

## Company announcement 01/2021 January 29, 2021

### Financial report 2020

## 2020 financial performance in line with guidance – Revenue growth of -7.5% to DKK 2,830m and an operating profit margin before special items of 5.8%

### Performance highlights for the fourth quarter 2020

- Revenue decreased by 6.5% to DKK 749m in comparison to Q4 2019. Positively, revenue from Life Sciences international increased by 37% (24% organic) to DKK 136m whilst revenue from Life Sciences Denmark increased by 6.3% to DKK 67m
- Revenue from the Novo Nordisk Group declined as expected by 12% compared to Q4 2019. The share of NNIT's revenue from customers outside the Novo Nordisk Group was 72% compared to 70% in Q4 2019
- The COVID-19 situation continued to impact performance in Q4 2020 with uncertainty leading to delays of tenders and projects
- Operating profit margin before special items at 7.3% compared to 10% in Q4 2019
- Net profit at DKK 18m compared to DKK 58m in Q4 2019 due to a lower operating profit, increase in special items and adjustment of an earn-out agreement
- Order backlog for 2021 at the beginning of Q1 2021 at DKK 1,999m, an underlying increase of around 1.5% compared to the same time last year
- Outlook for 2021:  
In 2021, growth is expected to return driven by Life Sciences international and traction in Winning Solutions. The Private & Public segment is expected to be challenged by delays in project work and tenders partly due to the COVID-19 situation. Hence, we see significant guidance sensitivities despite having secured a solid backlog. Our guidance for 2021 is specified as follows in reported currencies:
  - Revenue growth of 1-4%
  - Operating profit margin before special items of 6-7%
  - Investment level of 5-7% of total revenue excluding acquisitions
- Due to low leverage and positive cash flow generation, the Board of Directors proposes to pay out DKK 3.00 per share corresponding to DKK 74m which includes the interim dividend for 2020 (DKK 49m) paid in August 2020. This corresponds to a pay-out ratio of net profit of 97% and a dividend yield of 2.5%

Per Kogut, CEO at NNIT comments: "NNIT concluded 2020 in-line with the financial guidance. Q4 contributed an organic double digit, profitable growth within the Life Sciences international business. The acquisition of Excellis positively added further growth. As expected, the Novo Nordisk Group impacted growth and margin development negatively and the P&P business contracted partly due to the COVID-19 situation. We have focused on the execution of the set strategy in the challenging times of 2020 and are looking forward to a hopefully more normalized 2021"

## Financial Overview

DKK million	Q4 2020 (reported)	Q4 2020 (constant)*	Q4 2019*	Pct./pp Change (reported)	Pct./pp Change (constant)
Revenue	749	756	801	-6.5%	-5.6%
Gross profit margin	14.8%	14.7%	18.0%	-3.2pp	-3.3pp
Operating profit before special items	55	56	81	-32.1%	-30.9%
Operating profit margin before special items	7.3%	7.4%	10.0%	-2.7pp	-2.6pp
Special items	18	18	8	125.0%	125.0%
Operating profit	37	38	73	-49.3%	-47.9%
Operating profit margin	5.0%	5.0%	9.1%	-4.1pp	-4.1pp
Net profit	18	n.a.	58	-69.0%	n.a.
Investments (CAPEX)	31	n.a.	21	47.6%	n.a.
Free cash flow	-40	n.a.	312	-112.8%	n.a.

DKK million	2020 (reported)	2020 (constant)*	2019*	Pct./pp Change (reported)	Pct./pp Change (constant)
Revenue	2,830	2,839	3,058	-7.5%	-7.2%
Gross profit margin	13.7%	13.6%	15.5%	-1.8pp	-1.9pp
Operating profit before special items	165	165	239	-31.0%	-31.0%
Operating profit margin before special items	5.8%	5.8%	7.8%	-2pp	-2pp
Special items	43	43	24	79.2%	79.2%
Operating profit	122	122	215	-43.3%	-43.3%
Operating profit margin	4.3%	4.3%	7.0%	-2.7pp	-2.7pp
Net profit	76	n.a.	183	-58.5%	n.a.
Investments (CAPEX)	135	n.a.	167	-19.2%	n.a.
Free cash flow	143	n.a.	243	-41.2%	n.a.

\*Constant currencies measured using average exchange rates for 2019

## Guidance 2021

In 2021, the growth is expected to return driven by Life Sciences international including the acquisition of Excellis and traction in Winning Solutions. The Private & Public segment seems to continue to be impacted by COVID-19 and is expected to be challenged through 2021 by delays in project work and tenders. Hence, we see significant guidance sensitivities despite having secured a solid backlog. Our guidance for 2021 is specified as follows:

Guidance for 2021	
<b>Revenue growth</b>	
Revenue growth in reported currencies	1-4%
<b>Operating profit margin</b>	
In reported currencies	6-7% before special items
Investments / Revenue	5-7%

**The NNIT Group** provides a wide range of IT and consulting services to the world. Supporting the entire supply chain, we help optimize internal company processes, production and sales as well as delivery to customers. We are experts in supporting the world's most regulated industries subject to strict governance of processes, quality and data management and documentation – and in guiding them on their digital journey. The Group consists of group company NNIT A/S and the subsidiaries Valiance, SCALES and Excellis Health Solutions. Together, these companies employ over 3,000 people, primarily in Europe, Asia and the USA. In Denmark, where the Group HQ is based, we are one of the leading IT consultancies, servicing both private and public sector customers across all industries. In the rest of Europe, USA and Asia, we are solely focused on companies within life sciences. Read more at [www.nnit.com](http://www.nnit.com)

### Conference call details

NNIT will host a teleconference January 29, 2021 at 9:30 CET about the financial report for 2020. Please visit the NNIT webpage at [www.nnit.com](http://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/fy2020/>

Participant telephone numbers:

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### Financial Calendar 2021

March 10, 2021	Annual General Meeting
May 7, 2021	Interim report for the first three months of 2021
August 12, 2021	Interim report for the first six months of 2021
November 3, 2021	Interim report for the first nine months of 2021

### Forward-looking statements

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

Please also refer to the overview of risk factors in the 'risk management' section on page 41-43 in the Annual Report 2020.

