinued operations	129	19	56
Total net profit/loss for the period	96	-97	-202
Investments in tangible assets	-7	0	0
Investments in intangible assets incl. acquisition of subsidiaries	-4	-78	-78
Total assets	2,004	2,630	2,755
Equity	897	933	814
Dividends paid	0	0	0
Interest-bearing debt, net ²	-90	-730	-805
Free cash flow from continuing operations	-201	-216	-292
Total free cash flow for the period	676	-256	-303
Earnings per share			
Earnings per share (DKK)	-1.31	-4.67	-10.39
Diluted earnings per share (DKK)	-1.31	-4.67	-10.39
Employees			
Average number of full-time employees, continuing	1,763	1,820	1,809
Financial ratios			
Revenue growth	15.6%	n/a	n/a
Organic growth	11.5%	n/a	n/a
Gross margin	28.1%	26.3%	28.0%
EBITDA margin before special items	7.8%	1.0%	3.8%
EBITDA margin incl. special items	2.5%	-13.4%	-14.7%
Group operating profit margin before special items	5.4%	-4.7%	-0.5%
Group operating profit margin	0.1%	-19.0%	-19.0%
Effective tax rate	1.3%	17.8%	12.2%
Investments/Revenue	-1.3%	-10.8%	-5.2%
Return on equity ³	-1.0%	-11.2%	-24.8%
Solvency ratio	44.8%	35.5%	29.5%
Return on invested capital (ROIC) ^{3,4}	-1.0%	-6.3%	-12.5%

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

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

3) Financial metrics are moving annual total cost (MAT) relative to ultimo balance

4) Net profit (MAT) / ultimo invested capital

P&L

Total revenue increased by 15% to DKK 424 million in Q2 and by 16% to DKK 837 million for 6M 2023. For Q2, production cost increased by 12% to DKK 307 million. In 6M 2023, production cost increased by 13% to DKK 602 million.

Operating profit before special items increased to DKK 25 million for Q2 from DKK -18 million in Q2 2022 and increased to DKK 45 million for 6M 2023 from DKK -34 million for 6M 2022. The operating profit margin before special items increased to 5.9% for Q2 2023 from -4.8% in Q2 2022 and to 5.4% for 6M 2023 from -4.7% for 6M 2022.

Net financials were negative with DKK -34 for 6M 2023 compared with negative net financials of DKK -3 million for 6M 2022.

The net result was a loss of DKK -33 for 6M 2023 for the continuing operations compared with a loss of DKK -116 million for 6M 2022.

Balance sheet

Total assets decreased to DKK 2,004 million on June 30, 2023, from DKK 2,630 million on June 30, 2022. The decrease was driven by the divestment of the infrastructure business. The increase in non-current other receivables is caused by a vendor loan note of DKK 200 million received as part of the purchase price from the divestment. The high level of current trade receivables on June 30, 2023, is caused by trade receivables generated prior to closing of the divestment from customers in the divested business, remaining for collection with NNIT.

The change in non-current credit facilities is due to the repayment of a revolving credit facility. The credit facilities under current liabilities have increased as an interim credit facility is in place until a new long-term credit facility is established.

Free cash flow

The Group's free cash flow for 6M 2023 was DKK 676 million, compared to DKK -256 million for 6M 2022. The free cash flow has been allocated to repayment of the revolving credit facility and factoring agreements.

Gain on discontinued operations

In the interim report, the result of the business classified within discontinued operations is a profit of DKK 129 million. Profits from discontinued operations include gain on sale of discontinued operations after tax of DKK 138 million. Carveout and separation costs related to the divestment of DKK 81 million are recognized in special items under discontinued operations.

Events after balance sheet date

The outlook for 2023 was upgraded on August 26. There have been no other events after the balance sheet date that would have a significant impact on an assessment of NNIT's financial position as of June 30, 2023.

Outlook

On August 26, 2023, NNIT upgraded its financial outlook for the full-year 2023. Following improved business performance in Q2 and H1 2023, NNIT expects to generate revenue growth of around 15% and an operating profit margin before special items of around 6%

in 2023 against the previous expectations for revenue growth around 10% and an operating profit margin before special items of around 5%.

Special items are still expected to amount to up to DKK 70 million in 2023 primarily relating to earn out payments connected to acquisitions following a decision by the Danish Business Authority concerning accounting treatment, which has been appealed by NNIT.

