

Financial report for the first six months of 2022

NNIT announced the transformative divestment of the Group's infrastructure business, initiated the carve-out process and continued the efforts to consolidate global delivery capabilities in Q2 2022, which was marked by slower-than-expected sales performance. The temporary suspension of NNIT's full-year outlook is maintained.

Financial highlights for the second quarter 2022

- Group revenue increased 1.8% (-6.8% organic) to DKK 723 million driven by acquisitions and moderate growth in Life Sciences Solutions outweighed by slow sales overall and lower revenue from the Global Infrastructure Agreement with Novo Nordisk.
- The operating profit before special items decreased to DKK -11 million from DKK 36 million impacted by the renegotiated Novo Nordisk contract and temporarily lower capacity utilization. The operating profit margin declined to -1.5% before special items from 5.1% in Q2 2021.
- Special items amounted to DKK 36 million and related mainly to restructuring costs, including costs related to the divestment of infrastructure operations.
- The Group's infrastructure operations remain classified as continuing operations due the current state of the business and the ongoing carve-out work. Besides that, to increase transparency certain cost components from Group Companies have been reclassified to Sales and Administration costs from Production costs.

Business highlights

- On 22 June, NNIT entered into an agreement to divest its Hybrid Cloud Solutions business unit as well as selected parts of its Cloud & Digital Solutions business unit, enabling the NNIT Group to center investments, competencies and sales force around the two core business areas, Life Sciences Solutions and Cloud & Digital Solutions.
- NNIT won a major six-year contract for delivery of administrative IT systems and services to Danmarks Nationalbank with an estimated total contract value of DKK 1 billion and secured other significant contracts and renewals across business units in the quarter.
- The order backlog for 2022 stood at DKK 2,572 million at the end of June, corresponding to a decrease of 2.7% compared to the same time last year and an increase of 28% from the beginning of the year.

Outlook

- The temporary suspension of NNIT's 2022 outlook is maintained.

Pär Fors, CEO of NNIT, comments: *"We took important steps in our strategy execution in the second quarter as we launched the transformative divestment of our infrastructure business to establish NNIT as a highly specialized IT services provider focusing exclusively on our core areas within IT services to the Life Sciences market and Cloud & Digital Solutions. While sales remained slower than expected in the quarter, we expect continued performance improvements and improved capacity utilization in the coming period."*

Conference call

On August 12, 2022 at 9:30 CET, NNIT hosts a teleconference, which can be accessed [here](#) or at www.nnit.com under 'Investors – Events & Presentations'.

Contacts for further information

Pernille Fabricius, EVP & CFO
Tel: +45 3077 9500
pnfa@nnit.com

Tina Joanne Hindsbo, Media Relations Manager
Tel: +45 3077 9578
tnjh@nnit.com

Financial figures and highlights

DKK million	Q2 2022	Q2 2021	6M 2022	6M 2021	Total 2021
Financial performance					
Revenue					
Life Sciences Solutions (LSS)	222	166	420	333	723
Cloud & Digital Solutions (CDS)	206	213	419	424	848
Hybrid Cloud Solutions (HCS)	295	331	585	684	1,306
Total revenue	723	710	1,424	1,441	2,877
EBITDA before special items	42	94	87	169	361
Depreciations, amortizations and impairment	53	58	120	112	275
Operating profit before special items ¹	-11	36	-20	84	142
Special items ¹	36	63	71	69	153
Operating profit/loss	-47	-27	-91	15	-11
Net financials	-4	-11	-5	-15	-14
Net profit/loss	-47	-30	-80	1	-7
Investments in tangible assets	20	11	44	39	62
Investments in intangible assets and acquisition in subsidiaries	8	8	87	14	113
Total assets	2,892	2,677	2,892	2,677	2,797
Equity	1,106	1,136	1,142	1,136	1,142
Net interest bearing debt ²	720	397	720	397	460
Dividends paid	0	0	0	25	25
Free cash flow	-19	150	-256	64	11
Earnings per share					
Earnings per share (DKK)	-1.92	-1.22	-3.23	0.03	-0.30
Diluted earnings per share (DKK)	-1.91	-1.21	-3.22	0.03	-0.30
Employees					
Average number of full-time employees	3,123	3,139	3,104	3,121	3,162
Financial ratios					
Revenue growth	1.8%	1.3%	-1.8%	1.3%	1.7%
Organic growth	-6.8%	-1.8%	-7.1%	-1.7%	-3.0%
Gross profit margin	9.1%	14.8%	9.3%	15.6%	14.6%
EBITDA margin	5.8%	13.2%	6.1%	11.7%	12.5%
Operating profit margin before special items	-1.5%	5.1%	-1.4%	5.8%	4.9%
Operating profit margin	-6.5%	-3.8%	-6.4%	1.0%	-0.4%
Effective tax rate	7.8%	21.1%	16.7%	n/a	72.0%
Investments/Revenue	3.9%	2.7%	4.0%	3.7%	3.3%
Return on equity ³	-7.9%	2.4%	-7.9%	2.4%	-0.6%
Solvency ratio	38.2%	42.4%	39.5%	42.4%	40.8%
Return on invested capital (ROIC) ^{3,4}	-5.0%	3.9%	-5.0%	3.9%	0.5%
Additional numbers⁵					
Order entry backlog for the current year	2,572	2,643	2,572	2,643	2,017