### Contacts for further information

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## Financial figures and highlights

DKK million, reported currencies	Q4 2020	Q4 2019	2020	2019	Change 12M
<b>Financial performance</b>					
<b>Revenue</b>					
Novo Nordisk Group	209	237	732	955	-23.4%
Life sciences international	136	99	456	361	26.3%
Life sciences Denmark	67	64	261	230	13.5%
Life sciences	412	400	1,449	1,546	-6.3%
Enterprise	172	203	712	802	-11.2%
Public	104	109	407	392	3.8%
Finance	61	89	262	318	-17.6%
Private & Public	337	401	1,381	1,512	-8.7%
Total revenue	749	801	2,830	3,058	-7.5%
EBITDA	113	144	399	498	-19.9%
Depreciations and amortizations	58	63	234	259	-9.7%
Operating profit before special items <sup>1</sup>	55	81	165	239	-31.0%
Special items <sup>1</sup>	18	8	43	24	79.2%
Operating profit	37	73	122	215	-43.3%
Net financials	-10	4	-20	16	-225.0%
Net profit	18	58	76	183	-58.5%
Investments in tangible assets	15	7	95	134	-29.1%
Investments in intangible assets and acquisition in subsidiaries	204	5	228	89	156.2%
Total assets	2,662	2,613	2,662	2,613	1.9%
Equity	1,134	1,169	1,134	1,169	-3.0%
Dividends paid	0	0	74	98	-24.5%
Free cash flow	-40	312	143	243	-41.2%
<b>Earnings per share</b>					
Earnings per share (DKK)	0.72	2.36	3.07	7.43	-58.7%
Diluted earnings per share (DKK)	0.71	2.34	3.04	7.36	-58.7%
<b>Employees</b>					
Average number of full-time employees	3,083	3,241	3,083	3,237	-4.8%
<b>Financial ratios</b>					
Revenue growth	-6.5%	-2.7%	-7.5%	1.7%	-9.2pp
Gross profit margin	14.8%	18.0%	13.7%	15.5%	-1.8pp
EBITDA margin	15.1%	18.0%	14.1%	16.3%	-2.2pp
Operating profit margin before special items	7.3%	10.1%	5.8%	7.8%	-2pp
Operating profit margin	4.9%	9.1%	4.3%	7.0%	-2.7pp
Effective tax rate	33.3%	24.7%	25.5%	20.8%	4.7pp
Investments/Revenue	4.1%	2.6%	4.8%	5.4%	-0.6pp
Return on equity <sup>2</sup>	6.6%	16.2%	6.6%	16.2%	-9.6pp
Solvency ratio	42.6%	44.7%	42.6%	44.7%	-2.1pp
Return on invested capital (ROIC) <sup>2,3</sup>	6.1%	10.4%	6.1%	10.4%	-4.3pp
Cash to earnings <sup>2</sup>	188.2%	132.2%	188.2%	132.2%	56pp
Cash to earnings (three-year average)	101.2%	55.8%	101.2%	55.8%	45.4pp
<b>Additional numbers<sup>4</sup></b>					
Order entry backlog for the current year	1,999	2,039	1,999	2,039	-2.0%

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

### Key wins since the Q3 2020 company announcement:

- Veeva Regulatory Information Management (RIM) for a global top-10 life sciences company representing a high double-digit DKK million amount over a four-year-period
- Extension of Veeva Vault Safety implementation related to COVID-19 vaccine development and production for AstraZeneca representing a low double-digit DKK million amount for a one-year period
- End-to-end IT services including application maintenance and infrastructure operations for Orifarm representing a high double-digit DKK million amount over a five-year period
- Re-win of Microsoft Dynamics AX support agreement for Pandora representing a medium double-digit DKK million amount for a three-year period
- Housing services in NNIT's Tier III data center for the Agency for Governmental IT Services (Statens IT) representing a medium double-digit DKK million amount for a five-year period

### Business and cost restructuring plan

The business and cost restructuring plan has progressed in line with expectations during 2020. The automation initiatives have secured a more efficient infrastructure operation with less manual involvement, while both staff- and external costs have been reduced. In addition, utilization has increased in 2020 when compared to 2019. Utilization and other efficiency measures remain in focus going forward.

### Acquisition of Excellis Health Solutions (Excellis)

In November 2020, NNIT acquired the US-based IT company Excellis - a leading specialized global provider of end-to-end supply chain consulting services to the life sciences industry. With this acquisition NNIT further strengthens its leading global position within life sciences. Excellis will add to NNIT's customer offerings across the global pharma and biotech industries and enhance the Group's ability to provide end-to-end life sciences IT solutions to the customers.

## Group performance overview – reported currencies

### Fourth quarter 2020

DKK million (reported currencies)	Q4 2020	Q4 2019	Change (reported)	2019
<b>Revenue</b>	749	801	-6.5%	3,058
Cost of goods sold	638	657	-2.9%	2,583
<b>Gross profit</b>	<b>111</b>	<b>144</b>	<b>-22.9%</b>	<b>475</b>
<i>Gross profit margin</i>	<i>14.8%</i>	<i>18.0%</i>	<i>-3.2pp</i>	<i>15.5%</i>
Sales and marketing costs	34	34	0.0%	131
Administrative expenses	22	29	-24.1%	105
<b>Operating profit before special items</b>	<b>55</b>	<b>81</b>	<b>-32.1%</b>	<b>239</b>
<i>Operating profit margin before special items</i>	<i>7.3%</i>	<i>10.1%</i>	<i>-2.8pp</i>	<i>7.8%</i>
Special items	18	8	125%	24
<b>Operating profit</b>	<b>37</b>	<b>73</b>	<b>-49%</b>	<b>215</b>
<i>Operating profit margin</i>	<i>4.9%</i>	<i>9.1%</i>	<i>-4.2pp</i>	<i>7.0%</i>
Net financials	-10	4	-350%	16
<b>Profit before tax</b>	<b>27</b>	<b>77</b>	<b>-65%</b>	<b>231</b>
Tax	9	19	-52.6%	48
<i>Effective tax rate</i>	<i>33.3%</i>	<i>24.7%</i>	<i>8.7pp</i>	<i>20.8%</i>
<b>Net profit</b>	<b>18</b>	<b>58</b>	<b>-69.0%</b>	<b>183</b>

Revenue decreased by 6.5% to DKK 749m compared to Q4 2019. Revenue from Life Sciences international and Life Sciences Denmark increased by 37% and 4.7% respectively whilst the Novo Nordisk Group as expected declined by 12% and the Private & Public segment declined by 16%.

Cost of goods sold decreased by 2.9% to DKK 638m compared to Q4 2019. The decrease was mainly due to the implementation of the cost restructuring program to match the reduced business activity.

Gross profit decreased by 23% to DKK 111m leading to a gross profit margin of 15% compared to 18% in Q4 2019.

Sales and marketing costs were on par with Q4 2019.

Administrative expenses decreased by 24% compared to Q4 2019 due to cost reductions as part of the cost restructuring plan.

Operating profit before special items ended at DKK 55m. This corresponds to an operating profit margin before special items of 7.3% compared to 10% in Q4 2019.

Net financials were negative at DKK 10m representing a decrease of DKK 14m compared to Q4 2019. The negative development mainly relates to an adjustment of the Valiance earn-out agreement where payments are expected to increase following their strong results.

The effective tax rate was 33.3%, an increase of 8.7pp compared to Q4 2019 due to a one-off increase in non-deductible cost within special items as well as non-deductible withholding tax regarding dividend from subsidiaries.

Net profit was DKK 18m compared to DKK 58m in Q4 2019. Net profit was impacted by lower revenue and business activity, increase in special items and by adjustment of the Valiance earn-out agreement.

