

Company announcement 7/2020 May 6, 2020

Financial report for the first three months of 2020

Revenue decrease of 3.7% and an operating profit margin before special items of 6.5% (6.7% in constant currencies)

Performance highlights for the first three months of 2020

- Revenue decreased by 3.7% in Q1 2020 compared to Q1 2019 due to a 29% decline from the Novo Nordisk Group while revenue from other customers increased by 9.4%. The share of NNIT's revenue from clients outside the Novo Nordisk Group increased to 74% in Q1 2020 from 65% in Q1 2019
- Revenue from life sciences Denmark and life sciences international increased with 26% and 18% respectively while the enterprise and public segments also had strong growth rates of 14% and 5.9%. Revenue from the finance segment declined with 8.1%
- Revenue developed as expected in January and February while COVID-19 had some impact on project business in the last two weeks of March
- Gross profit margin increased by 0.4pp in Q1 2020 due to healthy development in private & public and other life sciences supported by the cost restructuring program
- Operating profit margin before special items increased to 6.5% in Q1 2020 from 6.1% in Q1 2019. Operating profit margin after special items was 5.6%
- Net profit was DKK 35m in Q1 2020 compared to DKK 40m in Q1 2019
- Order backlog for 2020 at the beginning of Q2 2020 was DKK 2.287m, a decrease of 9.1% compared to the same time last year. The backlog is negatively impacted by a decline of 33% from the Novo Nordisk Group and a decline of 1.8% from Private & Public partly countered by a growth of 19% in other life sciences
- Outlook for 2020:
The guidance for 2020 is maintained:
 - Revenue growth of -4% to -8% in constant currencies
 - Operating profit margin of 6-8% in constant currencies
 - Level of investments (CAPEX) is 5-7% of total revenue

Due to the uncertainty regarding the COVID-19 situation there is an increased likelihood that revenue growth and operating profit margin will end in the lower end of the guidance intervals
- Given the COVID-19 situation the Board has decided that it is not prudent at this point in time to indicate whether to pay interim dividends in 2020.

Per Kogut, CEO at NNIT comments: "Our results for the first three months of 2020 are in line with our expectations. Especially two developments counter the significant decline in revenue from the Novo Nordisk Group and its impact on our results: First, we continue to deliver a strong revenue growth of 9.4% from customers outside the Novo Nordisk Group, especially from the life sciences segment. Second, we have reduced our production costs by implementing the initiatives announced in August 2020. However, due to the uncertainty regarding the COVID-19 situation there is an increased likelihood that revenue growth and operating profit margin will end in the lower end of the guidance intervals"

Financial Overview

DKK million	Q1 2020 (reported)	Q1 2020 (constant)*	Q1 2019*	Pct./pp Change (reported)	Pct./pp Change (constant)
Revenue	722	720	750	-3.7%	-4.0%
Gross profit margin	14.3%	14.5%	13.9%	0.4pp	0.6pp
Operating profit before special items**	47	48	46	3.6%	6.1%
Operating profit margin before special items**	6.5%	6.7%	6.1%	0.5pp	0.6pp
Special items**	7	7	0	n.a.	n.a.
Operating profit	41	42	46	-10.9%	-8.4%
Operating profit margin	5.6%	5.8%	6.1%	-0.5pp	-0.3pp
Net profit	35	n.a.	40	-12.4%	n.a.
Investments (CAPEX)	42	n.a.	57	-26.7%	n.a.
Free cash flow	-17	n.a.	-28	n.a.	n.a.

*Constant currencies measured using average exchange rates for Q1 2019

Guidance 2020

The guidance for 2020 is maintained:

- Revenue growth of -4% to -8% in constant currencies
- Operating profit margin of 6-8% in constant currencies
- Level of investments (CAPEX) is 5-7% of total revenue

Due to the uncertainty regarding the COVID-19 situation there is an increased likelihood that revenue growth and operating profit margin will end in the lower end of the guidance intervals

	Guidance for 2020	Guidance for 2020 at Q4 2019 announcement
Revenue growth		
Organic in constant currencies* as reported**	-4% to -8% Around 0.2pp higher	-4% to -8% Around 0.2pp higher
Operating profit margin		
In constant currencies* as reported**	6-8% before special items of DKK 15-25m Around same level	6-8% before special items of DKK 15-25m Around 0.2pp lower
Investments / Revenue	5-7%	5-7%

*Constant currencies measured using average exchange rates for 2019

**Based on exchange rates as of April 29, 2020 as illustrated under key currency assumptions on page 21

About NNIT

NNIT A/S is one of Denmark's leading IT service providers and consultancies. NNIT A/S offers a wide range of IT services and solutions to its customers, primarily in the life sciences sector in Denmark and internationally and to customers in the public, enterprise and finance sectors in Denmark. As of March 31, 2020, NNIT A/S had 3,086 employees. NNIT has approximately 400 clients of which around 150 are located outside Denmark. Some 25% are international life sciences clients (March 2020). For more information please visit www.nnit.com.

Conference call details

NNIT will host a teleconference May 6, 2020 at 10:00 CET about the financial report for the first three months of 2020. Please visit the NNIT webpage at www.nnit.com to access the teleconference, which can be found under 'Investors – Events & presentations'. Presentation material will be available on the website approximately one hour prior to the start of the presentation.

Conference call details

<https://nnit.eventcdn.net/2020q1/>

Participant telephone numbers:

Denmark:	+45 8233 3194
United Kingdom:	+44 33 3300 9030
Sweden:	+46 8 5055 8354
United States:	+1 646 722 4957

Financial Calendar 2020

August 13, 2020	Interim report for the first six months of 2020
October 29, 2020	Interim report for the first nine months of 2020

Forward-looking statements

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

Please also refer to the overview of risk factors in the 'risk management' section on page 29-31 in the Annual Report 2019.