Guidance	2023 outlook (26 August)	Previous 2023 outlook	2022
Revenue growth	Around 15%	Around 10%	9.6*%
Operating profit margin bf. special items	Around 6%	Around 5%	-0.5%
Special items	Up to DKK 70 million	Up to DKK 70 million	DKK 278 million

*Organic growth of -1%.

The 2023 outlook is based on several key assumptions, including that the divestment separation activities continues to progress as planned and that current market performance continues and do not deteriorate further.

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 27-28 of the Annual Report 2022.

Management statement

Statement by the Board of Directors and the Executive Management on the unaudited interim consolidated financial statements of NNIT A/S for the first six months ended June 30, 2023.

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 six months of 2023 with comparative figures for the first six months of 2022. 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 2023 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 2022 of NNIT A/S. Furthermore, the interim consolidated financial statement for the first six months of 2023 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 six months of 2023 are adequate and give a true and fair view of the Group's assets, liabilities and financial position as of June 30, 2023 and of the results of the Group's operations and cash flow for the six months ended June 30, 2023. 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 six months of 2023, no changes in the Group's most significant risks and uncertainties have occurred relative to disclosures published in the Annual Report 2022 of NNIT A/S.

Soeborg, August 31, 2023

Executive Management

Pär Fors
President and CEO

Carsten Ringius
Executive Vice President and CFO

Board of Directors

Carsten Dilling
Chairman

Eivind Kolding
Deputy Chairman

Anne Broeng

Christian Kanstrup

Caroline Serfass

Nigel Govett

Anders Vidstrup

Dorte Broch Pedersen

Kim Høyer

Consolidated financial statement

Income statement and Statement of comprehensive income

DKK million	Note	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
INCOME STATEMENT				
	1			
Revenue		837	724	1,500
Production cost		602	534	1,080
Gross profit		235	190	420
Sales and marketing costs		37	48	94
Administrative expenses		153	176	334
Operating profit before special items		45	-34	-7
Special items, costs	4	44	104	278
Operation profit / loss		1	-138	-285
Financial income		3	11	21
Financial expenses		37	14	30
Profit/(loss) before income taxes		-33	-141	-294
Income Taxes		0	-25	-36
Profit/(loss) from continuing operations		-33	-116	-258
Profit/(loss) from discontinuing operations	3	129	19	56
Net profit/(loss) for the period		96	-97	-202
Earnings per share from continuing operations				
		DKK	DKK	DKK
Earning per share		-1.31	-4.67	-10.39
Diluted earnings per share		-1.31	-4.67	-10.39
Earnings per share from total operations				
		DKK	DKK	DKK
Earning per share		3.87	-3.91	-8.13
Diluted earnings per share		3.85	-3.91	-8.13

DKK million	Note	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
STATEMENT OF COMPREHENSIVE INCOME				
Net profit/(loss) for the period		96	-97	-202
Other comprehensive income:				
<i>Items that will not subsequently be reclassified to the income statement:</i>				
Remeasurement related to defined benefit pension obligations		0	11	14
Tax on other comprehensive income defined benefit pension obligations		0	2	-1
<i>Items that may be reclassified subsequently to the income statement, when specific conditions are met:</i>				
Exchange rate adjustments related to subsidiaries (net)		-14	31	22
Tax related to exchange rate adjustments related to subsidiaries (net)		1	-6	-5
Recycled to financial items		0	12	21
Unrealized value adjustments		0	-15	-32
Cash flow hedges		0	-3	-11
Tax on other comprehensive income related to cash flow hedges		0	1	3
Other comprehensive income, net of tax		-13	36	22
Total comprehensive income		83	-61	-180
Total comprehensive income arises from:				
Discontinued operations		129	19	56
Continuing operations		-46	-80	-236