## Full year 2020

DKK million (reported currencies)	2020	2019	Change (reported)
<b>Revenue</b>	2,830	3,058	-7.5%
Cost of goods sold	2,443	2,583	-5.4%
<b>Gross profit</b>	<b>387</b>	<b>475</b>	<b>-18.5%</b>
<i>Gross profit margin</i>	13.7%	15.5%	-1.9pp
Sales and marketing costs	127	131	-3.1%
Administrative expenses	95	105	-9.5%
<b>Operating profit before special items</b>	<b>165</b>	<b>239</b>	<b>-31.0%</b>
<i>Operating profit margin before special items</i>	5.8%	7.8%	-2pp
Special items	43	24	79.2%
<b>Operating profit</b>	<b>122</b>	<b>215</b>	<b>-43.3%</b>
<i>Operating profit margin</i>	4.3%	7.0%	-2.7pp
Net financials	-20	16	-225.0%
<b>Profit before tax</b>	<b>102</b>	<b>231</b>	<b>-55.8%</b>
Tax	26	48	-45.8%
<i>Effective tax rate</i>	25.5%	20.8%	4.7pp
<b>Net profit</b>	<b>76</b>	<b>183</b>	<b>-58.5%</b>

Revenue decreased by 7.5% to DKK 2,830m compared to 2019. Revenue from Life Sciences international and Life Sciences Denmark increased by 26% and 14% respectively whilst the Novo Nordisk Group declined by 23% and the Private & Public segment declined by 8.7%.

Cost of goods sold decreased by 5.4% to DKK 2,443m compared to 2019. The decrease was mainly due to the implementation of the cost restructuring program to also match the reduced business activity.

Gross profit decreased by 19% to DKK 387m leading to a gross profit margin of 14% compared to 16% in 2019.

Sales and marketing costs declined by 3.1% compared to 2019 due to staff reductions as part of the cost restructuring plan.

Administrative expenses declined by 9.5% compared to 2019 due to staff reductions as part of the cost restructuring plan.

Operating profit before special items ended at DKK 165m. This corresponds to an operating profit margin before special items of 5.8% compared to 7.8% in 2019.

Special items increased by 79% compared to 2019. The increase was driven by the business and cost restructuring program and lay-offs in connection with loss of Novo Nordisk and Pandora business. Furthermore, cost related to the acquisition of Excellis and changes to Group Management added to the numbers.

Net financials was DKK -20m compared to DKK 16m in 2019. The negative development in 2020 compared to 2019 was mainly due to a DKK 13m adjustment of the Valiance earn-out agreement where payments are expected to increase due to their strong results and a decrease in gains from hedge instruments.

The effective tax rate was 25.5%, up by 4.7pp compared to 2019 due to a one-off increase in non-deductible cost within special items as well as an increase in withholding tax from repatriated dividend from subsidiaries.

Net profit was DKK 76m compared to DKK 183m in 2019. Net profit was impacted by lower revenue & business activity, increase in special items and by adjustment of the Valiance earn-out agreement.

For a detailed performance overview of both reported and constant currencies please see note 9. NNIT's major currencies have depreciated in 2020 (average 2020 compared to average 2019 exchange rates). Cost of goods sold has been positively impacted with a decrease of 0.3pp mainly related to the CNY and PHP while revenue has been negatively impacted by 0.3pp mainly related to contracts in USD.

## Life Sciences

### Fourth quarter 2020

DKK million (reported currencies)	Q4 2020	Q4 2019	Change	2019
Novo Nordisk Group	209	237	-11.8%	955
Life sciences international	136	99	37.4%	361
Life sciences Denmark	67	64	4.7%	230
Revenue	412	400	3.0%	1,546
Cost of goods sold	338	303	11.6%	1,212
<b>Gross profit</b>	<b>74</b>	<b>97</b>	<b>-23.7%</b>	<b>334</b>
Gross profit margin	18.0%	24.3%	-6.3pp	21.6%
Allocated costs	30	34	-11.8%	131
<b>Operating profit before special items</b>	<b>44</b>	<b>63</b>	<b>-30.2%</b>	<b>203</b>
Operating profit margin before special items	10.7%	15.8%	-5.1pp	13.1%

### Revenue

Total Life Sciences revenue increased by 3.0% compared to Q4 2019. Revenue from projects increased by 31% while revenue from service level agreements decreased by 24%. Further details on revenue and profit development are explained below.

#### Life Sciences international:

Revenue from Life Sciences international increased by 37% compared to Q4 2019 driven by strong growth in Europe and US and due to the acquisition of Excellis. The growth in EU and US was driven by Veeva related projects, Production IT (Manufacturing Execution System) enabled by the HGP acquisition from 2019 and digitalization of clinical trials.

#### Life Sciences Denmark:

Revenue from Life Sciences Denmark increased by 4.7% compared to Q4 2019 mainly driven by the new contract win with Orifarm.

#### Novo Nordisk Group:

Revenue from the Novo Nordisk Group decreased by 12% compared to Q4 2019. Revenue is, as expected, significantly impacted by the loss of the large application maintenance agreement and the renewed operation maintenance agreement which both impacts the revenue and profitability from January 1, 2020. Project revenue increased by 25% compared to Q4 2019 due to a large license sale & management contract and several projects within Veeva, integration and security.

As a consequence of the large decline in revenue from the Novo Nordisk Group and high growth from other customers, the share of NNIT's revenue from customers outside the Novo Nordisk Group increased to 72% compared to 70% in Q4 2019.

### Gross profit and operating profit

Gross profit margin was 18%, a decrease of 6.3pp compared to Q4 2019.

The gross profit decline was mainly 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 was executed as planned but could not fully compensate for the significant loss of business from the Novo Nordisk Group. However, gross profit margin in Life sciences Denmark and Life sciences international showed an increase in Q4 2020 compared to Q4 2019 supported by the cost restructuring program and high growth in the project business.

Operating profit margin before special items was 11% compared to 16% in Q4 2019.

### **Full year 2020**

<b>DKK million (reported currencies)</b>	<b>2020</b>	<b>2019</b>	<b>Change</b>
Novo Nordisk Group	732	955	-23.4%
Life sciences international	456	361	26.3%
Life sciences Denmark	261	230	13.5%
Revenue	1,449	1,546	-6.3%
Cost of goods sold	1,205	1,212	-0.6%
<b>Gross profit</b>	<b>244</b>	<b>334</b>	<b>-26.9%</b>
<i>Gross profit margin</i>	<i>16.8%</i>	<i>21.6%</i>	<i>-4.8pp</i>
Allocated costs	122	131	-6.9%
<b>Operating profit before special items</b>	<b>122</b>	<b>203</b>	<b>-39.9%</b>
<i>Operating profit margin before special items</i>	<i>8.4%</i>	<i>13.1%</i>	<i>-4.7pp</i>

### Revenue

Total Life Sciences revenue decreased 6.3% in 2020 compared to 2019. Life Sciences international and Life Sciences Denmark showed strong growth whilst revenue from the Novo Nordisk Group declined as expected. Revenue from projects increased by 12% while revenue from service level agreements decreased by 24%. Further details on revenue and profit development are explained below.

