

Company announcement 01/2022 January 28, 2022

Financial report for 2021

2021 financial performance in line with guidance – Revenue growth of 1.7% to DKK 2,877m and an operating profit margin before special items of 4.9%

Performance highlights for the fourth quarter 2021

- Revenue of DKK 738m, down 1.5% (-6.7% organic) from Q4 2020, driven by:
 - Life Sciences (excluding Novo Nordisk Group) grew to DKK 262m, up 29% (7% organic). The increase was related to the continued significant growth of the Life Sciences International business, where revenues increased by 47% (14% organic) to DKK 200m, while revenue from Life Sciences Denmark decreased by 7.5% to DKK 62m.
 - Novo Nordisk Group revenue declined 27% to DKK 153m mainly explained by the Global infrastructure management agreement effective from July 1, 2021.
 - Private & Public business revenue declined by 4.2% to DKK 323m.
 - Winning Solutions constitute 55% of total revenue, up from 46% in Q4 2020.
- Operating profit margin before special items at 5.0% compared to 7.3% in Q4 2020.
- Special items amount to DKK 61m, the significance is mainly due to an DKK 29m impairment related to the exit of a specific customer segment and DKK 27m related to restructuring cost.
- Net result is a profit of DKK 2m, compared to a profit of DKK 18m in Q4 2020.
- Order backlog for 2022 at the beginning of Q1 2022 amounted to DKK 2,017m, an increase of 0.9% compared to the same time last year.

Outlook for 2022:

2022 will be the first year for NNIT to operate within the 3 distinct business units; Cloud and Digital Solutions, Life Sciences Solutions and Hybrid Cloud Solutions. In 2022, the offshoring set-up will also be optimized. The new organizational structure will ensure the establishment of a platform for improved operational performance and once settled, profitable growth.

Guidance as of January 28, 2022:

- Revenue growth of 2-5%
 - Operating profit margin before special items of around 5%
 - NNIT's transformation into the new structure mentioned above, will potentially lead to special items up to the same level as in 2021
- It is proposed to not pay out dividend for 2021.

Pär Fors, CEO of NNIT, comments: *"Q4 performed in line with expectations. International Life Sciences growth continued, and Winning Solutions performed satisfactorily. P&P was impacted by a weaker performance within the public segment. Focus is now on the new organizational structure and leadership to enhance the growth path and profitability. The organization has worked hard throughout the year to set the foundation for the new journey, and we are cautiously optimistic for the year to come"*.

Financial overview

DKK million	Q4 2021	Q4 2020	Pct./pp Change
Revenue	738	749	-1.5%
Gross profit margin	11.5%	14.8%	-3.3pp
Operating profit before special items	37	55	-32.7%
Operating profit margin before special items	5.0%	7.3%	-2.3pp
Special items	61	18	238.9%
Operating profit/loss	-24	37	-164.9%
Operating profit margin	-3.3%	4.9%	-8.2pp
Net profit	2	18	-88.9%
Investments (CAPEX)	20	31	-35.5%
Free cash flow	115	-40	387.5%

Guidance 2022

	Guidance for 2022
Revenue growth	2-5%
Operating profit margin before special items	Around 5%
Special items	up to the same level as in 2021

The NNIT Group provides a wide range of IT and consulting services internationally.

In Denmark, where the Group HQ is based, we are one of the leading IT companies, servicing both private and public sector customers across all industries. In the rest of Europe, Asia and USA, we are solely focused on companies within life sciences.

Supporting the entire supply chain, we help optimize internal company processes, production, sales and customer experiences:

We advise, build, operate and support, enabling digital transformation and customers to reap the full potential of their organizations. Our role is to foster innovation and make the mark our customers and we aspire to.

The NNIT Group consists of group company NNIT A/S and subsidiaries Valiance, SCALES Excellis Health Solutions and SL Controls. Together, these companies employ over 3,100 people in Europe, Asia and USA. Read more at www.nnit.com.

Conference call details

NNIT will host a teleconference on January 28, 2022 at 9:30 CET to present the financial report for 2021. Please visit the NNIT website 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://streams.eventcdn.net/nnit/financial-report-2021/>

Participant telephone numbers:

Denmark: +45 78150110
 United Kingdom: +44 333 300 9266
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Financial calendar 2022

January 28, 2022	Annual report 2021
March 10, 2022	Annual General Meeting
May 6, 2022	Interim report for the first three months of 2022
August 12, 2022	Interim report for the first six months of 2022
November 2, 2022	Interim report for the first nine months of 2022

Forward-looking statements

This announcement contains forward-looking statements. Words such as 'believe', 'expect', 'may', 'will', 'plan', 'strategy', 'prospect', 'foresee', 'estimate', 'project', 'anticipate', 'can', 'intend', 'outlook', 'guidance', 'target' and other words and terms of similar meaning in connection with any discussion of future operating or financial performance identify forward-looking statements. Statements regarding the future are subject to risks and uncertainties that may result in considerable deviations from the outlook set forth. Furthermore, some of these expectations are based on assumptions regarding future events which may prove incorrect.