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 (MAT), i.e. annualized

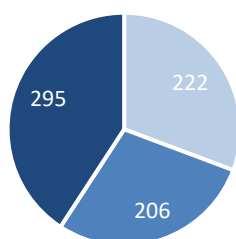
4) Net profit/average invested capital

5) The backlog represents current year contracts, performed or signed

Business performance

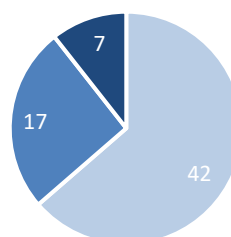
NNIT generated 1.8% growth in Q2 2022 driven by acquisitions and moderate organic growth in Life Sciences Solutions, offset by the impact of the 2021 renegotiation of an infrastructure agreement with Novo Nordisk Group. Novo Nordisk Group accounted for 19% of revenue in the quarter against 21% in Q2 2021. The annulment of a larger project following customer closedown of COVID-19 research and customer postponement of an ERP program in the first quarter of the year continued to impact performance and entail lower capacity utilization. Measures have been taken to adjust capacity, however not with full impact in the quarter. On this background, the operating profit margin before special items declined to -1.5% in Q2 2022 from 5.1% in the comparison period. First half of 2022 saw a 1.2% decline in revenue to DKK 1,424 million and a decrease in the operating profit margin before special items to -1.4% from 5.8%.

BU Revenue



■ LSS ■ CDS ■ HCS

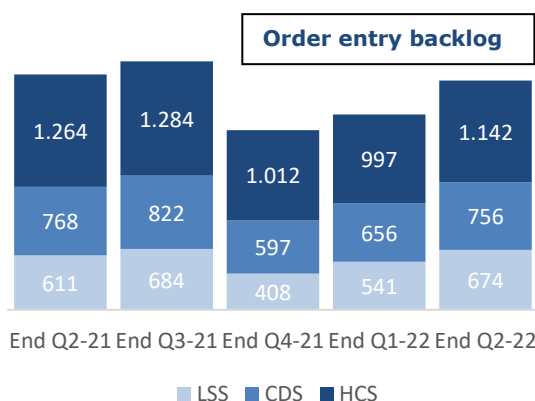
BU Gross Profit



■ LSS ■ CDS ■ HCS

During Q2, NNIT won a new six-year contract for delivery of administrative IT systems and services to Danmarks Nationalbank with an estimated value of DKK 1 billion representing one of the largest contracts NNIT has ever won. In addition, NNIT won a new four-year contract with the Danish Health Data Authority for a network detection and response solution to be implemented across the entire Danish healthcare sector, representing a potential value of a low three-digit DKK million amount over four years. On this background, the Group's order backlog increased by 28% from the beginning of the year to DKK 2,572 million, corresponding to a 2.7% decline from end of Q2 2021.

On 22 June, NNIT entered into an agreement to divest the Hybrid Cloud Solutions business unit as well as selected parts of the Cloud & Digital Solutions business unit, enabling the NNIT Group to center investments, competencies and sales force around the two core business areas, Life Sciences Solutions and Cloud & Digital Solutions, delivering high-quality solutions and services in attractive markets with strong growth prospects. The divestment marks an acceleration of NNIT's strategy execution with the aim of increasing growth and profitability. The transaction is subject to regulatory approvals and customary closing conditions, and the carve-out process is proceeding.



■ LSS ■ CDS ■ HCS

Life Sciences Solutions

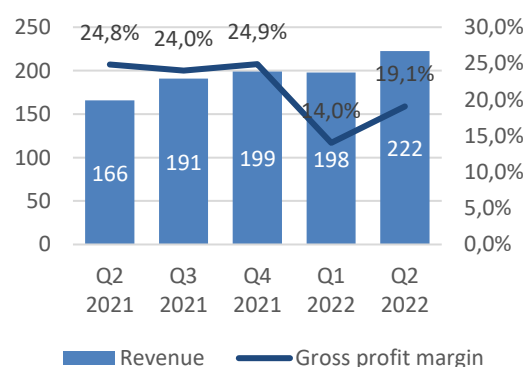
LSS	2022		2021		
	Q2	Q1	Q4	Q3	Q2
Revenue	222	198	199	191	166
Life Sciences (excl. NNG)	201	170	175	166	145
-Life Sciences (Int.)	192	163	167	160	137
-Life Sciences (DK)	9	7	8	6	8
Novo Nordisk Group	21	28	24	24	20
Public	0	0	0	1	1
Production costs	180	170	150	145	125
Gross profit	42	28	49	46	41
Gross profit margin	19.1%	14.0%	24.9%	24.0%	24.8%
Order backlog (end of quarter)	674	541	408	684	611

The Life Sciences Solutions business unit develops and delivers digital solutions to support the entire life sciences value chain.

In Q2 2022, the business unit grew revenue by 33% to DKK 222 million driven mainly by the acquisitions of SL Controls in July 2021 and prime4services in March 2022. Organic growth was lower than expected at 3.6% resulting in a temporary decline in utilization mainly due to a cancelled project in the US. Measures have been taken to adjust capacity, however not with full impact in the quarter. Life Sciences revenue excluding Novo Nordisk Group grew 38% in the quarter. First half of 2022 saw a 26% increase in revenue to DKK 420 million mainly driven by acquisitions.

The business unit's gross profit was stable at DKK 42 million in Q2 2022 resulting in a decline in the gross profit margin to 19.1% compared to DKK 41 million and 24.8% in Q2 2021. In 6M 2022, the business unit generated gross profit of DKK 70 million and a gross profit margin of 16.7% against DKK 92 million and 27.6% in 6M 2021. The unsatisfactory performance was caused by the temporary decline in capacity utilization combined with higher production costs. Capacity utilization and gross profit margin was however improved from Q1 2022, and the current trajectory is positive with overall improvements expected in the coming quarters through a combination of increased sales and continued capacity adjustments.