Contacts for further information

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Financial figures and highlights

DKK million, reported currencies	Q1 2020	Q1 2019	Change Q1	Total 2019
Financial performance				
Revenue				
Novo Nordisk Group	184.8	258.8	-28.6%	954.9
Life sciences international	91.7	77.4	18.4%	360.9
Life sciences Denmark	67.6	53.7	25.8%	230.0
Life sciences	344.1	390.0	-11.8%	1,545.8
Enterprise	206.4	198.2	4.1%	802.3
Public	105.1	89.5	17.5%	392.2
Finance	66.4	72.3	-8.1%	317.6
Private & Public	378.0	360.1	5.0%	1,512.1
Total revenue	722.1	750.0	-3.7%	3,057.9
EBITDA	110.3	111.1	-0.8%	497.6
Depreciations and amortizations	63.1	65.6	-3.9%	258.8
Operating profit before special items ¹	47.2	45.5	3.6%	238.7
Special items ¹	6.6	0.0	n.a.	23.8
Operating profit	40.6	45.5	-10.9%	215.0
Net financials	6.1	5.8	5.5%	16.1
Net profit	35.2	40.2	-12.4%	182.7
Investments in tangible assets	34.2	53.0	-35.4%	134.1
Investments in intangible assets and acquisition in subsidiaries	67.6	1.4	4785.4%	87.9
Total assets	2,507.6	2,573.1	-2.5%	2,612.7
Equity	1,162.9	1,068.1	8.9%	1,169.4
Dividends paid	49.4	63.9	-22.8%	113.1
Free cash flow	-16.9	-28.3	n.a.	241.7
Earnings per share				
Earnings per share (DKK)	1.43	1.64	-12.8%	7.43
Diluted earnings per share (DKK)	1.42	1.62	-12.3%	7.36
Employees				
Average number of full-time employees	3,115	3,262	-4.5%	3,237
Financial ratios				
Revenue growth	-3.7%	7.4%	-11.1pp	1.7%
Gross profit margin	14.3%	13.9%	0.4pp	15.5%
EBITDA margin	15.3%	14.8%	0.5pp	16.3%
Operating profit margin before special items	6.5%	6.1%	0.5pp	7.8%
Operating profit margin	5.6%	7.4%	-0.5pp	7.8%
Effective tax rate	24.5%	21.6%	2.9pp	21.0%
Investments/Revenue	5.8%	7.6%	-1.8pp	5.4%
Return on equity ²	15.9%	23.0%	-7.1pp	16.2%
Solvency ratio	46.4%	41.5%	4.9pp	44.8%
Return on invested capital (ROIC) ^{2,3}	9.6%	17.2%	-7.6pp	10.4%
Cash to earnings ²	142.5%	-24.0%	166.5pp	132.3%
Cash to earnings (three-year average) ²	27.7%	20.7%	7pp	55.9%
Additional numbers⁴				
Order entry backlog for the current year	2,287	2,517	-9.1%	-

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

2) Financial metrics are moving annual total (MAT), i.e. annualized. Cash to earnings (three-year-average) is calculated using the past 36 months

3) Net profit/average invested capital

4) Backlog represents anticipated revenue from contracts or orders executed but not yet completed or performed in full, and the revenue that is expected to be recognized in the future

COVID-19 update

Since the outbreak of the COVID-19 pandemic, NNIT has continuously secured stable IT operations for our customers, many of which handle infrastructure and services critical to the Danish society and the international life sciences industry, while helping them adapt to the new situation with many employees working from home. Measures have been taken to ensure the health and safety for our employees globally while securing stable long-term delivery. NNIT complies with all guidelines issued by authorities locally and globally.

In February and March, all Chinese employees worked from home but are now gradually returning to the offices. From the middle of March nearly all employees in Denmark and other affiliates have been working from home. Now employees in Denmark are gradually returning to the offices and as of May 5, 2020 10% work at the offices.

Financial gearing and preparedness

NNIT has a strong balance sheet with a low financial gearing of net debt/EBITDA of 1.1 times as well as large customers with high credit ratings. Besides this NNIT has recently entered a 3+1 year committed credit facility amounting to DKK 900m with two of Scandinavia's largest banks. DKK 350m was utilized as of March 31, 2020.

Business highlights

Below are the key highlights for Q1 2020.

Key wins in Q1 2020:

- Renewal of the operations maintenance agreement with Novo Nordisk representing a mid triple-digit DKK million amount over a five-year-period (company announcement 6/2020)
- Renewal and expansion of the entire IT infrastructure for HK representing a high double-digit DKK million amount over a five-year-period
- Implementation of Regulatory Information Management system (Veeva RIM) with an international life sciences customer representing a low double-digit DKK million amount over a one-year-period
- Extension and expansion of R&D IT program with Roche Pharma representing a low double-digit DKK million amount over a one-year-period
- Renewal of the IT infrastructure operations agreement with DLG representing a low double-digit DKK million amount over a five-year-period

Business and cost restructuring plan

The business and cost restructuring plan is progressing as planned for Q1 2020. The FTE reduction is slightly ahead of plan month by month including both FTE reductions related to the restructuring plan and reductions related to loss of the outsourcing contract with Pandora and the loss of the large application maintenance agreement with the Novo Nordisk Group.

Utilization was on target in both January and February. However, in the last two weeks of March the project and consulting business has been impacted to some extent by the COVID-19 situation and consequently utilization was lower than planned in March.

Microsoft partnership

In the adjusted strategy presented in January 2020, NNIT decided to provide Microsoft's standard solutions as an independent "winning solution" focus area. Many of Microsoft's products become crucial for many of the other focus areas of the strategy such as Data & AI, Cybersecurity and Digital workplace. The increased focus in Microsoft solutions has resulted in an intensified collaboration between NNIT A/S and Microsoft Denmark to help Danish companies realize their cloud potential and support digital transformation.

Performance overview

DKK million (reported currencies)	Q1 2020	Q1 2019	Change (reported)
Revenue	722.1	750.0	-3.7%
Cost of goods sold	618.5	645.5	-4.2%
Gross profit	103.6	104.5	-1.0%
<i>Gross profit margin</i>	<i>14.3%</i>	<i>13.9%</i>	<i>0.4pp</i>
Sales and marketing costs	31.0	32.1	-3.3%
Administrative expenses	25.4	27.0	-5.8%
Operating profit before special items*	47.2	45.5	3.6%
<i>Operating profit margin before special items*</i>	<i>6.5%</i>	<i>6.1%</i>	<i>0.5pp</i>
Special items*	6.6	0.0	n.a.
Operating profit	40.6	45.5	-10.9%
<i>Operating profit margin</i>	<i>5.6%</i>	<i>6.1%</i>	<i>-0.5pp</i>
Net financials	6.1	5.8	5.5%
Profit before tax	46.7	51.3	-9.0%
Tax	11.5	11.1	3.1%
<i>Effective tax rate</i>	<i>24.5%</i>	<i>21.6%</i>	<i>2.9pp</i>
Net profit	35.2	40.2	-12.4%

Revenue in reported currencies decreased by -3.7% in Q1 2020 (-4.0% in constant currencies) mainly impacted by a 29% decline from the Novo Nordisk group. The decline was partly offset by a 21% growth in other life sciences which led to a decline of 12% in the life science segment. Revenue from the private & public segment increased by 5.0%.