Please also refer to the overview of risk factors in the 'risk management' section on page 47-49 of the Annual Report 2021.

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Financial figures and highlights

DKK million	Q4 2021	Q4 2020	2021	2020	Change 12M
Financial performance					
Revenue					
Life Sciences (excl. NNG)	262	203	970	717	35.3%
- Life Sciences (Int.)	200	136	711	456	55.9%
- Life Sciences (DK)	62	67	259	261	-0.8%
Novo Nordisk Group	153	209	605	732	-17.3%
Life Sciences	415	412	1,575	1,449	8.7%
Enterprise	190	172	725	712	1.8%
Public	68	104	309	407	-24.1%
Finance	65	61	268	262	2.3%
Private & Public	323	337	1,302	1,381	-5.7%
Total revenue	738	749	2,877	2,830	1.7%
EBITDA before special items	90	113	361	399	-9.5%
Depreciations, amortizations and impairment	82	58	275	234	17.5%
Operating profit before special items ¹	37	55	142	165	-13.9%
Special items ¹	61	18	153	43	255.8%
Operating profit/loss	-24	37	-11	122	-109.0%
Net financials	3	-10	-14	-20	-30.0%
Net profit/loss	2	18	-7	76	-109.2%
Investments in tangible assets	13	15	62	95	-34.7%
Investments in intangible assets and acquisition in subsidiaries	7	204	113	228	-50.4%
Total assets	2,797	2,662	2,797	2,662	5.1%
Equity	1,142	1,134	1,142	1,134	0.7%
Dividends paid	0	0	25	98	-74.5%
Free cash flow	115	-40	34	143	-76.2%
Earnings per share					
Earnings per share (DKK)	0.06	0.72	-0.30	3.07	-109.8%
Diluted earnings per share (DKK)	0.06	0.71	-0.30	3.04	-109.9%
Employees					
Average number of full-time employees	3,168	3,083	3,162	3,083	2.6%
Financial ratios					
Revenue growth	-1.5%	-6.5%	1.7%	-7.5%	9.2pp
Organic growth	-6.7%	-7.6%	-3.0%	-8.2%	5.2pp
Gross profit margin	11.5%	14.8%	12.0%	13.7%	-1.7pp
EBITDA margin	12.2%	15.1%	12.5%	14.1%	-1.6pp
Operating profit margin before special items	5.0%	7.3%	4.9%	5.8%	-0.9pp
Operating profit margin	-3.3%	4.9%	-0.4%	4.3%	-4.7pp
Effective tax rate	109.5%	33.3%	72.0%	25.5%	46.5pp
Investments/Revenue	2.7%	4.1%	3.3%	4.8%	-1.5pp
Return on equity ²	-0.6%	6.6%	-0.6%	6.6%	-7.2pp
Solvency ratio	41.2%	42.6%	40.8%	42.6%	-1.8pp
Return on invested capital (ROIC) ^{2,3}	-1.0%	6.1%	0.6%	6.1%	-5.5pp
Cash to earnings ²	-485.7%	188.2%	-485.7%	188.2%	-673.9pp
Cash to earnings (three-year average)	166.7%	101.2%	166.7%	101.2%	65.5pp
Additional numbers⁴					
Order entry backlog for the current year	2,017	1,999	2,017	1,999	0.9%

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

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

3) Net profit/average invested capital

4) The backlog represents anticipated revenue from signed orders not yet completed or performed

Business highlights

The key highlights for Q4 2021 can be listed as follows:

- End 2021 NNIT completed a major organizational change to create 3 distinct business units:
 - Cloud and Digital Solutions
 - Life Sciences Solutions
 - Hybrid Cloud Solutions

The strategic rationale lies both in a diverse development in our customer base requiring a more unique approach in each market segment as well as need to speed up business development further in close alignment with our customer's needs. This also enables a more transparent view on business unit performance with regards to maximization of revenue potential as well as cost optimization.

Please refer to annual report pages 24 and 25 for more information on the new BU's.

- Major wins:
 - Outsourcing contract with the Nordic Regional Security Coordinator to deliver critical IT operation services: NNIT has won a five-year contract to deliver a multitude of IT services, including operations, monitoring and cloud services to the Nordic Regional Security Coordinator (RSC). The value of the contract is expected to represent a low triple-digit DKK million amount.
 - Outsourcing contract with e-nettet for infrastructure services and support concerning e-nettet's portfolio of applications. NNIT has won a five-year contract to run and support infrastructure operations as well as supporting e-nettet's digital transformation project: moving e-nettet's portfolio of applications from their legacy SPARC, Oracle and current Kubernetes platforms to a new DevOps enabled Kubernetes container platform. The value of the contract is expected to represent a low triple-digit DKK million amount. *awaiting press release later this week – but pending customer approval*
- End 2021, NNIT was named "Most attractive workplace in Denmark for IT consultants 2021" in the IT-company rank survey performed by the largest Danish publisher of media about technology and science 'Teknologiens Mediehus'.