During the quarter, the Life Sciences Solutions business continued the trend from previous quarters of repeated solution sales to small-mid size customers within the proven Veeva offerings within R&D. Moreover, the business unit continued to strengthen its leading position within Regulatory Affairs supported by three bigger IDMP implementations in Denmark and Internationally. Life Sciences Solutions also accelerated the International Pharma Production stronghold supported by recent acquisitions with numerous new engagements internationally.



The business unit's order backlog increased to DKK 674 million at the end of Q2 2022 from DKK 611 million at the end of Q2 2021.

Cloud & Digital Solutions

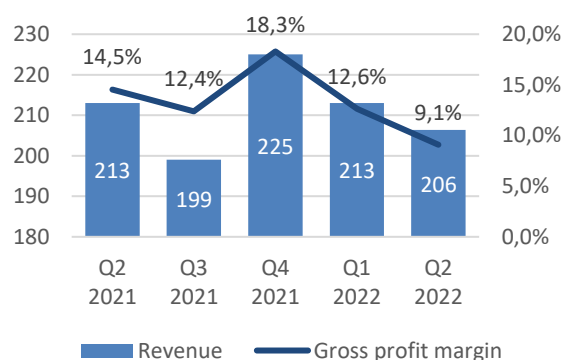
CDS	2022		2021		
	Q2	Q1	Q4	Q3	Q2
Revenue	206	213	225	199	213
Life Sciences (excl. NNG)	36	35	40	31	35
-Life Sciences (Int.)	12	11	17	12	16
-Life Sciences (DK)	23	24	23	19	19
Novo Nordisk Group	23	23	23	21	22
Enterprise	103	106	111	101	101
Public	37	40	41	38	47
Finance	9	9	10	8	8
Production costs	189	186	184	174	182
Gross profit	17	27	41	25	31
Gross profit margin	9.1%	12.6%	18.3%	12.4%	14.5%
Order backlog (end of quarter)	756	656	597	822	768

The Cloud & Digital Solutions business unit develops and delivers digital solutions, enabling customers to leverage business-critical applications in the cloud and taking full advantage of the growing Microsoft ecosystem.

Business unit revenue decreased by 2.6% to DKK 206 million in Q2 2022 as progress within Cloud services, Microsoft Dynamics and SAP implementation to Enterprise and Finance customers did not fully compensate lower sales to Public customers compared to a strong Q2 2021. Revenue declined 0.8% to DKK 419 million in the first half of 2022 mainly due to lower sales to Public customers against strong performance in 6M 2021.

In Q2 2022, the business unit's gross profit declined to DKK 17 million from DKK 31 million in Q2 2021 following lower capacity utilization due to customer postponement of an ERP implementation project and on the back of a slight 3.6% increase in production costs to DKK 189 million. Gross profit declined to DKK 44 million in 6M 2022 from DKK 55 million corresponding to a decline in the gross profit margin to 10.5% from 13.0%. Measures have been taken to adjust capacity, however not with full impact in the quarter.

CDS won a new four-year contract with the Danish Health Data Authority for a network detection and response solution, representing a potential value of a low three-digit DKK million amount over four years. The business unit prolonged a Microsoft Application Support and Maintenance contract with a large enterprise customer, extended a SAP Basis operation with a multinational enterprise customer for two years, and won a Microsoft Dynamics 365 for Finance & Operations implementation with a multinational industrial player representing a combined value of a low triple-digit DKK million amount.



At the end of Q2 2022, the business unit's order backlog had declined to DKK 756 million from DKK 768 million in the comparison period mainly due to the postponed ERP implementation.

Hybrid Cloud Solutions

HCS	2022		2021		
	Q2	Q1	Q4	Q3	Q2
Revenue	295	290	314	308	331
Life Sciences (excl. NNG)	37	39	45	48	53
-Life Sciences (Int.)	10	14	15	15	12
-Life Sciences (DK)	27	25	30	33	41
Novo Nordisk Group	90	89	107	98	108
Enterprise	86	81	83	81	85
Public	22	24	25	25	25
Finance	60	57	54	56	60
Production costs	288	280	299	290	298
Gross profit	7	10	15	18	33
Gross profit margin	2.5%	3.4%	4.7%	5.9%	9.9%
Order backlog (end of quarter)	1,142	997	1,012	1,284	1,264

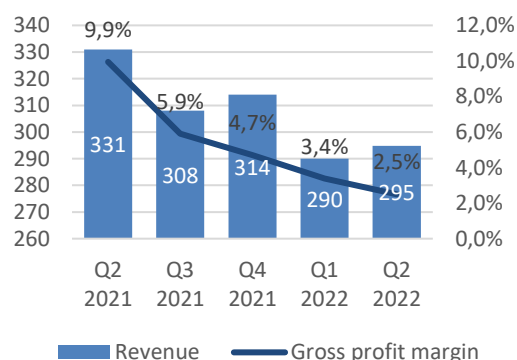
The Hybrid Cloud Solutions business unit enables customers' digital transformation through development and delivery of infrastructure and hybrid cloud solutions.