In both life sciences and private & public growth is driven by project sales while service level agreements are declining or stable.

Revenue growth was 9.4% (6.9% organic) excluding business from the Novo Nordisk Group in Q1.

Cost of goods sold decreased by 4.2% in Q1 2020 compared to the same period last year. This is mainly due to the implementation of the cost restructuring plan which progresses as planned leading to a higher gross profit margin despite the large revenue decline in the Novo Nordisk Group.

Gross profit decreased by 1.0% leading to a gross profit margin in reported currencies of 14.3% in Q1 2020 compared to 13.9% in Q1 2019. The development is satisfactory and in line with expectations. The gross profit margin in the private & public segment increased by 5.9pp due to the cost restructuring plan and was the key factor in the increase of 0.4pp in the total gross profit margin. The gross profit margin in the life sciences segment declined 4.0pp due to the loss of the large application maintenance agreement and price reduction on the renewed operation maintenance agreement with the Novo Nordisk Group. The operating profit margin in other life sciences increased

significantly in Q1 2020 compared to Q1 2019 due to the cost restructuring plan and high growth in the project business. For further details, see the segmental analysis on the next pages.

Sales and marketing costs and administrative expenses decreased by 3.3% and 5.8% respectively in Q1 2020 compared to the same period last year as a consequence of the cost restructuring plan.

Operating profit before special items in Q1 2020 increased by DKK 1.7m corresponding to an operating profit margin before special items of 6.5% compared to 6.1% in Q1 2020 due to the above-mentioned developments.

Net financials in Q1 2020 were positive with DKK 6.1m which is an improvement of DKK 0.3m compared to Q1 2019 due to higher gains on cash flow hedges.

The effective tax rate for Q1 2020 was 24.5%, an increase of 2.9pp compared to Q1 2019 due to a lower tax deduction on NNIT's long-term incentive programs following the decline in the NNIT share price. The full year impact on the effective tax rate will only be 0.7pp.

Net profit in Q1 2020 was DKK 35m corresponding to a decrease of 12% compared to Q1 2019.

For a detailed performance overview in both reported and constant currencies please see note 8 on page 22. Comparisons in this financial report are hereafter in reported currencies. NNIT's major currencies have appreciated giving operating profit margin in Q1 2020 a headwind of 0.2pp mainly due to the appreciation of CNY (average Q1 2020 compared to average 2019 exchange rates) which increases the cost of NNIT's offshore center in DKK. Revenue growth was impacted positively by 0.3pp mainly due to appreciation of USD (average Q1 2020 compared to average 2019 exchange rates).

Life Sciences

DKK million (reported currencies)	Q1 2020	Q1 2019	Change	2019
Novo Nordisk Group	184.8	258.8	-28.6%	954.9
Life sciences international	91.7	77.4	18.4%	360.9
Life sciences Denmark	67.6	53.7	25.8%	230.0
Revenue	344.1	390.0	-11.8%	1,545.8
Cost of goods sold	281.9	303.8	-7.2%	1,211.9
Gross profit	62.1	86.2	-27.9%	345.7
Gross profit margin	18.1%	22.1%	-4pp	22.2%
Allocated costs	31.1	33.6	-7.6%	130.9
Operating profit before special items*	31.1	52.6	-40.9%	214.8
Operating profit margin before special items*	9.0%	13.5%	-4.4pp	13.9%
Special items*	3.3	0.0	n.a.	11.5
Operating profit	27.7	52.6	-47.2%	203.3
Operating profit margin	8.1%	13.5%	-5.4pp	13.2%

Revenue

Total life sciences revenue decreased by 12% in Q1 2020 compared to the same period last year due to a decline of 29% from the Novo Nordisk Group. Revenue on projects increased by 3.7% while SLA revenue decreased by 25%. Further details on revenue and profit development are explained below.

Novo Nordisk Group:

Revenue from the Novo Nordisk Group decreased by 29% in Q1 2020 compared to the same period last year. Revenue is significantly impacted by the loss of the large application maintenance agreement and the renewed operation maintenance agreement which both impacts the revenue and profitability from January 1, 2020. Further, project revenue declined by 21% compared to Q1 2019.

As a consequence of the large decline in revenue from the Novo Nordisk Group and high growth from other clients, the share of NNIT's revenue from clients outside the Novo Nordisk Group increased to 74% in Q1 2020 from 65% in Q1 2019. NNIT's dependency on the Novo Nordisk Group is thus decreasing rapidly.

Life sciences international:

Revenue from international life sciences increased by 18% in Q1 2020 compared to the same period last year driven by strong growth in Europe and US while China was heavily impacted by COVID-19. The growth came from a wide range of projects and customers within Veeva and other technology areas such as paperless validation (MES), Research & Early Development (pRED) and Lab Information Management Systems (LIMS).

Danish life sciences:

Revenue from Danish life sciences increased by 26% in Q1 2020 compared to Q1 2019 mainly driven by the Association of Danish Pharmacies where the operations agreement was prolonged with additional four years in the beginning of 2020. Further, additional project activities with Leo Pharma within Data & AI contributed to the growth in Q1 2020.

Gross profit and operating profit

In Q1 2020 gross profit margin was 18%, a decrease of 4pp compared to Q1 2019 due to the loss of the application maintenance agreement and price reductions on the prolonged operations maintenance agreement with the Novo Nordisk Group. The cost restructuring program could not fully compensate for this. However, gross profit margin in other life sciences showed a healthy increase supported by the cost restructuring program and high growth in the project business.

Operating profit margin before special items was 9.0%, a decrease of 4.4pp following the decline in gross profit margin.