Group performance overview

DKK million	Q4 2021	Q4 2020	2021	2020
Revenue	738	749	2,877	2,830
Cost of goods sold	653	638	2,533	2,443
Gross profit	85	111	344	387
<i>Gross profit margin</i>	<i>11.5%</i>	<i>14.8%</i>	<i>12.0%</i>	<i>13.7%</i>
Sales and marketing costs	30	34	122	127
Administrative expenses	18	22	80	95
Operating profit before special items	37	55	142	165
<i>Operating profit margin before special items</i>	<i>5.0%</i>	<i>7.3%</i>	<i>4.9%</i>	<i>5.8%</i>
Special items	61	18	153	43
Operating profit/loss	-24	37	-11	122
<i>Operating profit margin</i>	<i>-3.3%</i>	<i>4.9%</i>	<i>-0.4%</i>	<i>4.3%</i>
Net financials	3	-10	-14	-20
Profit/loss before tax	-21	27	-25	102
Tax	-23	9	-18	26
<i>Effective tax rate</i>	<i>109.5%</i>	<i>33.3%</i>	<i>72.0%</i>	<i>25.5%</i>
Net profit/loss	2	18	-7	76

Revenue decreased to DKK 738m, down 1.5% compared with Q4 2021. Revenue from Life Sciences (excl. NNG) increased by 29%, whereas revenue from the Novo Nordisk Group declined 27% and Private & Public declined 4.2% due to the challenges within the Infrastructure part of the business, where the market conditions are challenging at the time. 2021 revenue increased to DKK 2,877m, up 1.7%. Revenue from Life Sciences (excl. NNG) increased by 35%, whereas revenue from the Novo Nordisk Group declined 17% and Private & Public declined 5.7%.

In Q4 cost of goods sold increased to DKK 653m, up 2.4% compared with Q4 2020. For the full year 2021, the increase was DKK 90m, up 3.7% compared with 2020. The increase in costs relative to revenue is mainly explained by inorganic growth and the difficulties to reduce production costs related to the negative organic growth within the infrastructure part of the business.

In Q4 gross profit decreased to DKK 85m leading to a gross profit margin of 11.5%, down 3.3pp from Q4 2020. For the full year, gross profit ended DKK 43m lower than in 2020 leading to a gross profit margin of 12%, down 1.7pp from 2020.

In Q4 2021 sales and marketing costs but also administrative expenses were below Q4 2020, 11,8% and 18,2% respectively. Administrative expenses decreased due to our continuing efforts to improve efficiency.

In Q4 2021 operating profit before special items ended at DKK 37m. This corresponds to an operating profit margin before special items of 5.0% compared with 7.3% in Q4 2020. For 2021 operating profit before special items ended at DKK 142m. This corresponds to an operating profit margin before special items of 4.9% compared with 5.8% in 2020.

Net financials were an income of DKK 3m in Q4 2021, representing an increase of DKK 13m compared with Q4 2020, where net financials were a cost of DKK 10m. Q4 2021 was positively affected by adjustment of earn-out of DKK 7m. The net financials for 2021 were negative at DKK 14m, representing an increase of DKK 6m compared with 2020.

In Q4 2021 taxes represented an income of DKK 23m compared with an expense of DKK 9m in Q4 2020. For 2021 tax was an income of DKK 18m compared with an expense of DKK 26m in 2020. The change to an income is due to the lower profit before tax as well as a positive adjustment regarding previous years in the US.

In Q4 net profit was DKK 2m compared with a profit of DKK 18m in Q4 2020. The result was negatively impacted by the significant special items in Q4 2021, mainly related to an DKK 29m impairment of a developed asset and DKK 27m of costs stemming from the continuous efforts relating to efficiency improvements. Reference is made to note 3 for further specification of special items. For 2021, the result was a net loss of DKK 7m compared with a profit of DKK 76m for 2020.

Life Sciences

DKK million	Q4 2021	Q4 2020	2021	2020
Life Sciences (excl. NNG)	262	203	970	717
<i>Life Sciences (Int.)</i>	200	136	711	456
<i>Life Sciences (DK)</i>	62	67	259	261
Novo Nordisk Group	153	209	605	732
Revenue	415	412	1,575	1,449
Cost of goods sold	355	338	1,342	1,205
Gross profit	60	74	233	244
<i>Gross profit margin</i>	14.5%	18.0%	14.8%	16.8%
Allocated costs	27	30	114	122
Operating profit before special items	33	44	119	122
<i>Operating profit margin before special items</i>	8.0%	10.7%	7.6%	8.4%

Revenue

In Q4 2021, Life Sciences revenue was on par with Q4 2020. For 2021, Life Sciences revenue increased by 8.7% (-0.4pp organic) compared to 2020 revenue.