In Q2 2022, the business unit was impacted by an expected decline in revenue of 10.9% to DKK 295 million following the renegotiation of an infrastructure agreement with Novo Nordisk in 2021, impacting revenue negatively in the quarter and in the first half of the year. Revenue declined by 14.5% to DKK 585 million in the first half of 2022 as expected, due to the renegotiated infrastructure agreement and the expiration of an SLA contract in Q1, which impacted revenue negatively with DKK 20 million in the period.

Gross profit in HCS declined to DKK 7 million as a reduction in the business unit's production costs by 3.5% to DKK 288 million did not fully mitigate the impact of the renegotiated and expired contracts. Efforts have been initiated to improve capacity utilization and reduce cost through ongoing automation initiatives combined with a significant transformation and geographical relocation of the outsourcing organization from China to the Philippines, which will strengthen NNIT's future global delivery capabilities and ensure lower salary expenses going forward.

The business unit secured a new six-year contract for delivery of administrative IT systems and services to Danmarks Nationalbank representing one of the largest contracts NNIT has ever won.

The business unit's order backlog stood at DKK 1,142 million at the end of Q2 2022 against DKK 1,264 million at the end of Q2 2021 prior to the renegotiation of the Novo Nordisk contract.

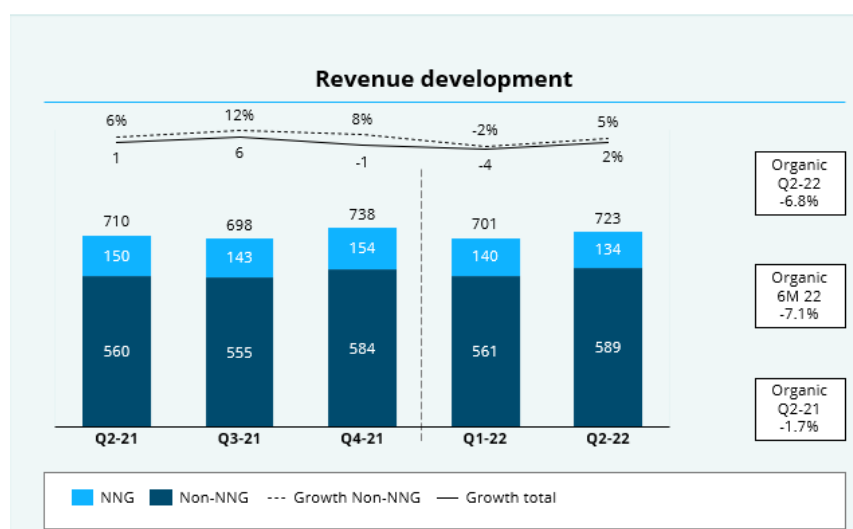


Group financial review

NNIT	Q2 2022	Q2 2021	6M 2022	6M 2021	Total 2021
Revenue	723	710	1,424	1,441	2,877
Cost of goods sold	657	605	1,292	1,216	2,457
Gross profit	66	105	132	225	420
Gross profit margin	9.1%	14.8%	9.3%	15.6%	14.6%
Sales and marketing costs	40	35	78	73	145
Administrative expenses	37	34	74	68	133
Operating profit bf. Special items	-11	36	-20	84	142
OPM bf. Special items	-1.5%	5.1%	-1.4%	5.8%	4.9%
Special items	36	63	71	69	153
Operating profit	-47	-27	-91	15	-11
Operating profit margin	-6.5%	-3.8%	-6.4%	1.0%	-0.4%
Net financials	-4	-11	-5	-15	-14
Profit before tax	-51	-38	-96	0	-25
Tax	-4	-8	-16	-1	-18
Net profit / loss	-47	-30	-80	1	-7
Total assets	2,892	2,677	2,892	2,677	2,797
Net cash and cash equivalents	-563	-166	-563	-166	-266
Equity	1,106	1,136	1,106	1,136	1,142
Investments	28	19	131	53	175
Free cash flow	-19	150	-256	64	11

P&L

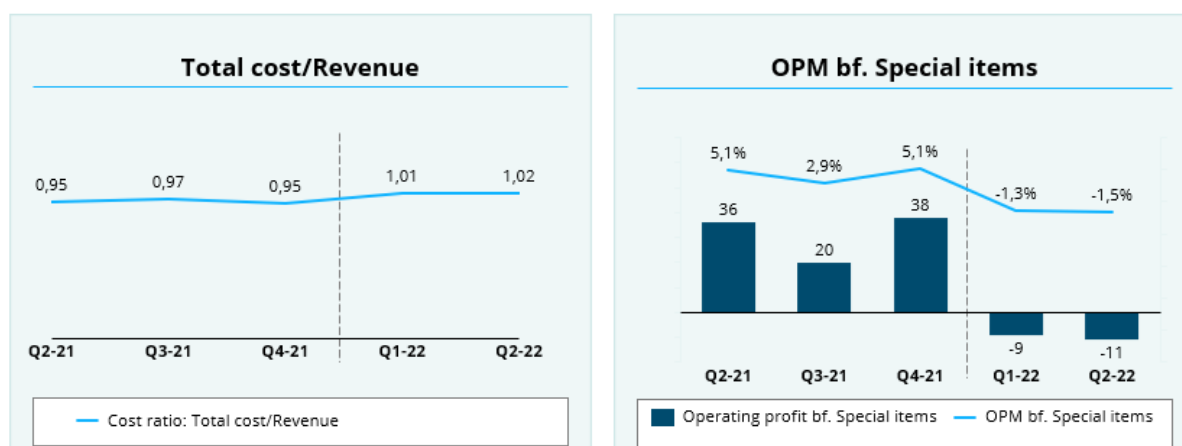
Total revenue increased 1.8% to DKK 723 million in Q2 2022 and decreased 1.2% to DKK 1,424 million in 6M 2022. The revenue from Novo Nordisk Group decreased by around 10% and constituted 19% of total revenue for both Q2 and the first half of 2022 down from 21% at Q2 2021 and 6M 2021.