Private & Public

DKK million (reported currencies)	Q1 2020	Q1 2019	Change	2019
Enterprise	206.4	198.2	4.1%	802.3
Public	105.1	89.5	17.5%	392.2
Finance	66.4	72.3	-8.1%	317.6
Revenue	378.0	360.1	5.0%	1,512.1
Cost of goods sold	336.6	341.7	-1.5%	1,370.7
Gross profit	41.4	18.4	125.4%	78.9
<i>Gross profit margin</i>	<i>11.0%</i>	<i>5.1%</i>	<i>5.9pp</i>	<i>5.4%</i>
Allocated costs	25.3	25.4	-0.4%	105.7
Operating profit before special items*	16.1	-7.0	-328.7%	-26.8
<i>Operating profit margin before special items*</i>	<i>4.3%</i>	<i>-2.0%</i>	<i>6.2pp</i>	<i>-1.8%</i>
Special items*	3.3	0.0	n.a.	12.3
Operating profit	12.8	-7.0	-281.9%	-39.1
<i>Operating profit margin</i>	<i>3.4%</i>	<i>-2.0%</i>	<i>5.3pp</i>	<i>-2.6%</i>

Revenue

Revenue from Private & Public customers increased by 5.0% in Q1 2020 compared to the same period last year.

Revenue on projects in the private & public segment increased by 15% while revenue in service level agreements decreased by 3.2% due to the loss of the Pandora outsourcing agreement which only partly contributed with revenue in Q1 2020 compared to Q1 2019. Further details on revenue and profit development are explained below.

Enterprise customers:

Revenue increased by 4.1% in Q1 2020 compared to the same period last year. The growth was driven by new customers such as GN Hearing, Radius Elnet and Eniig and growth on several existing customers. It should be noted that revenue from Pandora will be phased out over the next two quarters as the contract expires.

Public customers:

Revenue increased by 17.5% in Q1 2020 compared to Q1 2019 mainly due to additional business with UFST (The Ministry of Taxation), ATP and a number of smaller customers.

Finance customers:

Revenue decreased by 8.1% in Q1 2020 compared to Q1 2019 mainly due to the expiry of the contract with the insurance company MIA and lower revenue on PFA Pension as Q1 2019 was positively impacted by a large implementation project.

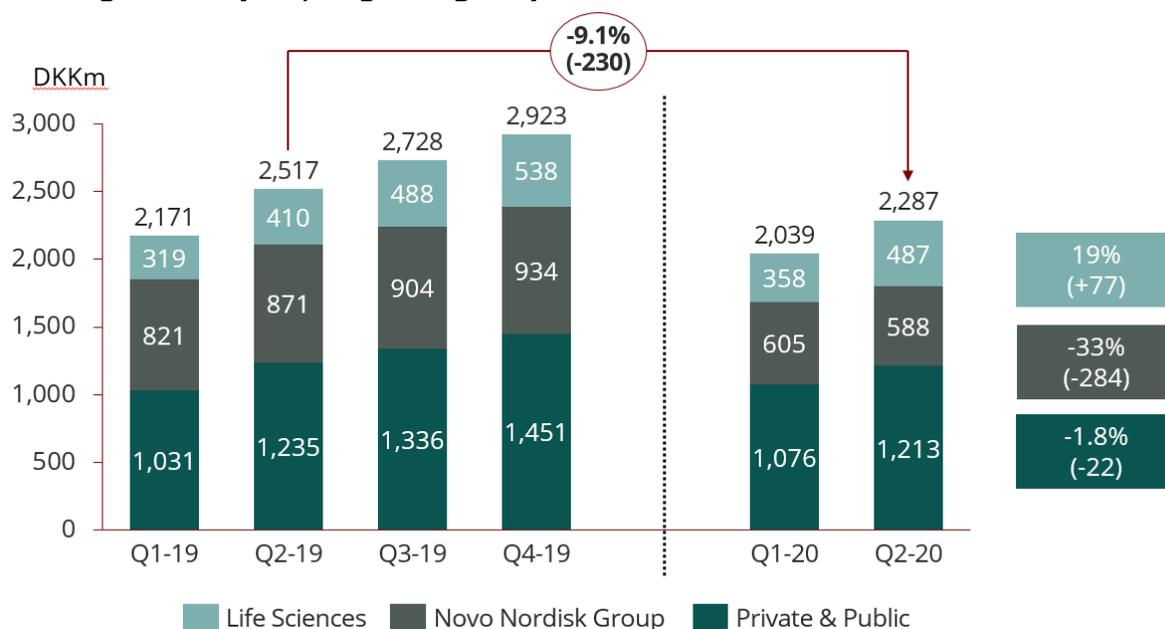
Gross profit and operating profit

Gross profit margin in the public & private segment increased from 5.1% in Q1 2019 to 11% in Q1 2020 giving an operating profit margin before special items of 4.3% in Q1 2020 compared to -2.0% the same period last year.

The cost restructuring plan is the main factor behind the increased gross- and operating profit margin, but increased focus on project execution and sales excellence has also supported the positive development.

Order backlog

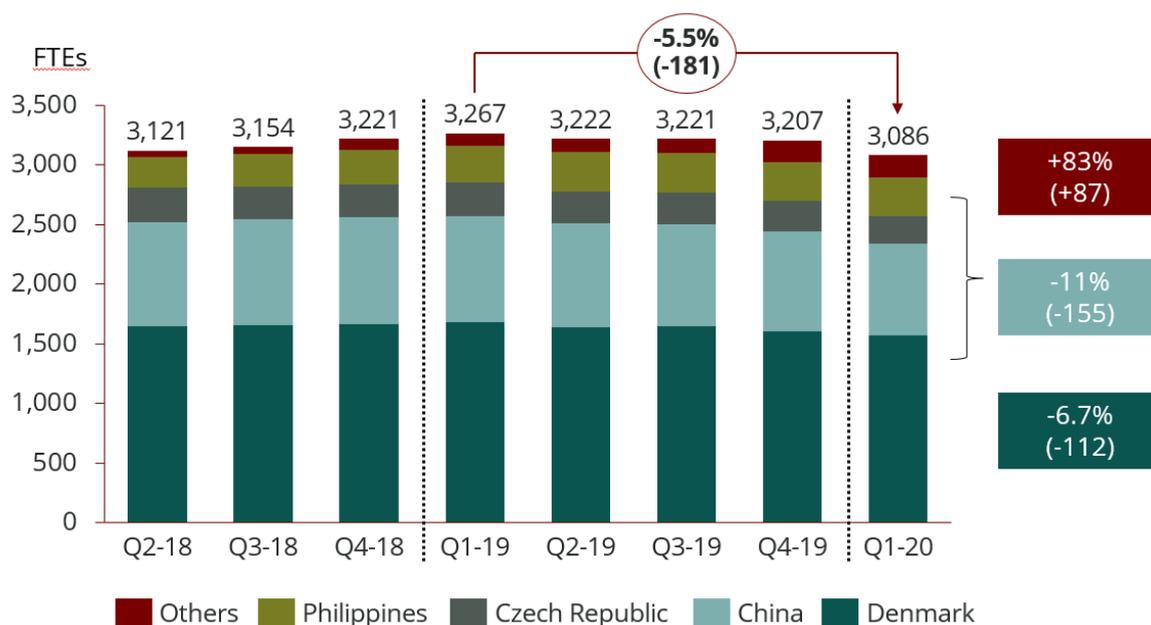
Backlog for the year, beginning of quarter