Life Sciences (excl. NNG):

In Q4 2021 revenue from Life Sciences International increased by 47% compared to Q4 2020 and 56% in full year 2021 compared with 2020. For both periods the increase is driven by organic growth in Europe and US and inorganic growth from Excellis and SL Controls. The revenue increase is especially within the Winning solutions Quality Management and Production IT, where technologies as Veeva Powerhouse and Tracelink continually drive growth.

In Q4 2021 revenue from Life Sciences Denmark was slightly below the level in Q4 2020, and full year revenue in 2021 was on par with 2020 revenue.

Novo Nordisk Group:

In Q4 2021 revenue from the Novo Nordisk Group decreased by 27% compared with Q4 2020 and 17% for the full year 2021 compared to 2020. The revenue declined due to both decreased SLA revenue and less consultancy work.

Because of the large decline in revenue from the Novo Nordisk Group and high growth from other customers, Novo Nordisk Group now constitutes 37% of total Life Sciences revenue in Q4 2021 against 51% in Q4 2020 (share of total revenues is 21% against 28% in Q4 2020) and 38% of total Life Sciences revenue in 2021 against 51% in 2020 (share of total revenues is 21% against 26% in 2020).

Gross profit and operating profit

In Q4 2021 gross profit margin was 14.5%, down 3.5pp from Q4 2020 and 14.8% in 2021, down 2.0pp from 2020.

In Q4 2021 operating profit margin before special items was 8.0% compared with 10.7% in Q4 2020 and 7.6% in 2021 compared with 8.4% in 2020.

Private & Public

DKK million	Q4 2021	Q4 2020	2021	2020
Enterprise	190	172	725	712
Public	68	104	309	407
Finance	65	61	268	262
Revenue	323	337	1,302	1,381
Cost of goods sold	298	300	1,191	1,238
Gross profit	25	37	111	143
<i>Gross profit margin</i>	<i>7.7%</i>	<i>11.0%</i>	<i>8.5%</i>	<i>10.4%</i>
Allocated costs	21	26	88	100
Operating profit before special items	4	11	23	43
<i>Operating profit margin before special items</i>	<i>1.2%</i>	<i>3.3%</i>	<i>1.8%</i>	<i>3.1%</i>

Revenue

In Q4 2021 Private & Public revenue decreased to DKK 323m, down 4.2% from Q4 2020. For 2021 Private & Public revenue decreased to DKK 1,302m, down 5.7% from 2020. The decrease is mainly due to reduced additional sale to existing customers and due to declining infrastructure revenue. The decrease was countered by a proportional increase in the share of Winning Solutions.

Enterprise:

In Q4 2021 revenue increased to DKK 190m, up 10.5% from Q4 2020. For the total year 2021 revenue increased to DKK 725m, up 1.8% from 2020.

Public:

In Q4 2021 revenue decreased to DKK 68m, down 35% from Q4 2020. For 2021 revenue decreased to DKK 309m, down 24% from 2020. The revenue decrease was driven by reduction in project activity.

Finance:

In Q4 2021 revenue increased to DKK 65m, up 6.6% from Q4 2020. In 2021 revenue increased to DKK 268m, up 2.3% from 2020. The revenue increase is mainly due to increased project activity.

Gross profit and operating profit

Q4 2021 gross profit margin was 7.7%, down 3.3pp from Q4 2020. Operating profit margin before special items was 1.2% compared with 3.3% in Q4 2020. For 2021 gross profit margin was 8.5%, down 1.9pp from 2020. Operating profit margin before special items was 1.8% compared with 3.1% in 2020.

Balance sheet

Total assets increased to DKK 2,797m, up DKK 135m from DKK 2,662m end of 2020. The increase relates to intangible assets following the acquisition of SL Controls in July 2021 and increased trade receivables partly countered by decreases in tangible assets and lease assets, the latter mainly explained by the impairment of leased premises in Søborg in Q2 2021.

Net cash and cash equivalents amounted to DKK -266m end of 2021, down DKK 105m from 2020. The decrease was mainly driven by payments related to acquisition of subsidiaries (DKK 113m), repayment of Holiday allowances to Feriefonden (DKK 113m) and payment of ordinary dividend for 2020 (DKK 25m), partly countered by positive cash flows from operating activities.

Equity 2021 amounted to DKK 1,142m, up DKK 8m from 2020. The increase was mainly due to movement in other comprehensive income exceeding payment of ordinary dividend for 2020 (DKK 25m). For 2021 no dividend has been proposed.