Total production costs increased to DKK 657 million primarily as a result of acquisitions, up 8.6% compared with Q2 2021. The gross profit margin was 9.1%, down 5.7pp from Q2 2021, mainly due to the renegotiation of the infrastructure agreement with Novo Nordisk in 2021. For 6M 2022 production cost increased by 6.3% to DKK 1,292 million compared with 6M 2021.

Sales and marketing costs increased by 14.3% and administrative expenses by 8.8% comparing with Q2 2021, primarily due to acquisitions. Comparing 6M 2022 with 6M 2021 sales and marketing cost increased by 6.8% and administrative cost by 8.8%

Operating profit before special items declined to DKK -11 million in Q2 2022 and DKK -20 million for 6M 2022, corresponding to an operating profit margin before special items of -1.5% in the quarter compared with 5.1% in Q1 2021 and -1.4% for the half-year compared with 5.8% for 6M 2021.



Net financials were negative at DKK 4 million, representing an improvement of DKK 7 million compared with Q2 2021. For 6M 2022, net financials were negative at DKK 5 million compared with DKK -15 million for 6M 2021. The development for both periods mainly relate to realized gains from cash flow hedges entered in prior periods.

Tax was a DKK 4 million income in Q2 2022 and an income of DKK 16 million for 6M 2022 related to negative results. The effective tax rate was 7.8% in Q2 2022 and 16.7% in 6M 2022. The decrease was explained by an increase in non-deductible cost related to special items in Q2 2022.

The net result was a loss of DKK 47 million in Q2 2022 and a loss of DKK 80 million for 6M 2022 compared with a loss of DKK 30 million in Q2 2021 and a profit of DKK 1 million for 6M 2021.

Balance sheet

Total assets increased to DKK 2,892 million on June 30, 2022, from DKK 2,677 million on June 30, 2021. The increase was primarily due to an increase in intangible assets after the acquisition of prime4services in Q1 2022 and higher trade receivables partly countered by decreases in tangible and lease assets.

Net cash and cash equivalents amounted to DKK -563 million on June 30, 2022, a decline by DKK 397 million from June 30, 2021, driven by an increase in investments (DKK 323 million) mainly for payments related to acquisitions (DKK 223 million).

Equity on June 30, 2022, amounted to DKK 1,106 million and declined by DKK 30 million from June 30, 2021.

Investments

Investments, excluding investments related to acquisition of subsidiaries, amounted to DKK 32 million in Q2 2022 and DKK 62 million for 6M 2022 compared with DKK 18 million

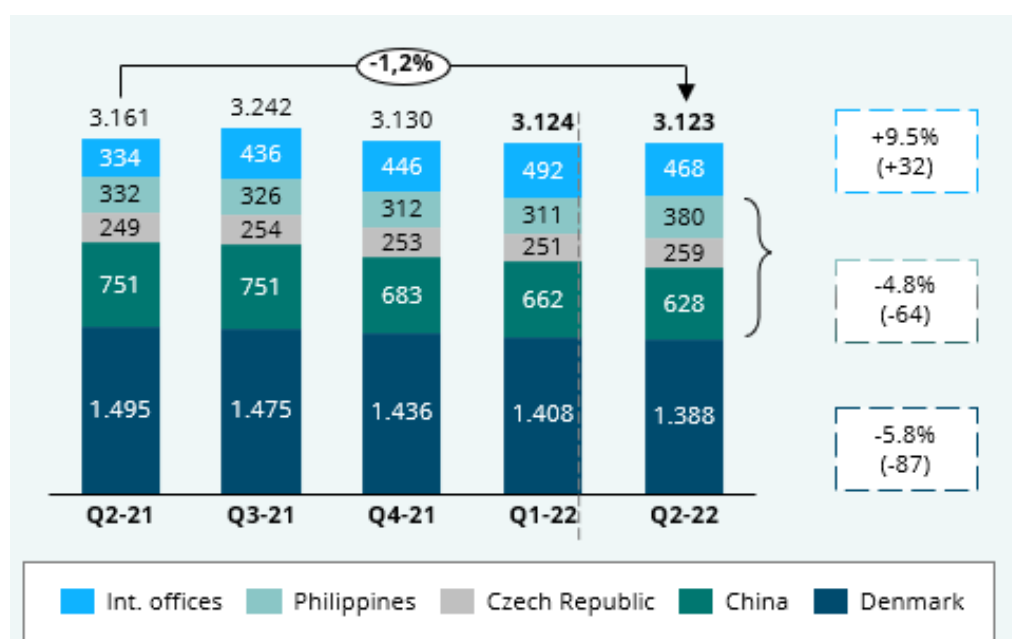
in Q2 2021 and DKK 36 million for 6M 2021. The increase was mainly due to timing of investments.

Free cash flow

The Group's free cash flow for Q2 2022 was negative by DKK 19 million against DKK 150 million in Q2 2021. The development was mainly attributable to a lower performance and a negative change in working capital related to repayment of COVID-19 aid packages in Q2 2022.

The Groups free cash flow for 6M 2022 was negative by DKK 256 million down DKK 320 million compared to 6M 2021. The decrease was attributable to a lower net profit and a decrease in working capital combined with higher investing activities due to the acquisition of prime4services as well as higher earn-out payments compared to 6M 2021.