#### Life Sciences international:

Revenue from Life Sciences international increased by 26% compared to 2019 driven by strong growth in Europe and US and due to the acquisition of Excellis. The growth in EU and US was driven by Veeva related projects, Production IT (Manufacturing Execution System) enabled by the HGP acquisition from 2019 and digitalization of clinical trials.

#### Life Sciences Denmark:

Revenue from Life Sciences Denmark increased by 14% compared to 2019 mainly driven by additional business on existing customers and the new contract win with Orifarm.

#### Novo Nordisk Group:

Revenue from the Novo Nordisk Group decreased by 23% compared to 2019. Revenue is, as expected, significantly impacted by the loss of the large application maintenance agreement and the renewed operation maintenance agreement which both impacts the revenue and profitability from January 1, 2020.

As a consequence of the large decline in revenue from the Novo Nordisk Group and high growth from other customers, the share of NNIT's revenue from customers outside the Novo Nordisk Group increased to 74% in 2020 compared to 69% in 2019.

### Gross profit and operating profit

Gross profit margin was 17%, a decrease of 4.8pp compared to 2019.

The 2020 gross profit decline was mainly due to the loss of the application maintenance agreement and price reductions on the prolonged operations maintenance agreement with the Novo Nordisk Group. As mentioned, the cost restructuring program was executed as planned.

Operating profit margin before special items was 8.4% in 2020 compared to 13% in 2019.

## Private & Public

### Fourth quarter 2020

DKK million (reported currencies)	Q4 2020	Q4 2019	Change	2019
Enterprise	171	203	-15.8%	802
Public	103	109	-5.5%	392
Finance	62	89	-30.3%	318
Revenue	336	401	-16.2%	1,512
Cost of goods sold	300	354	-15.3%	1,371
<b>Gross profit</b>	<b>36</b>	<b>47</b>	<b>-23.4%</b>	<b>141</b>
Gross profit margin	10.7%	11.7%	-1pp	9.3%
Allocated costs	25	29	-13.8%	105
<b>Operating profit before special items</b>	<b>11</b>	<b>18</b>	<b>-38.9%</b>	<b>36</b>
Operating profit margin before special items	3.3%	4.5%	-1.2pp	2.4%

### Revenue

Revenue from Private & Public decreased by 16% compared to Q4 2019.

Revenue from projects in the Private & Public segment decreased by 19% and revenue from service level agreements decreased by 13% compared to Q4 2019. Further details on revenue and profit development are explained below.

#### Enterprise:

Revenue decreased by 15% compared to Q4 2019. The decline was expected due to the phasing out of the Pandora outsourcing agreement.

#### Public:

Revenue decreased by 4.6% compared to Q4 2019. The revenue decrease was driven by reduction in project activity with UFST (The Ministry of Taxation) and Sund & Bælt partly offset by revenue from Forsvaret and the Demars contract.

#### Finance:

Revenue decreased by 32% compared to Q4 2019. The revenue decline was mainly due the expiry of the contract with Alka (acquired by Tryg) and less project activity from existing customers.

### Gross profit and operating profit

Gross profit margin was 11%, a decrease of 0.7pp compared to Q4 2019. Operating profit margin before special items was 3.3% compared to 4.5% in Q4 2019.

The cost restructuring program has been executed as planned but could not fully compensate for the loss of business in Q4 2020 compared to Q4 2019.

## Full year 2020

DKK million (reported currencies)	2020	2019	Change
Enterprise	712	802	-11.2%
Public	407	392	3.8%
Finance	262	318	-17.6%
Revenue	1,381	1,512	-8.7%
Cost of goods sold	1,238	1,371	-9.7%
<b>Gross profit</b>	<b>143</b>	<b>141</b>	<b>1.4%</b>
<i>Gross profit margin</i>	<i>10.4%</i>	<i>9.3%</i>	<i>1.1pp</i>
Allocated costs	99	105	-5.7%
<b>Operating profit before special items</b>	<b>43</b>	<b>36</b>	<b>19.4%</b>
<i>Operating profit margin before special items</i>	<i>3.1%</i>	<i>2.4%</i>	<i>0.7pp</i>

### Revenue

Revenue from Private & Public decreased by 8.7% compared to 2019.

Revenue from projects in the private & public segment decreased by 2.4% and revenue from service level agreements decreased by 14% compared to 2019. Further details on revenue and profit development are explained below.

#### Enterprise:

Revenue decreased by 11% compared to 2019. The decline was expected due to the phasing out of the Pandora outsourcing agreement.

#### Public:

Revenue increased by 3.8% compared to 2019. The revenue increase was driven by additional project business with existing customers such as ATP, Forsvaret and Direktoratet for e-helse partly offset by less revenue from Sund & Bælt.

#### Finance:

Revenue decreased by 18% compared to 2019. The revenue decline was mainly due the expiry of the contract with Alka (acquired by Tryg) and insurance application company MIA.

### Gross profit and operating profit

Gross profit margin was 10.4%, an increase of 1.1pp compared to 2019. Operating profit margin before special items was 3.1% in 2020 compared to 2.4% in 2019.

### Balance sheet

Total assets at December 31, 2020 increased by DKK 49m to DKK 2,662m compared to DKK 2,613m at December 31, 2019 primarily due to an increase in intangible assets due to the acquisition of Excellis partly countered by a decrease in lease assets and trade receivables.

Net cash and cash equivalents amounted to DKK -161m at December 31, 2020, a decrease of DKK 52m compared to December 31, 2019. The decrease was mainly driven by the acquisition of Excellis (DKK 188m) payment of earn-out (DKK 62m), payment of ordinary dividend for 2019 (DKK 49m) and interim dividend for 2020 (DKK 49m) partly countered by cash flows from operating activities.

Equity at December 31, 2020 amounted to DKK 1,134m, a decrease of DKK 35m compared to December 31, 2019. The decrease was mainly due to net profits for the

period offset by payment of ordinary dividend for 2019 (DKK 49m), interim dividend for 2020 (DKK 49m) and a negative change in cash flow hedges and exchange rate adjustments related to subsidiaries.

## Investments

Investment excluding acquisitions of subsidiaries amounted to DKK 135m in 2020 corresponding to 4.8% of total revenue. Investments related to acquisition of subsidiaries amounted to DKK 188m in 2020 compared to DKK 56m in 2019.