Investments

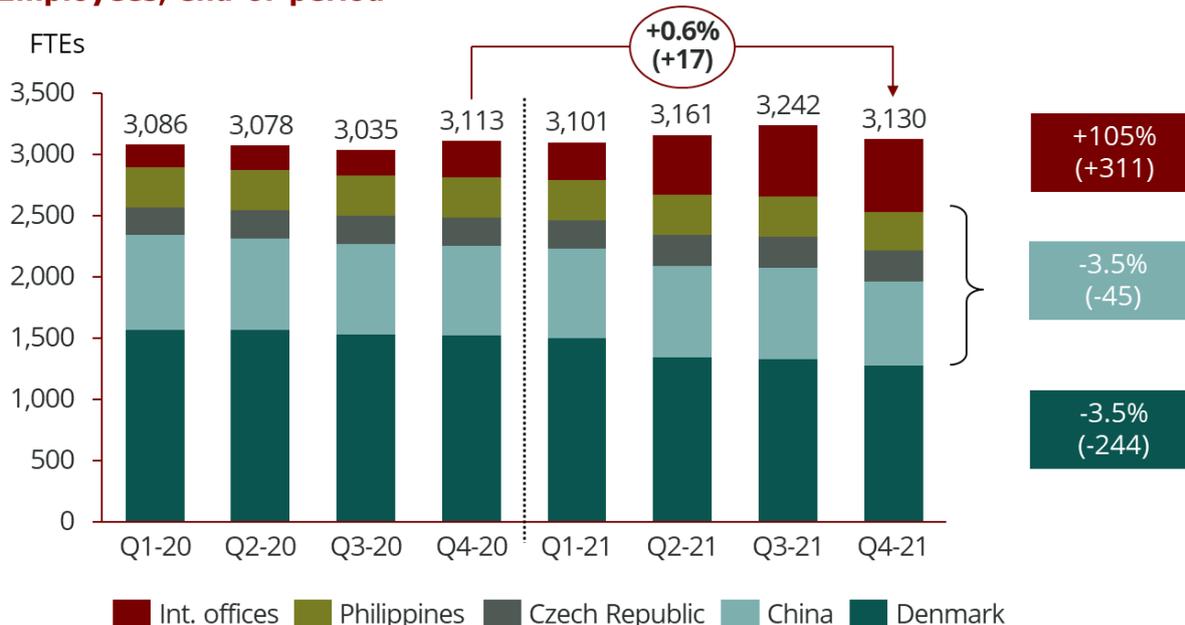
Investments, excluding investments related to acquisition of subsidiaries, amounted to DKK 96m in 2021 compared with DKK 135m in 2020. The decrease was mainly due to decreased investments in tangible assets in 2021.

Free cash flow

Free cash flow for Q4 2021 was positive at DKK 115m which was DKK 155m above Q4 2020. The positive change in free cash flow compared to Q4 2020 was mainly due to the acquisition of Excellis in Q4 2020 (DKK 188m).

Free cash flow for 2021 was DKK 34m down DKK 109m compared to 2020. The decrease was driven by a lower net profit and repayment of Holiday allowances to Feriefonden (DKK 113m) partly countered by increases in deferred payments of taxes as part of the Danish Covid-19 aid packages, along with lower investing activities.

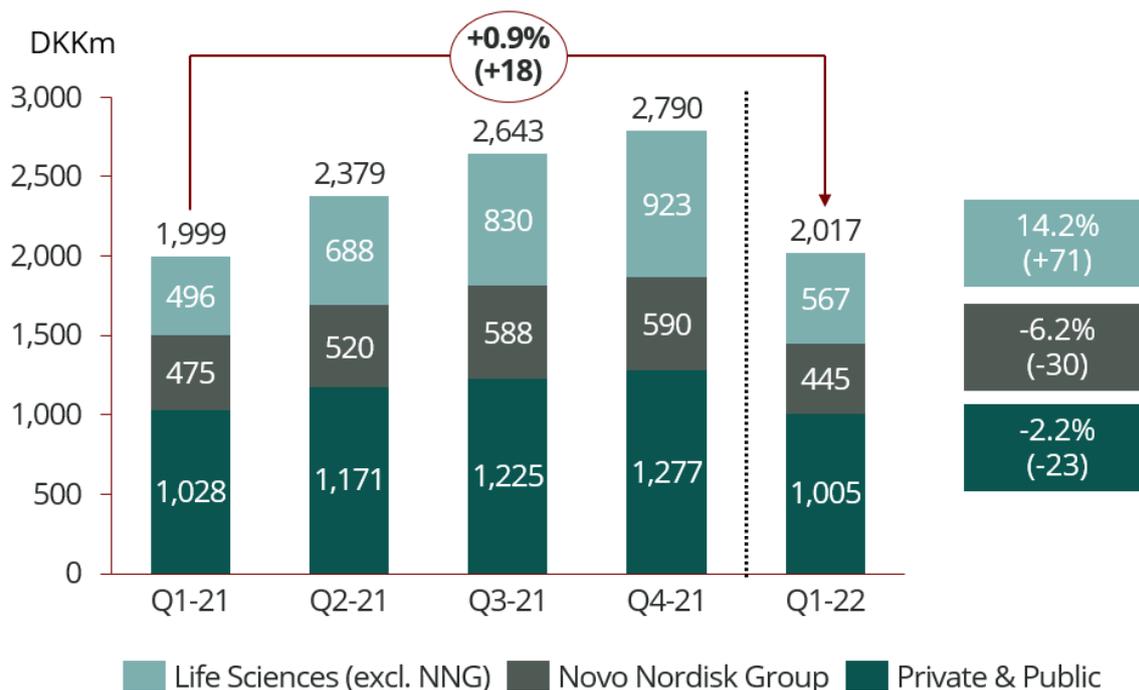
Employees, end-of-period



Since Q4 2021, the number of employees in NNIT’s international offices increased by 103% (306 FTEs) due to the strong growth in the Life Sciences International segment and especially with the acquisition of Excellis and SL Controls.