Employees, end-of-period



Since Q2 2021, the number of employees in NNIT's international offices increased by 9.5% (32 FTEs). In Denmark, the number of FTEs decreased by 5.8% (87 FTEs), and the global sourcing centers saw a decrease of 4.8% (64 FTEs).

Events after balance sheet date

There have been no events after the balance sheet date that would have a significant impact on an assessment of NNIT's financial position as of June 30, 2022.

Outlook

Due to the pending clarification of the impact on NNIT's financial figures resulting from the ongoing carveout process – which is progressing as planned – NNIT maintains the temporary suspension of the 2022 outlook. NNIT expects to provide updates to the market when visibility on the 2022 guidance for the continuing activities increases in the second half of the year.

Following closing of the transaction, NNIT will leverage the sharpened focus on the two core business units, Life Sciences Solutions and Cloud & Digital Solutions, with the ambition to significantly strengthen revenue and profitability of the continuing activities from 2023.

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.

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 six months ended June 30, 2022.

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 2022 with comparative figures for the first six months of 2021. 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 2022 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 2021 of NNIT A/S. Furthermore, the interim consolidated financial statement for the first six months of 2022 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 three months of 2022 are adequate and give a true and fair view of the Group's assets, liabilities and financial position as at June 30, 2022 and of the results of the Group's operations and cash flow for the six months ended June 30, 2022. 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 2022, no changes in the Group's most significant risks and uncertainties have occurred relative to disclosures published in the Annual Report 2021 of NNIT A/S.

Soeborg, August 12, 2022

Executive management

Pär Fors
CEO

Pernille Fabricius
CFO

Board of Directors

Carsten Dilling
Chairman

Eivind Kolding
Deputy Chairman

Anne Broeng

Christian Kanstrup

Caroline Serfass

Nigel Govett

Anders Vidstrup

Trine Io Bjerregaard

Kenn K. Jensen

Consolidated financial statements

Income statement and Statement of comprehensive income

DKK million	Note	Q2 2022	Q2 2021	6M 2022	6M 2021	12M 2021
INCOME STATEMENT						
	1					
Revenue	2	723	710	1,424	1,441	2,877
Cost of goods sold		657	605	1,292	1,216	2,457
Gross profit		66	105	132	225	420
Sales and marketing costs		40	35	78	73	145
Administrative expenses		37	34	74	68	133
Operating profit before special items		-11	36	-20	84	142
Special items	3	36	63	71	69	153
Operation profit / loss		-47	-27	-91	15	-11
Financial income		10	1	13	2	15
Financial expenses		14	12	18	17	29
Profit / loss before income taxes		-51	-38	-96	0	-25
Income Taxes		-4	-8	-16	-1	-18
Net profit / loss for the period		-47	-30	-80	1	-7
Earnings per share		DKK	DKK	DKK	DKK	DKK
Earning per share		-1.92	-1.22	-3.23	0.03	-0.3
Diluted earnings per share		-1.91	-1.21	-3.22	0.03	-0.3
DKK million	Note	Q2 2022	Q2 2021	6M 2022	6M 2021	12M 2021
STATEMENT OF COMPREHENSIVE INCOME						
Net profit / loss for the period		-47	-30	-80	1	-7
Other comprehensive incomes						
<i>Items that will not subsequently be reclassified to the Income Statement:</i>						
Remeasurement related to pension obligations	5	5	0	11	2	3
Tax on other comprehensive income	2	2	2	2	0	0
<i>Items that may be reclassified to the Income Statement when specific conditions are met:</i>						
Currency revaluation related to subsidiaries (net)	24	24	-5	38	15	42
Tax related to currency revaluation related to subsidiaries (net)				-6		-5
Recycled to financial items	9	9	0	12	1	11
Unrealized value adjustments	-13	-13	4	-15	10	3
<i>Cash flow hedges</i>						
Tax on other comprehensive income related to cash flow hedges	2	2	-1	1	-3	-3
Other comprehensive income, net of tax		29	0	43	25	51
Total comprehensive income		-18	-30	-37	26	44

Balance sheet

DKK million	Note	June 30, 2022	June 30, 2021	Dec 31, 2021
ASSETS				
Intangible assets	4	1,076	796	945
Tangible assets		478	517	483
Lease assets		117	198	162
Transition cost		32	69	39
Deferred tax		20	42	13
Deposits		34	34	34
Trade receivables		87	48	89
Other receivables		6	0	7
Total non-current assets		1,850	1,704	1,772
Inventories		3	3	3
Transition cost		30	33	31
Trade receivables	5	456	420	489
Work in progress	5	151	149	107
Other receivables		28	32	15
Pre-payments		115	112	101
Tax receivable		71	48	36
Derivative financial instruments		10	8	13
Cash and cash equivalents		178	168	230
Total current assets		1,042	973	1,025
Total assets		2,892	2,677	2,797
EQUITY AND LIABILITIES				
Share capital		250	250	250
Treasury shares		-1	-2	-2
Retained earnings		812	882	863
Other reserves		45	6	31
Total equity		1,106	1,136	1,142
Leasing liability		88	154	123
Deferred tax		1	0	0
Employee benefit obligation		7	35	18
Contingent consideration (earn-out)	4	81	61	82
Provisions		25	25	25
Trade payables		45	20	40
Bank overdraft		741	334	496
Total non-current liabilities		988	629	784
Prepayments received, transition cost		25	38	30
Prepayments received, WIP	5	82	91	116
Leasing liability		79	85	84
Trade payables		145	68	86
Employee cost payable		206	281	208
Tax payables		11	13	2
Other current liabilities		212	280	281
Derivative financial instruments		0	0	0
Contingent consideration (earn-out)	4	38	56	64
Total current liabilities		798	912	871
Total liabilities		2,892	2,677	2,797
Contingent liabilities and legal proceedings	6			