At the beginning of Q2 2020, NNIT's order entry backlog for 2020 amounted to DKK 2,287 million, which was a decrease of 9.1% compared to last year. The backlog from life sciences clients excluding the Novo Nordisk Group increased by 19% driven by international life sciences while the Novo Nordisk Group declined by 33% due to the loss of the large application maintenance contract and a considerable price reduction on the prolonged operation maintenance agreement. Private & public decreased by 1.8% due to expiry of the Pandora outsourcing contract later in the year.

The high growth in NNIT's project business with low backlog visibility and a declining/stagnating multiyear outsourcing business makes the backlog numbers less useful as a predictor for revenue growth. Therefore, the backlog for the current year should be interpreted with caution.

Employees, end-of-period



At the end of Q1 2020, the number of employees decreased by 181 FTEs corresponding to -5.5% compared to the same time last year. The decrease was driven by the Denmark (-112 FTEs), China (-122 FTEs) and Czech (-48 FTEs) while FTEs in our international offices (excluding outsourcing centers) increased by 87 FTEs. Adjusted for the HGP acquisition the number of FTEs declined by 7.5%.

Balance sheet

Total assets at March 31, 2020 decreased by DKK 66m to DKK 2,507m compared to DKK 2,573m at March 31, 2019 primarily due to a decrease in tangible assets, lease assets and contracts assets partly countered by an increase in intangible assets after the acquisition of HGP.

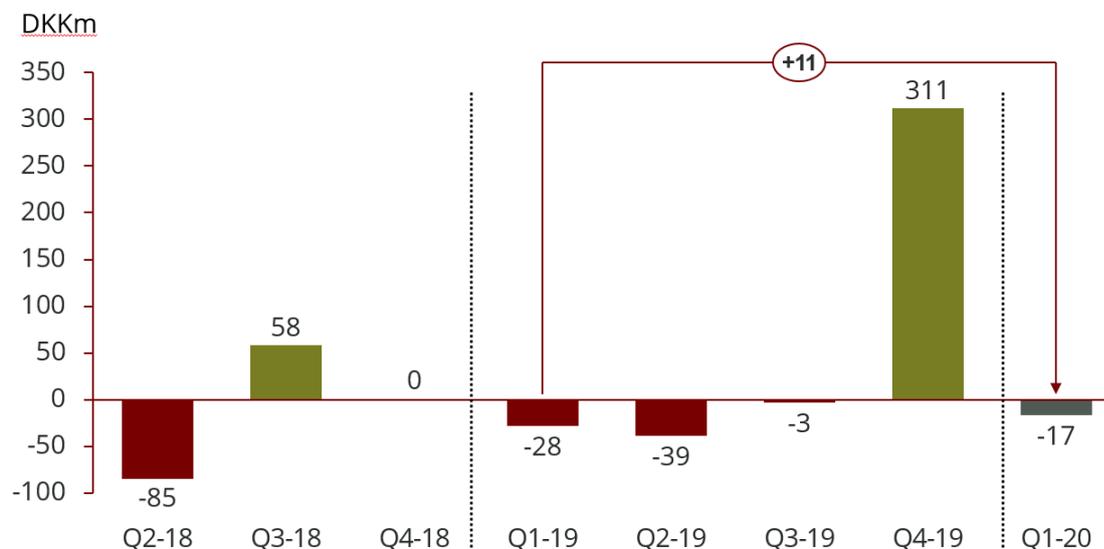
Net cash and cash equivalents amounted to DKK -198m at March 31, 2020, an increase of DKK 56m compared to March 31, 2019. The increase was mainly driven by cash flows from operating activities partly countered by payments related to acquisitions (DKK 118m), payment of interim dividend for 2019 (DKK 49) and ordinary dividend for 2019 (DKK 49m).

Equity at March 31, 2020 amounted to DKK 1,163m, an increase of DKK 95m compared to March 31, 2019. The improvement was mainly due to net profits for the period offset by the payment of interim dividend for 2019 (DKK 49m) and ordinary dividend for 2019 (DKK 49m).

Investments

Investments excluding investments related to acquisition of subsidiaries amounted to DKK 41.6m in Q1 2020 compared to DKK 56.8m in Q1 2019. The decrease is mainly due to timing of investments.

Free cash flow



The free cash flow for Q1 2020 was negative with DKK 16.9m which was DKK 11.4m above Q1 2019 due to higher cash flow from operating activities partly countered by higher investments mainly due to the payment of earn-out in Q1 2020.

Given the COVID-19 situation the Board has decided that it is not prudent at this point in time to indicate whether to pay interim dividends in 2020

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 March 31, 2020.

Management statement

Statement by the Board of Directors and the Executive Management on the unaudited interim consolidated financial statements of NNIT A/S as at and for the three months ended March 31, 2020

The Board of Directors and Executive Management ("Management") have reviewed and approved the interim consolidated financial statements of NNIT A/S (NNIT A/S, together with its subsidiaries, the "Group") for the first three months of 2020 with comparative figures for the first three months of 2019. The interim consolidated financial statements have not been audited or reviewed by the company's independent auditors.

The interim consolidated financial statements for the first three months of 2020 have been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the European Union and accounting policies set out in the annual report for 2019 of NNIT A/S. Furthermore, the interim consolidated financial statement for the first three months of 2020 and Management's review are prepared in accordance with additional Danish disclosure requirements for interim reports of listed companies.