In Denmark the number of FTEs decreased by 3.5% (244 FTEs) and the global sourcing centers saw a decrease of 3.5% (45 FTEs).

Order backlog
Backlog for the year, beginning of Q1 2022



At the beginning of Q1 2022, NNIT’s order entry backlog for 2022 amounted to DKK 2,017m, up 0.9% from last year.

The backlog from Life Sciences (excl. NNG) customers increased by 14.2%, driven by Life Sciences International positively impacted by the acquisition of Excellis and SL Controls, while the Novo Nordisk Group declined by 6.2%. Private & Public decreased by 2.2%.

The high growth forecast within NNIT’s project business, driven by Life Sciences International and Winning Solutions, has a relative low backlog visibility compared to SLA business. The growth in project business combined with a declining multi-year outsourcing business makes the backlog numbers less useful as a predictor for total revenue growth. Therefore, the backlog for the current year should not be used in isolation as a proxy for the upcoming year.

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 December 31, 2021.

Management statement

Statement by the Board of Directors and the Executive Management on the audited annual report 2021 for NNIT A/S

The Board of Directors and Executive Management have approved the Annual Report 2021 of NNIT A/S (NNIT A/S, together with its subsidiaries, the "Group") – including the audited consolidated financial statements. The Board of Directors and Executive Management also approved this financial statement containing condensed financial information for 2021.

The consolidated financial statements in the Annual Report 2021 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and further requirements in the Danish Financial Statements Act.

This financial statement is prepared in accordance with the recognition and measurement requirements in the IFRS, the accounting policies as applied in the audited consolidated financial statements of 2021.

In our opinion, the accounting policies used are appropriate, and the overall presentation of this financial statement is adequate. Furthermore, in our opinion, this company announcement of the financial statement for 2021 includes a true and fair account of the development in the operations and financial circumstances of the results for the year and of the financial position of the Group as well as, together with the Annual Report 2021, a description of the most significant risks and elements of uncertainty facing the Group in accordance with Danish disclosure requirements for listed companies.

Soeborg, January 28, 2022

Executive management

Pär Fors
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	Q4 2021	Q4 2020	12M 2021	12M 2020
Income statement					
	1				
Revenue	2	738	749	2,877	2,830
Cost of goods sold		653	638	2,533	2,443
Gross profit		85	111	344	387
Sales and marketing costs		30	34	122	127
Administrative expenses		18	22	80	95
Operating profit before special items		37	55	142	165
Special items	3	61	18	153	43
Operating profit/loss		-24	37	-11	122
Financial income		9	2	15	11
Financial expenses		6	12	29	31
Profit/loss before income taxes		-21	27	-25	102
Income taxes		-23	9	-18	26
Net profit/loss for the period		2	18	-7	76

Earnings per share

	DKK	DKK	DKK	DKK
Earnings per share	0.06	0.72	-0.30	3.07
Diluted earnings per share	0.06	0.71	-0.30	3.04

Statement of comprehensive income

DKK million				
Net profit/loss for the period	2	18	-7	76
Other comprehensive income:				
<i>Items that will not subsequently be reclassified to the Income statement:</i>				
Remeasurement related to pension obligations	1	-3	3	-5
<i>Items that may be reclassified to the Income statement, when specific conditions are met:</i>				
Currency revaluation related to subsidiaries (net)	27	-21	42	-25
Tax related to currency revaluation related to subsidiaries (net)	-5	4	-5	4
Recycled to financial items	10	1	11	10
Unrealized value adjustments	-7	-	3	-22
Cash flow hedges	3	1	14	-12
Tax on other comprehensive income related to cash flow hedges	-	-	-3	2
Other comprehensive income, net of tax	26	-19	51	-36
Total comprehensive income	28	-1	44	40

Balance sheet

	Note	Dec 31, 2021	Dec 31, 2020
DKK million			
Intangible assets	4	945	781
Tangible assets		483	552
Lease assets		173	227
Transition cost		39	75
Deferred tax		13	32
Deposits		34	33
Total non-current assets		1,687	1,700
Inventories		3	2
Transition cost		31	36
Trade receivables	5	578	497
Work in progress	5	107	145
Other receivables		11	21
Pre-payments		101	87
Tax receivable		36	30
Derivative financial instruments		13	1
Cash and cash equivalents		230	143
Total current assets		1,110	962
Total assets		2,797	2,662