Balance sheet

DKK million	Note	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
ASSETS				
Intangible assets		694	790	706
Tangible assets		18	478	17
Lease assets		34	117	108
Transition cost		12	32	7
Deferred tax		93	34	7
Deposits		27	34	27
Trade receivables		58	87	1
Other receivables	5	213	6	9
Total non-current assets		1.149	1.578	882
Ínventories		3	3	4
Transition cost		2	30	2
Trade receivables	5	433	456	383
Work in progress	5	124	151	54
Other receivables		23	28	26
Pre-payments		93	115	32
Tax receivable		19	81	113
Derivative financial instruments		-	10	0
Cash and cash equivalents		158	178	208
Total current assets		855	1.052	822
Assets classified as held for sale		0	0	1.051
Total assets		2.004	2.630	2.755
EQUITY AND LIABILITIES				
		Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Share capital		250	250	250
Treasury shares		2	-1	-1
Retained earnings		619	621	527
Other reserves		26	63	38
Total equity		897	933	814
Leasing liability		34	88	83
Deferred tax		0	1	0
Employee benefit obligation		3	6	13
Provisions		27	25	30
Trade payables		23	45	33
Other non-current liabilities		10	0	3
Credit facilities		0	741	0
Total non-current liabilities		97	906	162
Prepayments received, transition cost		16	25	15
Prepayments received, WIP	5	60	82	55
Leasing liability		56	79	73
Trade payables		56	145	118
Employee cost payable		160	206	131
Tax payables		151	11	33
Other current liabilities		315	212	248
Employee benefit obligations		38	31	50
Credit facilities		158	0	857
Total current liabilities		1.010	791	1.580
Liabilities classified as held for sale		0	0	199
Total liabilities		2.004	2.630	2.755
Contingent liabilities and legal proceedings	6			

Statement of cash flow

DKK million	Note	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
STATEMENT OF CASH FLOW				
Net profit / loss for the period		96	-97	-202
Reversal of non-cash items		-74	142	250
Interest received/paid		-34	-13	-30
Income taxes paid		59	-20	4
Cash flow before change in working capital		47	12	22
Changes in working capital		-337	-137	-123
Cash flow from operating activities		-290	-125	-101
Cash flow from operating activities, discontinued		-94	14	106
Cash flow from operating activities, continuing		-196	-139	-207
Capitalization of intangible assets		-9	-13	-23
Purchase of tangible assets		-46	-44	-103
Sale of tangible assets		0	0	2
Divestment of infrastructure business		1.021	0	0
Adjustment acquisition cost		0	0	-1
Acquisition of subsidiary		0	-74	-68
Loan related to acquisition of subsidiaries		0	0	-9
Cash flow from investing activities		966	-131	-202
Cash flow from investing activities, discontinued		971	-54	-117
Cash flow from investing activities, continuing		-5	-77	-85
Deposit (paid)/received		8	0	3
Installments on lease liabilities		-36	-41	-83
Drawn on credit facilities		-698	245	361
Cash flow from financing activities		-726	204	281
Cash flow from financing activities, discontinued		0	0	0
Cash flow from financing activities, continuing		-726	204	281
Net cash flow		-50	-52	-22
Cash and cash equivalents at the beginning of the period		208	230	230
Cash and cash equivalents at the end of the period		158	178	208

Additional information ¹:

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			
EQUITY - June 30, 2023									
Balance at the beginning of the period	250	-2	526	46	0	-7	39	0	814
Net profit/loss for the period	0	0	96	0	0	0	0	0	96
Other comprehensive income for the period	0	0	0	-14	0	1	-13	0	-13
Total comprehensive income for the period	0	0	96	-14	0	1	-13	0	83
Transactions with owners:									
Transfer of treasury shares	0	4	-4	0	0	0	0	0	0
Share-based payments	0	0	0	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	0
Balance at the end of the period	250	2	619	32	0	-6	26	0	897

DKK million	Share capital	Treasury shares	Retained earnings	Other reserves			Total other reserves	Proposed dividends	Total
				Currency revaluation	Cash flow hedges	Tax			
EQUITY - December 31, 2022									
Balance at the beginning of the period	250	-2	714	24	11	-4	31	0	993
Net profit/loss for the period	0	0	-202	0	0	0	0	0	-202
Other comprehensive income for the period	0	0	14	22	-11	-3	8	0	22
Total comprehensive income for the period	0	0	-188	22	-11	-3	8	0	-180
Transactions with owners:									
Purchase of treasury shares	0	1	-1	0	0	0	0	0	0
Share-based payments	0	0	1	0	0	0	0	0	1
Dividends paid	0	0	0	0	0	0	0	0	0
Balance at the end of the period	250	-1	526	46	0	-7	39	0	814