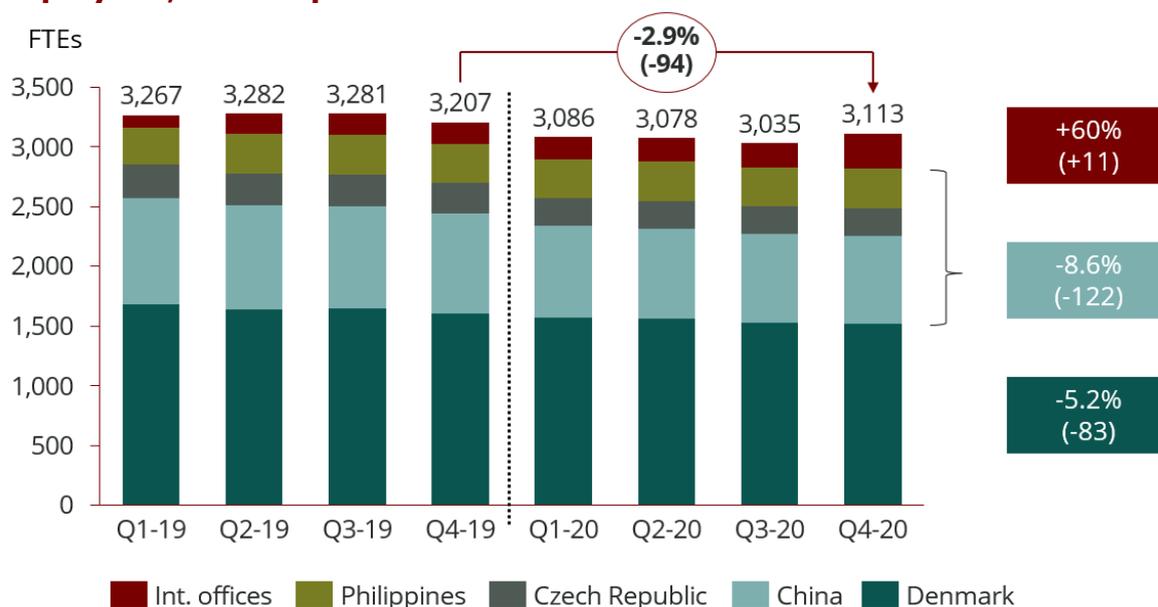
## Free cash flow

The free cash flow for Q4 2020 was negative at DKK 40m which was DKK 352m below Q4 2019, mainly due to the acquisition of Excellis and lower net profit.

In Q4 2020, NNIT enhanced the use of factoring (additional DKK 75m compared to Q4 2019). The benefits of this program include improved liquidity and financial ratios and a reduction in NNIT's sensitivity to long payment terms while the cost of factoring is less than the current revolving credit facility.

The free cash flow for 2020 was DKK 143m compared to a free cash flow of DKK 242m in 2019. The decrease was driven by the acquisition of Excellis and lower net profit partly countered by postponement of payment of employee tax amounting to approx. DKK 100m.

## Employees, end-of-period

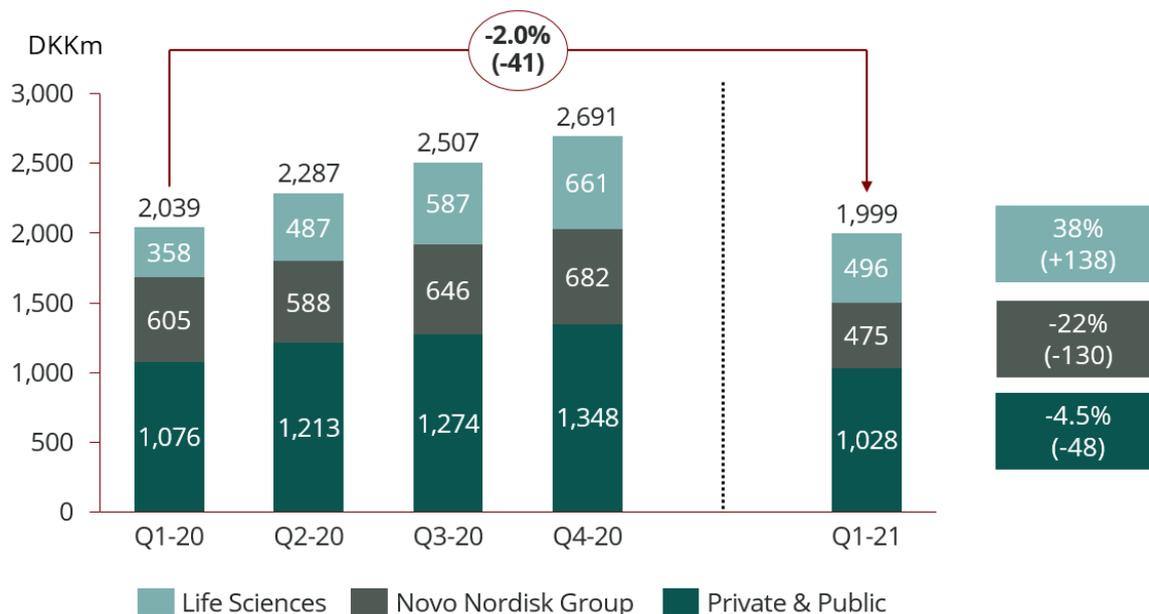


Since Q4 2019, the number of employees in NNIT's international offices increased by 60% (111 FTEs) due to the strong growth in the Life Sciences international segment and the acquisition of Excellis.

In Denmark and the global sourcing centers the number of FTE's decreased by 5% (83 FTE's) and 9% (122 FTE's) respectively as a consequence of the cost restructuring program and the loss of business with the Novo Nordisk Group and Pandora.

## Order backlog

### Backlog for the year, beginning of Q1 2021



At the beginning of Q1 2021, NNIT's order entry backlog for 2021 amounted to DKK 1,999 million, which is a decrease of 2.0% compared to last year.

At the same time last year, the considerable price reduction on the prolonged operation maintenance agreement with the Novo Nordisk Group was not known and recognized in the backlog. Corrected for that, the underlying backlog has increased around 1.5% in the beginning of Q1 2021 compared to Q1 2020.

The backlog from life sciences customers excluding the Novo Nordisk Group increased by 38% driven by Life Sciences international and through the acquisition of Excellis, while the Novo Nordisk Group declined by expected 22% (decline of 11% corrected for the price reduction on the prolonged operation maintenance agreement). Private & Public decreased by 4.5% mainly due to expiry of the Pandora outsourcing contract and delayed order intake resulting from the COVID-19 situation.

The high growth forecasted within NNIT's project business driven by Life Sciences international and winning solutions has a relative low backlog visibility. The growth in project business combined with a declining/stagnating multiyear outsourcing business makes the backlog numbers less useful as a predictor for the total revenue growth. Therefore, the backlog for the current year should not be used isolated 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, 2020

## Management statement

The Board of Directors and Executive Management have approved the Annual Report 2020 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 2020.

The consolidated financial statements in the Annual Report 2020 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 2020.