Statement of cash flow

DKK million	Note	Q2 2022	Q2 2021	6M 2022	6M 2021	12M 2021
STATEMENT OF CASH FLOW						
Net profit / loss for the period		-47	-30	-80	1	-7
Reversal of non-cash items		72	70	150	166	293
Interest received/paid		-10	-3	-13	-7	-17
Income taxes paid		-16	-7	-20	-20	4
Cash flow before change in working capital		-1	30	37	140	273
Changes in working capital		26	148	-92	11	-53
Cash flow from operating activities		25	178	-55	151	220
Capitalization of intangible assets		-8	-8	-13	-13	-34
Purchase of tangible assets		-24	-10	-49	-23	-47
Change in trade payables related to investments		4	-1	5	-16	-15
Adjustment acquisition cost		0	0	0	-1	0
Acquisition of subsidiary		0	0	-74	0	-79
Payment of earn-out		-16	-9	-70	-34	-34
Cash flow from investing activities		-44	-28	-201	-87	-209
Dividens paid		0	0	0	-25	-25
Purchase of treasury shares		0	0	0	-8	-8
Payment of deposit		0	0	0	0	-1
Installments on lease liabilities		-20	-19	-41	-36	-82
Bank overdraft		-3	-121	245	30	192
Cash flow from financing activities		-23	-140	204	-39	76
Net cash flow		-42	10	-52	25	87
Cash and cash equivalents at the beginning of the period		220	158	230	143	143
Cash and cash equivalents at the end of the period		178	168	178	168	230
Additional information ¹:						
Cash and cash equivalents		178	168	178	168	230
Bank overdraft		-741	-334	-741	-334	-496
Committed credit facilities		900	900	900	900	900
Financial resources at the end of the period		337	734	337	734	634
Cash flow from operating activities		25	178	-55	151	220
Cash flow from investing activities		-44	-28	-201	-87	-209
Free cash flow		-19	150	-256	64	11

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, 2022									
Balance at the beginning of the period	250	-2	863	24	11	-4	31	0	1,142
Net profit/loss for the period	0	0	-80	0	0	0	0	0	-80
Other comprehensive income for the period	0	0	11	38	-3	-3	32	0	43
Total comprehensive income for the period	0	0	-69	38	-3	-3	32	0	-37
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
Balance at the end of the period	250	-1	794	62	8	-7	63	0	1,106
EQUITY - December 31, 2021									
DKK million	Share capital	Treasury shares	Retained earnings	Currency revaluation	Cash flow hedges	Tax	Total other reserves	Proposed dividends	Total
EQUITY - December 31, 2021									
Balance at the beginning of the period	250	-3	879	-18	-3	4	-17	25	1,134
Net profit/loss for the period	0	0	-7	0	0	0	0	0	-7
Other comprehensive income for the period	0	0	3	42	14	-8	48	0	51
Total comprehensive income for the period	0	0	-4	42	14	-8	48	0	44
Adjustment related to previous years	0	0	-11	0	0	0	0	0	-11
Transactions with owners:									
Purchase of treasury shares	0	-1	-7	0	0	0	0	0	-8
Transfer of treasury shares	0	2	-2	0	0	0	0	0	0
Share-based payments	0	0	8	0	0	0	0	0	8
Dividends paid	0	0	0	0	0	0	0	-25	-25
Balance at the end of the period	250	-2	863	24	11	-4	31	0	1,142
EQUITY - June 30, 2021									
DKK million	Share capital	Treasury shares	Retained earnings	Currency revaluation	Cash flow hedges	Tax	Total other reserves	Proposed dividends	Total
EQUITY - June 30, 2021									
Balance at the beginning of the period	250	-3	879	-18	-3	4	-17	25	1,134
Net profit for the period	0	0	1	0	0	0	0	0	1
Other comprehensive income for the period	0	0	2	15	11	-3	23	0	25
Total comprehensive income for the period	0	0	3	15	11	-3	23	0	26
Transactions with owners:									
Purchase of treasury shares	0	-1	-7	0	0	0	0	0	-8
Transfer of treasury shares	0	2	-2	0	0	0	0	0	0
Share-based payments	0	0	9	0	0	0	0	0	9
Dividends paid	0	0	0	0	0	0	0	-25	-25
Balance at the end of the period	250	-2	882	-3	8	1	6	0	1,136

Notes

Note 1

Accounting policies

The consolidated financial statements for the first six months of 2022 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 2021.

The financial reporting including the consolidated financial statements for the first six months of 2022 and Management's review have been prepared in accordance with additional Danish disclosure requirements for interim reports of listed companies.

See pages 70 to 75 of the Annual Report 2021 for a comprehensive description of the accounting policies applied for recognition and measurement.

Certain reclassifications have been made to Sales and Administration costs previously presented as Production costs. Reclassifications has been made retrospectively.