DKK million	Share capital	Treasury shares	Retained earnings	Other reserves			Total other reserves	Proposed dividends	Total
				Currency revaluation	Cash flow hedges	Tax			
EQUITY - June 30, 2022									
Balance at the beginning of the period	250	-2	714	24	11	-4	31	0	993
Net profit for the period	0	0	-97	0	0	0	0	0	-97
Other comprehensive income for the period	0	0	4	38	-3	-3	32	0	36
Total comprehensive income for the period	0	0	-93	38	-3	-3	32	0	-61
Transactions with owners:									
Transfer of treasury shares	0	1	-2	0	0	0	0	0	-1
Share-based payments	0	0	2	0	0	0	0	0	2
Dividends paid	0	0	0	0	0	0	0	0	0
Balance at the end of the period	250	-1	621,2	62	8	-7	63	0	933

Notes

Note 1

Accounting policies

The consolidated financial statements for the first six months of 2023 are prepared in accordance with IAS 34 'Interim Financial Reporting' and based on the same accounting policies for recognition and measurement as were applied in the Annual Report 2022.

The financial reporting including the consolidated financial statements for the first six months of 2023 and Management's review have been prepared in accordance with additional Danish disclosure requirements for interim reports of listed companies.

See pages 43 to 51 of the Annual Report 2022 for a comprehensive description of the accounting policies applied for recognition and measurement.

Following NNIT's completion of the transformative divestment of the Group's infrastructure operations, NNIT changed its financial reporting format to reflect a new regional organizational structure and ensure consistency with internal management reporting.

The 2022 quarterly figures were restated to align with the new organizational structure and were disclosed in company announcement no. 20, 2023.

Note 2

On April 28, 2023, the transformative divestment of the Group's Infrastructure Operations business was successfully completed, and a new NNIT strategy was subsequently launched. The new strategy includes a new organizational structure moving away from a business unit set-up to a regional set-up, with focus on NNIT's core strengths within Life Sciences internationally and the public sector in Denmark.

NNIT completed an organizational change to create four regions:

- Region Denmark
- Region Europe
- Region US
- Region Asia

The four regions report on P&L level to the Chief Operating Decision Maker each month. No reporting is made on assets. NNIT's Chief Operating Decision Maker is comprised of the Executive Management and the Board of Directors.

DKK million	Region Denmark	Region Europe	Region Asia	Region US	Total
6M 2023					
Revenue	329	232	74	202	837
Production cost	226	174	71	130	602
Gross profit	103	57	3	72	235
<i>Gross margin</i>	31.3%	24.8%	3.9%	35.4%	28.1%
Regional operating profit	81	31	-4	44	152
<i>Regional operating profit margin</i>	24.5%	13.5%	-4.8%	21.7%	18.2%
Group operating profit	40	-1	-14	20	45
<i>Group operating profit margin</i>	12.2%	-0.2%	-19.6%	9.9%	5.4%
6M 2022					
Revenue	277	231	69	147	724
Production cost	191	173	63	107	534
Gross profit	86	57	7	40	190
<i>Gross margin</i>	31.0%	24.8%	9.9%	27.3%	26.3%
Regional operating profit	59	26	2	11	97
<i>Regional operating profit margin</i>	21.2%	11.2%	2.2%	7.5%	13.4%
Group operating profit	10	-15	-12	-16	-34
<i>Group operating profit margin</i>	3.4%	-6.5%	-17.5%	-11.0%	-4.7%
FY 2022					
Revenue	564	468	157	312	1,500
Production cost	368	365	134	213	1,080
Gross profit	195	103	23	98	420
<i>Gross margin</i>	34.7%	22.1%	14.7%	31.5%	28.0%
Regional operating profit	138	40	11	40	230
<i>Regional operating profit margin</i>	24.5%	8.6%	7.1%	12.9%	15.3%
Group operating profit	49	-33	-14	-9	-7
<i>Group operating profit margin</i>	8.7%	-7.1%	-8.7%	-2.9%	-0.5%

Note 3

Discontinued operations

In June 2022, it was announced that NNIT was divesting the Infrastructure Operations business (Hybrid Cloud Solutions and selected parts of Cloud & Digital Solutions). In December 2022, it was concluded that business qualified for disclosure as discontinuing operations as of end December 2022 as it was now available for immediate sale in the present condition. The changed assessment compared to previous periods was due to the positive development in securing client consent.