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 2020 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 2020, 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 29, 2021

## Executive management

Per Kogut  
*CEO*

Pernille Fabricius  
*CFO*

## Board of Directors

Carsten Dilling  
*Chairman*

Peter H. J. Haahr  
*Deputy Chairman*

Anne Broeng

Eivind Kolding

Christian Kanstrup

Caroline Serfass

Anders Vidstrup

Camilla K. K. Christensen

Trine Io Bjerregaard

## Consolidated financial statements

### Income statement and Statement of comprehensive income

DKK million	Note	Q4 2020	Q4 2019	12M 2020	12M 2019
<b>Income statement</b>					
	1				
<b>Revenue</b>	2	<b>749</b>	<b>801</b>	<b>2,830</b>	<b>3,058</b>
Cost of goods sold		638	657	2,443	2,583
<b>Gross profit</b>		<b>111</b>	<b>144</b>	<b>387</b>	<b>475</b>
Sales and marketing costs		34	34	127	131
Administrative expenses		22	29	95	105
<b>Operating profit before special items</b>		<b>55</b>	<b>81</b>	<b>165</b>	<b>239</b>
Special items*	3	18	8	43	24
<b>Operating profit</b>		<b>37</b>	<b>73</b>	<b>122</b>	<b>215</b>
Financial income		2	10	11	32
Financial expenses		12	6	31	16
<b>Profit before income taxes</b>		<b>27</b>	<b>77</b>	<b>102</b>	<b>231</b>
Income taxes		9	19	26	48
<b>Net profit for the period</b>		<b>18</b>	<b>58</b>	<b>76</b>	<b>183</b>

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

	DKK	DKK	DKK	DKK
<b>Earnings per share</b>				
<b>Earnings per share</b>	<b>0.72</b>	<b>2.36</b>	<b>3.07</b>	<b>7.43</b>
<b>Diluted earnings per share</b>	<b>0.71</b>	<b>2.34</b>	<b>3.04</b>	<b>7.36</b>

### Statement of comprehensive income

DKK million				
<b>Net profit for the period</b>	<b>18</b>	<b>58</b>	<b>76</b>	<b>183</b>
Other comprehensive income:				
<i>Items that will not be reclassified subsequently to the Income statement:</i>				
Remeasurement related to pension obligations	-3	9	-5	9
Tax related to pension obligations	-	-1	-	-1
<i>Items that will be reclassified subsequently to the Income statement, when specific conditions are met:</i>				
Exchange rate adjustment related to subsidiaries (net)	-21	-1	-25	1
Tax related to exchange rate adjustments	4		4	
Recycled to financial items	1	5	10	21
Unrealized value adjustments	-	-4	-22	-20
Cash flow hedges	1	1	-12	1
Tax related to cash flow hedges	-	-	2	1
<b>Other comprehensive income, net of tax</b>	<b>-19</b>	<b>8</b>	<b>-36</b>	<b>11</b>
<b>Total comprehensive income</b>	<b>-1</b>	<b>66</b>	<b>40</b>	<b>194</b>

## Balance sheet

### Assets

	Note	Dec 31, 2020	Dec 31, 2019
<b>DKK million</b>			
Intangible assets	4	781	524
Tangible assets		552	576
Lease assets		227	316
Contract assets		75	69
Deferred tax		32	32
Deposits		33	34
<b>Total non-current assets</b>		<b>1,700</b>	<b>1,551</b>
Inventories		2	2
Contract assets		36	53
Trade receivables	5	497	627
Work in progress	5	145	140
Other receivables		21	11
Pre-payments		87	84
Tax receivable		30	11
Derivative financial instruments		1	12
Cash and cash equivalents		143	122
<b>Total current assets</b>		<b>962</b>	<b>1,062</b>
<b>Total assets</b>		<b>2,662</b>	<b>2,613</b>

### Equity and liabilities

		Dec 31, 2020	Dec 31, 2019
<b>DKK million</b>			
Share capital		250	250
Treasury shares		-3	-4
Retained earnings		879	860
Other reserves		-17	14
Proposed dividends		25	49
<b>Total equity</b>		<b>1,134</b>	<b>1,169</b>
Leasing liability		171	239
Employee benefit obligation		29	82
Contingent consideration (earn out)	4	112	43
Provisions		24	25
Long term loan		21	28
Bank overdraft		304	231
<b>Total non-current liabilities</b>		<b>661</b>	<b>648</b>
Prepayments received, contract assets		16	42
Prepayments received, work in progress	5	111	98
Leasing liability		70	90
Trade payables		108	88
Employee cost payable		277	228
Tax payables		4	9
Other current liabilities		247	155
Derivative financial instruments		5	1
Contingent consideration (earn out)	4	28	81
Provisions		1	4
<b>Total current liabilities</b>		<b>867</b>	<b>796</b>
<b>Total equity and liabilities</b>		<b>2,662</b>	<b>2,613</b>
Contingent liabilities and legal proceedings	6		
Currency hedging	7		

## Statement of cash flow

DKK million		Q4 2020	Q4 2019	12M 2020	12M 2019
<b>Net profit for the period</b>	Note	<b>18</b>	<b>58</b>	<b>76</b>	<b>183</b>
Reversal of non-cash items		-53	183	228	439
Interest paid/received		-5	-6	-16	-16
Income taxes paid		-10	-20	-42	-50
<b>Cash flow before change in working capital</b>		<b>-50</b>	<b>215</b>	<b>246</b>	<b>556</b>
Changes in working capital		232	109	282	-91
<b>Cash flow from operating activities</b>		<b>182</b>	<b>324</b>	<b>528</b>	<b>465</b>
Capitalization of intangible assets		-16	-14	-40	-33
Purchase of tangible assets		-25	-17	-95	-135
Change in trade payables related to investments		10	10	-	1
Payment of deposits		-1	-	-	-
Acquisition cost refunded		-	-	-	2
Payment of earn-out		-2	-	-62	-
Acquisition of subsidiary	4	-188	9	-188	-58
<b>Cash flow from investing activities</b>		<b>-222</b>	<b>-12</b>	<b>-385</b>	<b>-223</b>
Dividends paid		-	-	-98	-113
Purchase of treasury shares		-	-	-	-5
Installments on lease liabilities		-21	-24	-89	-93
Long term loan		-	-5	-8	-5
Bank overdraft		54	-262	73	-12
<b>Cash flow from financing activities</b>		<b>33</b>	<b>-291</b>	<b>-122</b>	<b>-228</b>
<b>Net cash flow</b>		<b>-7</b>	<b>21</b>	<b>21</b>	<b>14</b>
Cash and cash equivalents at the beginning of the period		150	101	122	108
<b>Cash and cash equivalents at the end of the period</b>		<b>143</b>	<b>122</b>	<b>143</b>	<b>122</b>
<b>Additional information<sup>1</sup>:</b>					
Cash and cash equivalents		143	122	143	122
Bank overdraft		-304	-231	-304	-231
Committed credit facilities		900	900	900	900
<b>Financial resources at the end of the period</b>		<b>739</b>	<b>791</b>	<b>740</b>	<b>791</b>
Cash flow from operating activities		182	324	528	465
Cash flow from investing activities		-222	-12	-385	-223
<b>Free cash flow</b>		<b>-40</b>	<b>312</b>	<b>143</b>	<b>242</b>

## Statement of changes in equity

DKK million	Other reserves								Total
	Share capital	Treasury shares	Retained earnings	Exchange rate adjustments	Cash flow hedges	Tax	Total other reserves	Proposed dividends	
<b>December 31, 2020</b>									
<b>Balance at the beginning of the period</b>	250	-4	860	7	9	-2	14	49	1,169
Net profit for the period	-	-	76	-	-	-	-	-	76
Other comprehensive income for the period	-	-	-5	-25	-12	6	-31	-	-36
Total comprehensive income for the period	-	-	71	-25	-12	6	-31	-	40
Transactions with owners:									
Transfer of treasury shares	-	1	9	-	-	-	-	-	10
Share-based payments	-	-	13	-	-	-	-	-	13
Dividends paid	-	-	-	-	-	-	-	-98	-98
Interim dividend for 2020	-	-	-49	-	-	-	-	49	-
Proposed dividend for 2020	-	-	-25	-	-	-	-	25	-
<b>Balance at the end of the period</b>	250	-3	879	-18	-3	4	-17	25	1,134

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

## Notes

### Note 1

#### Accounting policies

The Board of Directors and Executive Management have approved the Annual Report 2020 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 2020.