Significant accounting judgements

The announced divestment of infrastructure operations (Hybrid Cloud Solutions and selected parts of Cloud & Digital Solutions) on June 22, 2022, has been assessed in respect of IFRS 5 Discontinued operations, and it represents a significant accounting judgement. It has been concluded that business to be divested does not yet qualify for disclosure as discontinuing operations as the business is still not available for immediate sale in the present condition. The main elements supporting the conclusion are:

- Customer consent process is not finalized.
- The carveout process includes among other things preparation of separate legal structure, split of organization, separation of current ERP solutions etc. which is currently ongoing.

Note 2

Segment disclosures

Revenue by segment and customer group								
DKK million	Q2 2022				6M 2022			
	LSS	CDS	HCS	Total	LSS	CDS	HCS	Total
Revenue	222	206	295	723	420	419	585	1,424
Production cost	180	189	288	657	349	375	568	1,292
Gross profit	42	17	7	66	71	44	17	132
Gross profit Margin	19.1%	9.1%	2.5%	9.1%	16.9%	10.5%	2.9%	9.3%

DKK million	Q2 2021				6M 2021			
	LSS	CDS	HCS	Total	LSS	CDS	HCS	Total
Revenue	166	213	331	710	333	424	684	1,441
Production cost	125	182	298	605	241	369	606	1,216
Gross profit	41	31	33	105	92	55	78	225
Gross profit Margin	24.8%	14.6%	10.0%	14.8%	27.6%	13.0%	11.4%	15.6%

DKK million	2021			
	LSS	CDS	HCS	Total
Revenue	723	848	1,306	2,877
Production cost	535	727	1,195	2,457
Gross profit	188	121	111	420
Gross profit Margin	26.0%	14.3%	8.5%	14.6%

The Danish operations generated 68% of NNIT's revenue in 6M 2022 and 73% in the same period last year based on the location of customer purchase orders. As a consequence of the predominantly Danish revenue, a geographical revenue split is not disclosed.

Note 3

Special items

DKK million	Q2 2022	Q2 2021	6M 2022	6M 2021	12M 2021
Special items related to:					
Impairment of assets	0	27	13	27	56
Change of members of Group Management	0	20	0	20	25
Restructuring cost	36	13	56	19	65
Cost regarding acquisition and disposal of subsidiaries	0	3	2	3	7
Total special items	36	63	71	69	153
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	31	40	62	46	118
Sales and marketing costs	0	0	2	0	2
Administrative expenses	5	23	7	23	33
Cash flow from operating activities	36	63	71	69	153

Restructuring costs comprise redundancies mainly in Denmark, China and Czech Republic and costs related to continuous efforts in relation to efficiency improvements, including costs related to divestment of infrastructure operations.

Note 4

Acquisition of subsidiaries

On March 11, 2022, NNIT acquired full ownership and control of prime4services GmbH. Prime4services operates solely within the life sciences industry providing supplier-independent consulting and engineering services for digitalization of manufacturing processes, primarily through conception, implementation and validation of Manufacturing Execution Systems (MES): Improving manufacturing excellence through the efficient integration of MES into the existing system landscape is a key focus. With the acquisition, the NNIT Group further solidifies its position within the international life sciences industry. The company employs approximately 60 experts and is headquartered in Karlsruhe, Germany, with subsidiaries in Italy, Spain and Switzerland. In time, prime4services will be fully integrated with NNIT to form a MES Powerhouse, combining the Production IT Excellence capabilities of both companies.

The purchase price was DKK 90 million in up-front cash payment and an earn out in an amount up to DKK 41 million. Payments under the earn out clause are based on achievement of specific targets for the combined business over the next three-year period. The payment under the earn out clause is expected to amount to DKK 35 million corresponding to a present value of DKK 32 million equaling a total consideration of DKK 122 million.

Management has not yet completed the purchase price allocation, and assets and liabilities have therefore been included in the financial reporting for 6M 2022 on a preliminary basis.

The majority of the purchase price is currently allocated to goodwill, DKK 103 million. Goodwill can be attributed to assembled workforce and expected synergies. Goodwill is not deductible for tax purposes.

Remaining part of the preliminary purchase price allocation is dedicated to intangible assets consisting of committed orders with customers and pipeline. Both measured at fair value. The pipeline has been assessed by evaluating the stages of the order pipeline in combination with average expected EBIT margin excluding selling costs. Transaction cost of DKK 1.8 million has been recognized in special items.

Earnings impact

Revenue and EBITDA comprise DKK 19 million and DKK 5 million, respectively, since the date of acquisition March 11, 2022. On a pro forma basis, if the acquisition had been effective from January 1, 2022, prime4services would have contributed DKK 28 million to revenue and DKK 6 million to EBITDA.

Note 5

Related party transactions

DKK million	June 30, 2022	June 30, 2021	2021
Assets			
Receivables from related parties	76	130	236
Work in progress related parties	40	25	17
Liabilities			
Liabilities to related parties	0	1	0
Prepayments from related parties	17	20	43

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 has up until October 2021 entered 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 has been considered immaterial.

Note 8

Sensitivities

Estimated annual impact of NNIT's operating profit of a 10% increase in the outlined currencies against DKK		Prior hedging period (months)
EUR	13	-
CNY	-7	14
CZK	-6	14
PHP	-4	14
USD	4	-
CHF	-1	-

Key currency assumptions

DKK per 100	2020 average exchange rates	2021 average exchange rates	2022 average exchange rates
CNY	94,70	97,55	105,05
EUR	745,43	743,70	744,02
CZK	28,22	29,00	30,20
PHP	13,17	12,76	13,05
CHF	696,32	687,94	720,67
USD	653,36	628,99	679,83

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.