In 2022, all costs related to carveout were included in special items in the continuing operations as the costs were related to general preparation of the business for sale. In 2023, all costs related to the divestment are considered separation costs related to negotiations with the buyer and are recognized in special items in the discontinued operations, and all costs regarding the transaction are recognized in the gain statement.

In the financial report for the first six months of 2023, the discontinued operations include the period from January to April 2023 and gain from sale of the discontinued operations.

DKK million		Jun 30, 2023 (Jan-April)	Jun 30, 2022	Dec 31, 2022
Revenue	2	507	700	1.451
Production cost		388	606	1.244
Gross profit		119	94	207
Sales and marketing costs		14	37	71
Administrative expenses		35	35	68
Operating profit before special items		71	22	68
Gain from discontinuing operations		138	0	0
Special items, costs	4	81	0	0
Operation profit / loss		128	22	68
Financial income		0	2	2
Financial expenses		2	0	0
Profit/(loss) before income taxes		126	24	70
Income Taxes		-3	5	14
Net profit/(loss) for the period		129	19	56
Earnings per share from discontinuing operations		DKK	DKK	DKK
Earning per share		5,18	0,76	2,25
Diluted earnings per share		5,16	0,76	2,24

Details on the sale of discontinued operations

In the interim report, the result of the business classified within discontinued operations is a profit of DKK 129 million. Profits from discontinued operations include gain on sale of discontinued operations after tax of DKK 138 million (please see details in the table below). Carveout and separation costs related to the divestment of DKK 81 million are recognized in special items.

Cash flow from investing activities from discontinued operations include cash consideration from divestment of the infrastructure business of DKK 1,021 million in H1. The cash consideration excludes a vendor note of DKK 200 million, which will be repaid no later than six years after closing. The vendor note is included in other receivables under non-current assets.

DKK million	Jun 30, 2023
Sales price (Enterprise value on a debt free basis)	1.350
Net working Capital/Net Interest bearing debt adj. and other adjustments	-239
Sales price for discontinued operations incl. adjustment	1.112
Transaction costs	-87
Sales price for discontinued operations, after transaction costs	1.025
Carrying amount of net assets sold	-818
Gain on sale of discontinued operations before tax	207
Tax on divestment	69
Gain on sale of discontinued operations after tax	138

Note 4

Special items

DKK million	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Special items related to:			
Impairment of assets	0	0	13
Employee benefit cost (contingent consideration agreement)	32	25	56
Restructuring cost	12	49	126
Cost regarding acquisition and disposal of operations	81	30	83
Total special items	125	104	278
Total special items, discontinuing operations	-81	0	0
Total special items, continuing operations	44	104	278
If special items had been recognized in operating profit before special items, they would have been included in the following items:			
Cost of goods sold	5	71	206
Sales and marketing costs	0	0	0
Administrative expenses	120	33	72
Cash flow from operating activities	125	104	278

Special item costs regarding continuing operations are primarily cost attributable to earn out payments related to acquisitions following a decision by the Danish Business Authority.

Note 5

Related party transactions

DKK million	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Assets			
Receivables from related parties	53	52	64
Work in progress related parties	24	4	2
Liabilities			
Liabilities to related parties	1	0	0
Prepayments from related parties	10	3	10

Note 6

Contingent liabilities and legal proceedings

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

Note 7

Currency sensitivities

Estimated annual impact of NNIT's operating profit of a 10% increase in the outlined currencies against DKK	
EUR	25
CNY	6
CZK	-6
PHP	-8
CHF	1
USD	17

Key currency assumptions

DKK per 100	2021 average exchange rates	2022 average exchange rates	2023 average exchange rates
CNY	97,55	104,44	99,61
EUR	743,70	744,08	744,61
CZK	29,00	30,21	31,43
PHP	12,76	12,87	12,49
CHF	687,94	717,56	754,92
USD	628,99	663,02	689,35

Currency development

NNIT has a net cost exposure in the Czech koruna and the Philippine peso. 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.

For the other main currencies, NNIT has a net profit exposure. Therefore, an increase of EUR, CNY, CHF, and USD versus Danish kroner has a positive impact on reported operating profit, whereas a decrease will have the reverse effect.

The effect from currency development in H1 2023 gives a positive impact of DKK 1 million.