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 2020.

#### Change in accounting estimates

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

The changes have positively affected net profit in Q4 2020 by DKK 0.4 million and 2020 by DKK 11.2 million.

### Note 2

#### Quarterly numbers

DKK million	2020				2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Revenue</b>	<b>749</b>	<b>658</b>	<b>701</b>	<b>722</b>	<b>801</b>	<b>763</b>	<b>744</b>	<b>750</b>
Cost of goods sold	638	578	608	619	657	637	644	645
<b>Gross profit</b>	<b>111</b>	<b>80</b>	<b>93</b>	<b>103</b>	<b>144</b>	<b>126</b>	<b>100</b>	<b>105</b>
Sales and marketing costs	34	31	31	31	34	33	32	32
Administrative expenses	22	24	24	25	29	25	24	27
<b>Operating profit before special items</b>	<b>55</b>	<b>25</b>	<b>38</b>	<b>47</b>	<b>81</b>	<b>68</b>	<b>44</b>	<b>46</b>
Special items*	18	6	12	7	8	16	-	-
<b>Operating profit</b>	<b>37</b>	<b>19</b>	<b>26</b>	<b>40</b>	<b>73</b>	<b>52</b>	<b>44</b>	<b>46</b>
Net financials	-10	-10	-6	6	4	7	-1	6
<b>Profit before income taxes</b>	<b>27</b>	<b>9</b>	<b>20</b>	<b>46</b>	<b>77</b>	<b>59</b>	<b>43</b>	<b>52</b>
Income taxes	9	-	6	11	19	9	9	11
<b>Net profit for the period</b>	<b>18</b>	<b>9</b>	<b>14</b>	<b>35</b>	<b>58</b>	<b>50</b>	<b>34</b>	<b>41</b>

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

## Note 2 -continued

### Segment disclosures

DKK million	2020				2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Revenue by customer group</b>								
<i>Novo Nordisk Group</i>	209	163	175	185	237	223	235	259
<i>Life sciences international</i>	136	122	106	92	99	95	90	77
<i>Life sciences Denmark</i>	67	59	68	67	64	57	56	54
Life sciences	412	344	349	344	400	375	381	390
Enterprise	172	164	170	206	203	212	190	198
Public	104	91	107	105	109	98	96	90
Finance	61	59	75	67	89	78	77	72
Private & Public	337	314	352	378	401	388	363	360
<b>Total revenue</b>	<b>749</b>	<b>658</b>	<b>701</b>	<b>722</b>	<b>801</b>	<b>763</b>	<b>744</b>	<b>750</b>
<b>Gross profit by business unit</b>								
Life sciences	74	52	56	62	97	78	73	86
Private & Public	37	28	37	41	47	48	27	19
<b>Total Gross profit</b>	<b>111</b>	<b>80</b>	<b>93</b>	<b>103</b>	<b>144</b>	<b>126</b>	<b>100</b>	<b>105</b>
<b>Operating profit before special items by business unit</b>								
Life sciences	44	21	26	31	63	46	41	53
Private & Public	11	4	12	16	18	22	3	-7
<b>Total operating profit before special items</b>	<b>55</b>	<b>25</b>	<b>38</b>	<b>47</b>	<b>81</b>	<b>68</b>	<b>44</b>	<b>46</b>

The Danish operations generated 78.1% of NNIT's revenue in 2020 (2019:81.5%) based on the location of customer. As a consequence of the predominantly Danish revenue, we will not disclose a geographical revenue split.

## Note 3

### Special items

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

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

Further special items include significant cost related to acquisition of subsidiaries or activities, retirement of members of Executive Management, impairment of goodwill and gains and losses regarding disposal of activities or subsidiaries.

Special items are shown separately from the Group's ordinary operations to facilitate a better understanding of the Group's financial performance.

Q4 2020 was affected by DKK 18 million and YTD December 31, 2020 by DKK 43 million.

## Note 4

### Acquisition of subsidiaries

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

DKK million	2020	2019
<b>Acquisition cost</b>		
Cash paid	190	68
Contingent consideration (earn out)	77	19
<b>Total acquisition cost</b>	<b>267</b>	<b>87</b>
<b>Fair value of net assets acquired</b>		
Intangible assets	2	4
Lease assets	-	2
Other non-current assets	-	1
Trade receivables and work in progress <sup>1)</sup>	22	17
Other receivables and pre-payments	4	1
Cash and cash equivalents	2	10
Non-current liabilities	-3	-1
Prepayments received	-12	-
Lease liability	-	-3
Defined benefit pension obligation	-	-18
Employee costs payable	-5	-3
Other current liabilities	-9	-8
<b>Net assets acquired</b>	<b>1</b>	<b>2</b>
Goodwill	266	85
<b>Acquisition cost</b>	<b>267</b>	<b>87</b>
Of which cash and cash equivalents	-2	-10
Contingent consideration (earn out)	-77	-19
<b>Paid acquisition cost, net</b>	<b>188</b>	<b>58</b>

### Acquisitions during 2020

On November 16, 2020, NNIT acquired full ownership and control of Excellis, a leading specialized global provider in end-to-end supply chain consulting services to the life sciences industry. The acquisition of Excellis will strengthen NNIT's customer portfolio across the global pharma and biotech industries and enhance the Group's ability to provide end-to-end life sciences IT services to all customers.

Goodwill relates to expected synergies regarding additional revenue in NNIT and know-how accumulated by the workforce in Excellis. Recognized goodwill in the US entity is deductible for tax purposes.

Transaction cost of DKK 4 million has been recognized in special items.

Earn-out target is DKK 80 million (USD 12.6 million) with an earn-out range of DKK 0-114 million depending on performance on five KPIs: EBITDA in Excellis, additional revenue derived for NNIT, service development, unmanaged attrition as well as successful integration with NNIT Group. The KPI's are weighted with EBITDA having the highest weight and with additional NNIT 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.

There have been no changes to the carrying amount of the contingent consideration since the date of the acquisition.

### Earnings impact

Revenue and EBITDA comprise DKK 14 million and DKK 1.7 million, respectively, reported by Excellis since the date of acquisition November 16, 2020.