In our opinion, the accounting policies used are appropriate and the overall presentation of the interim consolidated financial statements for the first three months of 2020 are adequate and give a true and fair view of the Group's assets, liabilities and financial position as at March 31, 2020 and of the results of the Group's operations and cash flow for the three months ended March 31, 2020. Furthermore, in our opinion, Management's review includes a true and fair account of the development in the operations and financial circumstances, of the results for the period and of the financial position of the Group as well as a description of the most significant risks and elements of uncertainty facing the Group in accordance with Danish disclosure requirements for listed companies.

Besides what has been disclosed in the interim consolidated financial statements and Management's review for the first three months of 2020, no changes in the Group's most significant risks and uncertainties have occurred relative to what was disclosed in the Annual Report for 2019 of NNIT A/S.

Søborg, May 6, 2020

Executive management

Per Kogut
CEO

Carsten Krogsgaard Thomsen
CFO

Board of Directors

Carsten Dilling
Chairman

Peter H. J. Haahr
Deputy Chairman

Anne Broeng

Eivind Kolding

Christian Kanstrup

Caroline Serfass

Anders Vidstrup

Brankica Markovic

Trine Io Bjerregaard

Consolidated financial statements

Income statement and Statement of comprehensive income

DKK million	Note	Q1 2020	Q1 2019	12M 2019
Income statement				
Revenue	1			
	2	722	750	3.058
Cost of goods sold		619	645	2.583
Gross profit		103	105	475
Sales and marketing costs		31	32	131
Administrative expenses		25	27	105
Operating profit before special items		47	46	239
Special items*	3	7	0	24
Operating profit		40	46	215
Financial income		10	9	32
Financial expenses		4	3	16
Profit before income taxes		46	52	231
Income taxes		11	11	48
Net profit for the period		35	41	183

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

Earnings per share	DKK	DKK	DKK
Earnings per share	1,43	1,64	7,43
Diluted earnings per share	1,42	1,62	7,36

Statement of comprehensive income

DKK million				
Net profit for the period		35	41	183
Other comprehensive income:				
<i>Items that will not be reclassified subsequently to the Income statement:</i>				
Remeasurement related to pension obligations		2	0	9
Tax on other comprehensive income		0	0	-1
<i>Items that will be reclassified subsequently to the Income statement, when specific conditions are met:</i>				
Currency revaluation related to subsidiaries (net)		-2	3	1
Recycled to financial items		6	7	21
Unrealized value adjustments		-12	-1	-20
Cash flow hedges		-6	6	1
Tax on other comprehensive income related to cash flow hedges		1	-1	1
Other comprehensive income, net of tax		-5	8	11
Total comprehensive income		30	49	194

Balance sheet

Assets

	Note	March 31, 2020	March 31, 2019	Dec 31, 2019
DKK million				
Intangible assets		528	431	524
Tangible assets		559	595	576
Lease assets		293	364	316
Contract assets		63	106	69
Deferred tax		33	39	32
Deposits		32	33	34
Total non-current assets		1,508	1,568	1,551
Inventories		2	2	2
Contract assets		46	50	53
Trade receivables	4	507	535	627
Work in progress	4	149	180	140
Other receivables		27	7	11
Pre-payments		120	120	84
Tax receivable		18	15	11
Derivative financial instruments		10	19	12
Cash and cash equivalents		120	77	122
Total current assets		999	1,005	1,062
Total assets		2,507	2,573	2,613

Equity and liabilities

		March 31, 2020	March 31, 2019	Dec 31, 2019
DKK million				
Share capital		250	250	250
Treasury shares		-3	-4	-4
Retained earnings		909	802	860
Other reserves		7	20	14
Proposed dividends		0	0	49
Total equity		1,163	1,068	1,169
Leasing liability		220	297	236
Deferred tax		0	4	0
Employee benefit obligation		107	17	82
Contingent consideration (earn out)		44	114	43
Provisions		25	25	28
Long term loan		28	0	28
Bank overdraft		318	331	231
Total non-current liabilities		742	788	648
Prepayments received, contract assets		26	77	42
Prepayments received, work in progress	4	89	92	98
Leasing liability		87	78	90
Trade payables		70	146	88
Employee cost payable		170	215	228
Tax payables		8	4	9
Other current liabilities		125	104	155
Derivative financial instruments		7	1	1
Contingent consideration (earn out)		17	0	81
Provisions		3	0	4
Total current liabilities		602	717	796
Total equity and liabilities		2,507	2,573	2,613
Contingent liabilities and legal proceedings	5			
Currency hedging	6			

Statement of cash flow

DKK million		Q1 2020	Q1 2019	12M 2019
Net profit for the period	Note	35	41	183
Reversal of non-cash items		110	82	439
Interest received		0	0	0
Interest paid		-3	-3	-16
Income taxes paid		-19	-29	-50
Cash flow before change in working capital		123	91	556
Changes in working capital		-40	-64	-91
Cash flow from operating activities		83	27	465
Capitalization of intangible assets		-7	-4	-33
Purchase of tangible assets		-17	-37	-135
Change in trade payables related to investments		-18	-16	1
Payment of deposits		2	0	0
Acquisition cost refunded		0	2	2
Acquisition of subsidiary		0	0	-58
Payment of earn-out		-60	0	0
Cash flow from investing activities		-100	-55	-223
Dividends paid		-49	-64	-113
Purchase of treasury shares		0	-5	-5
Installments on lease liabilities		-23	-22	-93
Long term loan		0	0	-5
Bank overdraft		87	88	-12
Cash flow from financing activities		15	-3	-228
Net cash flow		-2	-31	14
Cash and cash equivalents at the beginning of the period		122	108	108
Cash and cash equivalents at the end of the period		120	77	122
Additional information¹:				
Cash and cash equivalents		120	77	122
Bank overdraft		-318	-331	-231
Committed credit facilities		900	540	900
Financial resources at the end of the period		702	286	791
Cash flow from operating activities		83	27	465
Cash flow from investing activities		-100	-55	-223
Free cash flow		-17	-28	242

¹ Additional non-IFRS measures. 'Financial resources at the end of the period' is defined as the sum of cash and cash equivalents at the end of the period and undrawn committed credit facilities. Free cash flow is defined as 'cash flow from operating activities' less 'cash flow from investing activities'.