Equity and liabilities

		Dec 31, 2021	Dec 31, 2020
Share capital		250	250
Treasury shares		-2	-3
Retained earnings		863	879
Other reserves		31	-17
Proposed dividends		0	25
Total equity		1,142	1,134
Leasing liability		123	171
Employee benefit obligation		18	29
Contingent consideration (earn-out)	4	82	112
Provisions		25	24
Long term loan		40	21
Bank overdraft		496	304
Total non-current liabilities		784	661
Prepayments received, transition cost		30	16
Prepayments received, work in progress	5	116	111
Leasing liability		84	70
Trade payables		86	108
Employee cost payable		208	277
Tax payables		2	4
Other current liabilities		281	247
Derivative financial instruments		0	5
Contingent consideration (earn-out)	4	64	28
Provisions		0	1
Total current liabilities		871	867
Total equity and liabilities		2,797	2,662
Contingent liabilities and legal proceedings	6		
Currency hedging	7		

Statement of cash flow

DKK million		Q4 2021	Q4 2020	12M 2021	12M 2020
Net profit/loss for the period	Note	2	18	-7	76
Reversal of non-cash items		79	-53	335	228
Interest paid		-4	-5	-17	-16
Income taxes paid		17	-10	4	-42
Cash flow before change in working capital		94	-50	315	246
Changes in working capital		40	232	-72	282
Cash flow from operating activities		134	182	243	528
Capitalization of intangible assets		-7	-16	-34	-40
Purchase of tangible assets		-13	-15	-62	-95
Payment of deposits		0	-1	0	0
Adjustment acquisition cost		1	0	0	0
Acquisition of subsidiary	4	0	-188	-79	-188
Payment of earn-out		0	-2	-34	-62
Cash flow from investing activities		-19	-222	-209	-385
Dividends paid		0	0	-25	-98
Purchase of treasury shares		0	0	-8	0
Payment of deposit		-1	0	-1	0
Installments on lease liabilities		-20	-21	-82	-89
Installments on long term loan		-2	0	-23	-8
Bank overdraft		-71	54	192	73
Cash flow from financing activities		-94	33	53	-122
Net cash flow		21	-7	87	21
Cash and cash equivalents at the beginning of the period		209	150	143	122
Cash and cash equivalents at the end of the period		230	143	230	143
Additional information¹:					
Cash and cash equivalents		230	143	230	143
Bank overdraft		-496	-304	-496	-304
Committed credit facilities		900	900	900	900
Financial resources at the end of the period		634	739	634	739
Cash flow from operating activities		134	182	243	528
Cash flow from investing activities		-19	-222	-209	-385
Free cash flow		115	-40	34	143

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		Q4 2021	Q4 2020	12M 2021	12M 2020
Net profit/loss for the period	Note	2	18	-7	76
Reversal of non-cash items		79	-53	335	228
Interest paid		-4	-5	-17	-16
Income taxes paid		17	-10	4	-42
Cash flow before change in working capital		94	-50	315	246
Changes in working capital		40	232	-72	282
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Notes

Note 1

Accounting policies

The Board of Directors and Executive Management have approved the Annual Report 2021 of NNIT A/S including the audited consolidated financial statements. The Board of Directors and Executive Management also approved this financial statement containing condensed financial information for 2021.

This financial statement is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and further requirements in the Danish Financial Statements Act. The accounting policies used in this financial statement are consistent with those used in the audited consolidated financial statements in the Annual Report 2021.

Note 2

Quarterly numbers

DKK million	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	738	698	710	731	749	658	701	722
Cost of goods sold	653	625	624	631	638	578	608	619
Gross profit	85	73	86	100	111	80	93	103
Sales and marketing costs	30	31	30	31	34	31	31	31
Administrative expenses	18	21	20	21	22	24	24	25
Operating profit before special items	37	21	36	48	55	25	38	47
Special items	61	23	63	6	18	6	12	7
Operating profit/loss	-24	-2	-27	42	37	19	26	40
Net financials	3	-2	-11	-4	-10	-10	-6	6
Profit/loss before income taxes	-21	-4	-38	38	27	9	20	46
Income taxes	-23	6	-8	7	9	0	6	11
Net profit/loss for the period	2	-10	-30	31	18	9	14	35

Note 2 - continued

Segment disclosures

Segment disclosures

DKK million	Q4	2021			2020			
		Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue by customer group								
Life Sciences (excl. NNG)	262	246	234	228	203	181	174	159
- Life Sciences (Int.)	200	187	165	159	136	122	106	92
- Life Sciences (DK)	62	59	69	69	67	59	68	67
Novo Nordisk Group	153	142	151	159	209	163	175	185
Life Sciences	415	388	385	387	412	344	349	344
Enterprise	190	179	182	174	172	164	170	206
Public	68	68	75	98	104	91	107	105
Finance	65	63	68	72	61	59	75	67
Private & public	323	310	325	344	337	314	352	378
Total revenue	738	698	710	731	749	658	701	722
Gross profit by business unit								
Life Sciences	60	50	58	65	74	52	56	62
Private & public	25	23	28	35	37	28	37	41
Total Gross profit	85	73	86	100	111	80	93	103
Operating profit before special items by business unit								
Life sciences	33	20	29	37	44	21	26	31
Private & public	4	1	7	11	11	4	12	16
Total operating profit before special items	37	21	36	48	55	25	38	47

The Danish operations generated 71% of NNIT's revenue in 2021 and 78% 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 geo-geographical revenue split.