On a pro forma basis, if the acquisition had been effective from January 1, 2020 Excellis would have contributed DKK 107 million to revenue and DKK 15 million to EBITDA.

### Acquisitions during 2019

On April 24, 2019, NNIT acquired full ownership and control of Halfmann Goetsch Partner AG (HGP), a Swiss based consultancy business within the life sciences industry.

### Note 5

#### Related party transactions

DKK million	Dec 31, 2020	Dec 31, 2019
<b>Assets</b>		
Receivables from related parties	194	146
Work in progress related parties	55	54
<b>Liabilities</b>		
Liabilities to related parties	2	-
Prepayments from related parties	45	20

### 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'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 US dollar.

At present, NNIT's sales in Chinese yuan, Czech koruna, and Swiss franc are not sufficient 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 December 31, 2020 is recognized in Equity (Other comprehensive income) with an amount of DKK -12 million before tax (DKK -10 million after tax).

## Note 8

### 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 -14 million	14
CZK	DKK -9 million	14
PHP	DKK -7 million	14
USD	DKK 10 million	-
CHF	DKK 0 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 7 above.

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

### Key currency assumptions

DKK per 100	2018 average exchange rates	2019 average exchange rates	2020 average exchange rates	Current exchange rates at January 14, 2021
CNY	95.43	96.53	94.70	94.51
EUR	745.32	746.60	745.43	743.92
CZK	29.06	29.08	28.22	28.43
PHP	11.98	12.88	13.17	12.71
CHF	645.74	671.37	696.32	688.02
USD	631.74	667.03	653.36	611.10

### 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)), Philippine peso (PHP) and Czech koruna (CZK) for the coming 14 months.

## Note 9

### Performance in constant and reported currencies

## Performance overview

DKK million (reported currencies)	Q4 2020	Q4 2020 (constant*)	Q4 2019	Change (reported)	Change (constant)	2019
<b>Revenue</b>	749	756	801	-6.5%	-5.6%	3,058
Cost of goods sold	638	645	657	-2.9%	-1.8%	2,583
<b>Gross profit</b>	<b>111</b>	<b>111</b>	<b>144</b>	<b>-22.9%</b>	<b>-22.9%</b>	<b>475</b>
<i>Gross profit margin</i>	14.8%	14.7%	18.0%	-3.2pp	-3.3pp	15.5%
Sales and marketing costs	34	34	34	0.0%	0.0%	131
Administrative expenses	22	21	29	-24.1%	-27.6%	105
<b>Operating profit before special items</b>	<b>55</b>	<b>56</b>	<b>81</b>	<b>-32.1%</b>	<b>-30.9%</b>	<b>239</b>
<i>Operating profit margin before special items</i>	7.3%	7.4%	10.1%	-2.8pp	-2.7pp	7.8%
Special items	18	18	8	125.0%	125.0%	24
<b>Operating profit</b>	<b>37</b>	<b>38</b>	<b>73</b>	<b>-49%</b>	<b>-0.5</b>	<b>215</b>
<i>Operating profit margin</i>	4.9%	5.0%	9.1%	-4.2pp	-4.1pp	7.0%
Net financials	-10	n.a.	4	-350%	n.a.	16
<b>Profit before tax</b>	<b>27</b>	<b>n.a.</b>	<b>77</b>	<b>-65%</b>	<b>n.a.</b>	<b>231</b>
Tax	9	n.a.	19	-52.6%	n.a.	48
<i>Effective tax rate</i>	33.3%	n.a.	24.7%	8.7pp	n.a.	20.8%
<b>Net profit</b>	<b>18</b>	<b>n.a.</b>	<b>58</b>	<b>-69.0%</b>	<b>n.a.</b>	<b>183</b>

DKK million (reported currencies)	2020	2020 (constant*)	2019	Change (reported)	Change (constant)
<b>Revenue</b>	2,830	2,839	3,058	-7.5%	-7.2%
Cost of goods sold	2,443	2,452	2,583	-5.4%	-5.1%
<b>Gross profit</b>	<b>387</b>	<b>387</b>	<b>475</b>	<b>-18.5%</b>	<b>-18.5%</b>
<i>Gross profit margin</i>	13.7%	13.6%	15.5%	-1.9pp	-1.9pp
Sales and marketing costs	127	127	131	-3.1%	-3.1%
Administrative expenses	95	95	105	-9.5%	-9.5%
<b>Operating profit before special items</b>	<b>165</b>	<b>165</b>	<b>239</b>	<b>-31.0%</b>	<b>-31.0%</b>
<i>Operating profit margin before special items</i>	5.8%	5.8%	7.8%	-2pp	-2pp
Special items	43	43	24	79.2%	79.2%
<b>Operating profit</b>	<b>122</b>	<b>122</b>	<b>215</b>	<b>-43.3%</b>	<b>-0.4</b>
<i>Operating profit margin</i>	4.3%	4.3%	7.0%	-2.7pp	-2.7pp
Net financials	-20	n.a.	16	-225.0%	n.a.
<b>Profit before tax</b>	<b>102</b>	<b>n.a.</b>	<b>231</b>	<b>-55.8%</b>	<b>n.a.</b>
Tax	26	n.a.	48	-45.8%	n.a.
<i>Effective tax rate</i>	25.5%	n.a.	20.8%	4.7pp	n.a.
<b>Net profit</b>	<b>76</b>	<b>n.a.</b>	<b>183</b>	<b>-58.5%</b>	<b>n.a.</b>

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

## Revenue distribution

DKKm (reported currencies)	Q4 2020	Q4 2020 (constant*)	Q4 2019	Pct Change (reported)	Pct Change (constant)
Novo Nordisk Group	209	210	237	-11.8%	-11.4%
Life sciences international	136	151	99	37.4%	52.5%
Life sciences Denmark	67	57	63	6.3%	-9.5%
Life sciences	412	418	399	3.3%	4.8%
Enterprise	171	172	203	-15.8%	-15.3%
Public	103	104	109	-5.5%	-4.6%
Finance	62	62	89	-30.3%	-30.3%
Private & Public	336	338	402	-16.4%	-15.9%
<b>Total</b>	<b>748</b>	<b>756</b>	<b>801</b>	<b>-6.6%</b>	<b>-5.6%</b>

DKKm (reported currencies)	2020	2020 (constant*)	2019	Pct Change (reported)	Pct Change (constant)
Novo Nordisk Group	732	734	955	-23.4%	-23.1%
Life sciences international	456	466	361	26.3%	29.1%
Life sciences Denmark	261	257	230	13.5%	11.7%
Life sciences	1,449	1,457	1,546	-6.3%	-5.8%
Enterprise	712	712	802	-11.2%	-11.2%
Public	407	409	392	3.8%	4.3%
Finance	262	262	318	-17.6%	-17.6%
Private & Public	1,381	1,383	1,512	-8.7%	-8.5%
<b>Total</b>	<b>2,831</b>	<b>2,840</b>	<b>3,058</b>	<b>-7.4%</b>	<b>-7.1%</b>

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