Statement of changes in equity

DKK million	Share capital	Treasury shares	Retained earnings	Other reserves			Total other reserves	Proposed dividends	Total
				Currency revaluation	Cash flow hedges	Tax			
March 31, 2020									
Balance at the beginning of the period	250	-4	860	7	9	-2	14	49	1,169
Net profit for the period	0	0	35	0	0	0	0	0	35
Other comprehensive income for the period	0	0	2	-2	-6	1	-7	0	-5
Total comprehensive income for the period	0	0	37	-2	-6	1	-7	0	30
Transactions with owners:									
Transfer of treasury shares	0	1	8	0	0	0	0	0	9
Share-based payments	0	0	4	0	0	0	0	0	4
Deferred tax on share-based payments	0	0	0	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	0	0	-49	-49
Balance at the end of the period	250	-3	909	5	3	-1	7	0	1,163

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

DKK million	Share capital	Treasury shares	Retained earnings	Other reserves			Total other reserves	Proposed dividends	Total
				Currency revaluation	Cash flow hedges	Tax			
March 31, 2019									
Balance at the beginning of the period	250	-5	764	6	8	-2	12	64	1,085
Net profit for the period	0	0	41	0	0	0	0	0	41
Other comprehensive income for the period	0	0	0	3	6	-1	8	0	8
Total comprehensive income for the period	0	0	41	3	6	-1	8	0	49
Transactions with owners:									
Purchase of treasury shares	0	0	-5	0	0	0	0	0	-5
Transfer of treasury shares	0	1	-1	0	0	0	0	0	0
Share-based payments	0	0	4	0	0	0	0	0	4
Deferred tax on share-based payments	0	0	-1	0	0	0	0	0	-1
Dividends paid	0	0	0	0	0	0	0	-64	-64
Balance at the end of the period	250	-4	802	9	14	-3	20	0	1,068

Notes**Note 1***Accounting policies*

The consolidated financial statements for the first three months of 2020 have been prepared in accordance with IAS 34 'Interim Financial Reporting' and on the basis of the same accounting policies for recognition and measurement as were applied in the Annual Report 2019.

The financial reporting including the consolidated financial statements for the first three months of 2020 and Management's review have been prepared in accordance with additional Danish disclosure requirements for interim report of listed companies. See pages 57 to 62 of the Annual Report 2019 for a comprehensive description of the accounting policies applied for recognition and measurement.

Note 2

Quarterly numbers

DKK million	2020	2019			
	Q1	Q4	Q3	Q2	Q1
Revenue	722	801	763	744	750
Cost of goods sold	619	657	637	644	645
Gross profit	103	144	127	100	105
Sales and marketing costs	31	34	33	31	32
Administrative expenses	25	29	25	24	27
Operating profit before special items	47	81	69	44	46
Special items*	7	8	16	0	0
Operating profit	40	73	53	44	46
Net financials	6	4	7	-1	6
Profit before income taxes	46	77	59	43	51
Income taxes	11	18	9	9	11
Net profit for the period	35	59	50	34	40

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

Segment disclosures

DKK million	2020	2019			
	Q1	Q4	Q3	Q2	Q1
Revenue by customer group					
<i>Novo Nordisk Group</i>	185	237	223	235	259
<i>Life sciences international</i>	92	99	95	90	77
<i>Life sciences Denmark</i>	67	64	57	56	54
Life sciences	344	400	375	381	390
<i>Enterprise</i>	206	203	212	190	198
<i>Public</i>	105	109	98	96	90
<i>Finance</i>	67	89	78	77	72
Private & public	378	401	388	363	360
Total revenue	722	801	763	744	750
Gross profit by business unit					
Life sciences	62	97	78	73	86
Private & public	41	48	48	27	18
Total Gross profit	103	144	127	100	105
Operating profit by business unit					
Life sciences	31	63	46	41	53
Private & public	16	18	22	3	-7
Total operating profit before special items	47	81	69	44	46

The Danish operations generated 81% of NNIT's revenue in the first three months of 2020 and 84% in the same period last year based on the location of customer purchase orders. As a consequence of the predominantly Danish revenue, we will not disclose a geographical revenue split.

Note 3

Special items

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

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

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

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

Q1 2020 was affected by DKK 7 million.

Note 4

Related party transactions

DKK million	March 31, 2020	March 31, 2019	Dec 31, 2019
Assets			
Receivables from related parties	97	136	146
Work in progress related parties	53	93	54
Liabilities			
Liabilities to related parties	1	91	0
Prepayments from related parties	34	17	20

Note 5

Contingent liabilities and legal proceedings

Contingent liabilities

None

Legal proceedings

None

Note 6

Currency hedging

NNIT's objective is at any time to limit the company's financial risks.

NNIT is exposed to exchange rate risks in the countries where NNIT has its main activities. The majority of NNIT's sales are in DKK and EUR, implying limited foreign exchange risk, due to the parent company's functional currency being DKK and Denmark's fixed-rate policy towards EUR. NNIT's foreign exchange risk therefore primarily stems from transactions carried out in the currencies of other countries in which NNIT mainly operates: primarily the Chinese yuan, and, to a lesser extent, the Czech koruna, the Philippine peso, the Swiss franc and the British pound.

At present NNIT's sales in Chinese yuan, Czech koruna, and Swiss franc are not sufficiently to balance these currency risks. To manage foreign exchange rate risks, NNIT has entered into hedging contracts to hedge major foreign currency balances in Chinese yuan, Czech koruna and the Philippine peso. Due to the size of the exposure Swiss franc is not hedged.

Cumulative profit on derivative financial instruments regarding future cash flow per March 31, 2020 is recognized in Equity (Other comprehensive income) with an amount of DKK -6.1m before tax (DKK 5.3m after tax).

Note 7

Currency sensitivities

	Estimated annual impact on NNIT's operating profit of a 10% increase in the outlined currencies against DKK*	Hedging period (months)
EUR	DKK 28 million	-
CNY	DKK -17 million	14
CZK	DKK -9 million	14
PHP	DKK -7 million	14
USD	DKK 6 million	-
CHF	DKK -1 million	-

Hedging gains and losses do not impact operating profit as they are recognized under net financials. For further details on hedging, please see note 6 above.