Note 3

Special items

DKK million	Q4 2021	Q4 2020	12M 2021	12M 2020
Special items relates to:				
Impairment of assets	29	0	56	0
Redundancy costs related to Group Management	4	1	25	1
Restructuring cost	27	8	65	33
Cost regarding acquisition and disposal of subsidiaries	1	9	7	9
Total special items	61	18	153	43
If special items had been recognized in operating profit before special items, they would have been included in the following line items:				
Cost of goods sold	53	3	118	28
Sales and marketing costs	2	4	2	4
Administrative expenses	6	11	33	11
Total special items	61	18	153	43

Impairment of assets comprise impairment of the Soeborg headquarter building in Q2 2021 and impairment of developed assets in Q4 2021. Redundancy cost related to Group Management mainly relates to Per Kogut. Restructuring costs mainly comprise redundancies.

Note 4

Acquisition of subsidiaries

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

DKK million	2021	2020
Acquisition cost		
Cash paid	92	190
Contingent consideration (earn out)	30	77
Total acquisition cost	122	267
Fair value of net assets acquired		
Intangible assets	1	2
Other non-current assets	3	0
Trade receivables and work in progress	12	22
Other receivables and pre-payments	0	4
Cash and cash equivalents	13	2
Non-current liabilities	-10	-3
Prepayments received	0	-12
Employee costs payable	-8	-8
Other current liabilities	-9	-6
Net assets acquired	2	1
Goodwill	120	266
Acquisition cost	122	267
Of which cash and cash equivalents	-13	-2
Contingent consideration (earn out)	-30	-77
Paid acquisition cost, net	79	188

On July 5, 2021, NNIT acquired full ownership and control of SL Controls (SLC), a company focusing on Life Sciences manufacturing. The acquisition of SLC will strengthen NNIT's solutions within Production IT and is yet another step towards consolidating the NNIT Group as one of the foremost suppliers of IT services to the global life sciences industry.

Goodwill relates to expected synergies regarding additional revenue in NNIT and know-how accumulated by the workforce in SLC.

Transaction cost of DKK 2.2m has been recognized in special items.

Earn-out target is DKK 31m (EUR 4.2m) with an earn-out range of DKK 0-38m depending on performance on three KPIs: EBITDA in SLC, Revenue in SLC and unmanaged attrition. The KPI's are weighted with EBITDA having the highest weight and with revenue having the second highest weight. The earn-out period ends 2023 and the yearly earn-out payments are settled annually after approval of the annual report. The earn-out weights are highest at the end of the period.

The carrying amount of the contingent consideration is DKK 26.6 as of December 31, 2021.

Earnings impact

Revenue and EBITDA comprise DKK 39m and DKK 7.5m, respectively, reported by SLC since the date of acquisition July 5, 2021.

On a pro forma basis, if the acquisition had been effective from January 1, 2021 SLC would have contributed DKK 78m to revenue and DKK 9.1m to EBITDA.

Note 5

Related party transactions

DKK million	2021	2020
Assets		
Receivables from related parties	236	194
Work in progress related parties	17	55
Liabilities		
Liabilities to related parties	0	2
Prepayments from related parties	43	45

Note 6

Contingent liabilities and legal proceedings

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

Note 7

Currency hedging

NNIT have up until September 2021 entered into hedging contracts to hedge the most material foreign currency balances; Chinese yuan, Czech koruna and the Philippine peso. These three currencies were hedged 14 months ahead.

Going forward currencies are not hedged, as the risk was considered to be immaterial.

Note 8

Currency sensitivities

	Estimated annual impact on NNIT's operating profit of a 10% increase in the outlined currencies against DKK*	Prior hedging period (months)
EUR	26	-
CNY	-15	14
CZK	-11	14
PHP	-7	14
USD	12	-
CHF	1	-

Hedging gains and losses do not impact operating profit as they are recognized under net financials.

*The above sensitivities address hypothetical situations and are provided for illustrative purposes only.

Key currency assumptions

DKK per 100	2019 average exchange rates	2020 average exchange rates	2021 average exchange rates	Current exchange rates at January 13, 2022
CNY	96.53	94.70	97.55	102.81
EUR	746.60	745.43	743.70	744.14
CZK	29.08	28.22	29.00	30.47
PHP	12.88	13.17	12.76	12.81
CHF	671.37	696.32	687.94	709.65
USD	667.03	653.36	628.99	654.48

Currency development

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

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