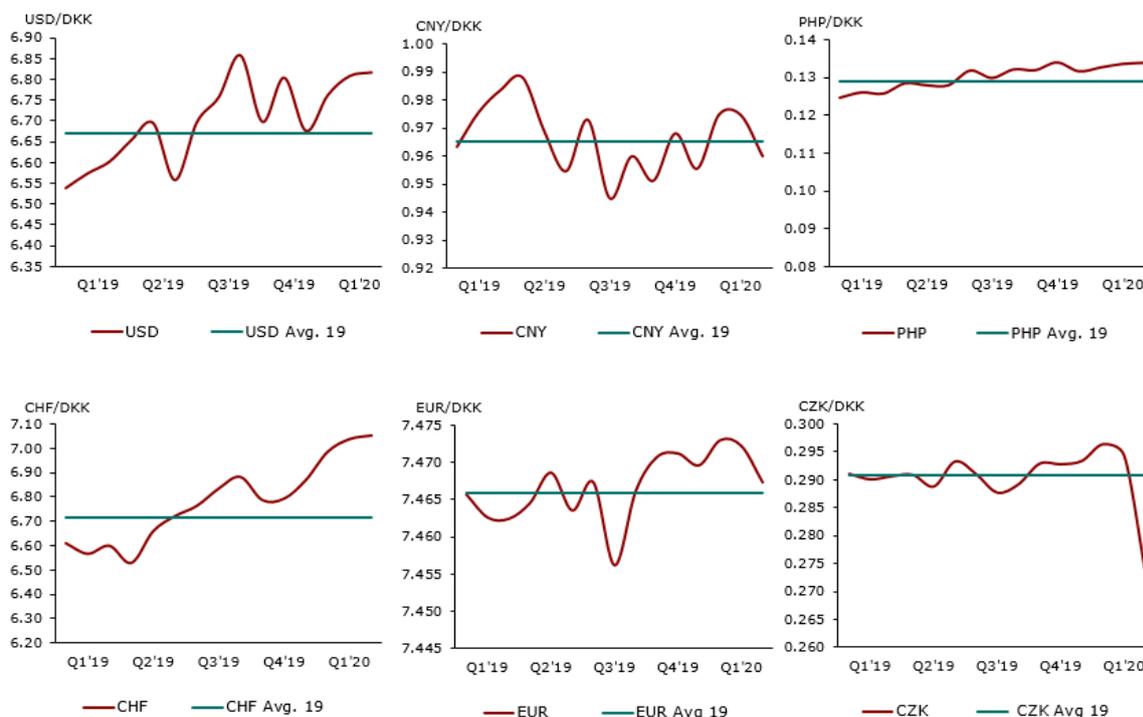
* The above sensitivities address hypothetical situations and are provided for illustrative purposes only. The sensitivities assume the business develops consistent with the current 2020 business plan.

Key currency assumptions

DKK per 100	2018 average exchange rates	2019 average exchange rates	YTD 2020 average exchange rates at April 29, 2020	Current exchange rates at April 29, 2020
CNY	95.43	96.53	97.11	97.31
EUR	745.32	746.60	746.94	745.85
CZK	29.06	29.08	28.78	27.53
PHP	11.98	12.88	13.38	13.61
CHF	645.74	671.37	701.95	706.56
USD	631.74	667.03	679.86	686.25

Currency development

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



NNIT has hedged 90% of its net exposure in Chinese yuan (CNY hedged with CNH (CNY offshore)) and Czech koruna (CZK) for the coming 14 months.

Note 8

Performance in constant and reported currencies

Performance overview

DKK million (reported currencies)	Q1 2020	Q1 2020 (constant*)	Q1 2019	Change (reported)	Change (constant)
Revenue	722.1	720.2	750.0	-3.7%	-4.0%
Cost of goods sold	618.5	615.8	645.5	-4.2%	-4.6%
Gross profit	103.6	104.4	104.5	-1.0%	-0.1%
<i>Gross profit margin</i>	<i>14.3%</i>	<i>14.5%</i>	<i>13.9%</i>	<i>0.4pp</i>	<i>0.6pp</i>
Sales and marketing costs	31.0	30.8	32.1	-3.3%	-3.8%
Administrative expenses	25.4	25.3	27.0	-5.8%	-6.2%
Operating profit before special items*	47.2	48.3	45.5	3.6%	6.1%
<i>Operating profit margin before special items*</i>	<i>6.5%</i>	<i>6.7%</i>	<i>6.1%</i>	<i>0.5pp</i>	<i>0.6pp</i>
Special items*	6.6	6.6	0.0	n.a.	n.a.
Operating profit	40.6	41.7	45.5	-10.9%	-8.4%
<i>Operating profit margin</i>	<i>5.6%</i>	<i>5.8%</i>	<i>6.1%</i>	<i>-0.5pp</i>	<i>-0.3pp</i>
Net financials	6.1	n.a.	5.8	5.5%	n.a.
Profit before tax	46.7	n.a.	51.3	-9.0%	n.a.
Tax	11.5	n.a.	11.1	3.1%	n.a.
<i>Effective tax rate</i>	<i>24.5%</i>	<i>n.a.</i>	<i>21.6%</i>	<i>2.9pp</i>	<i>n.a.</i>
Net profit	35.2	n.a.	40.2	-12.4%	n.a.

*Constant currencies measured using average exchange rates for Q1 2019.

Revenue distribution

DKKm (reported currencies)	Q1 2020	Q1 2020 (constant*)	Q1 2019	Pct Change (reported)	Pct Change (constant)
Novo Nordisk Group	184.8	184.8	258.8	-28.6%	-28.6%
Life sciences international	91.7	90.3	77.4	18.4%	16.6%
Life sciences Denmark	67.6	66.9	53.7	25.8%	24.5%
Life sciences	344.1	341.9	390.0	-11.8%	-12.3%
Enterprise	206.4	206.3	198.2	4.1%	4.1%
Public	105.1	105.5	89.5	17.5%	17.8%
Finance	66.4	66.4	72.3	-8.1%	-8.1%
Private & Public	378.0	378.2	360.1	5.0%	5.0%
Total	722.1	720.2	750.0	-3.7%	-4.0%

*Constant currencies measured using average exchange rates for Q1 2019.