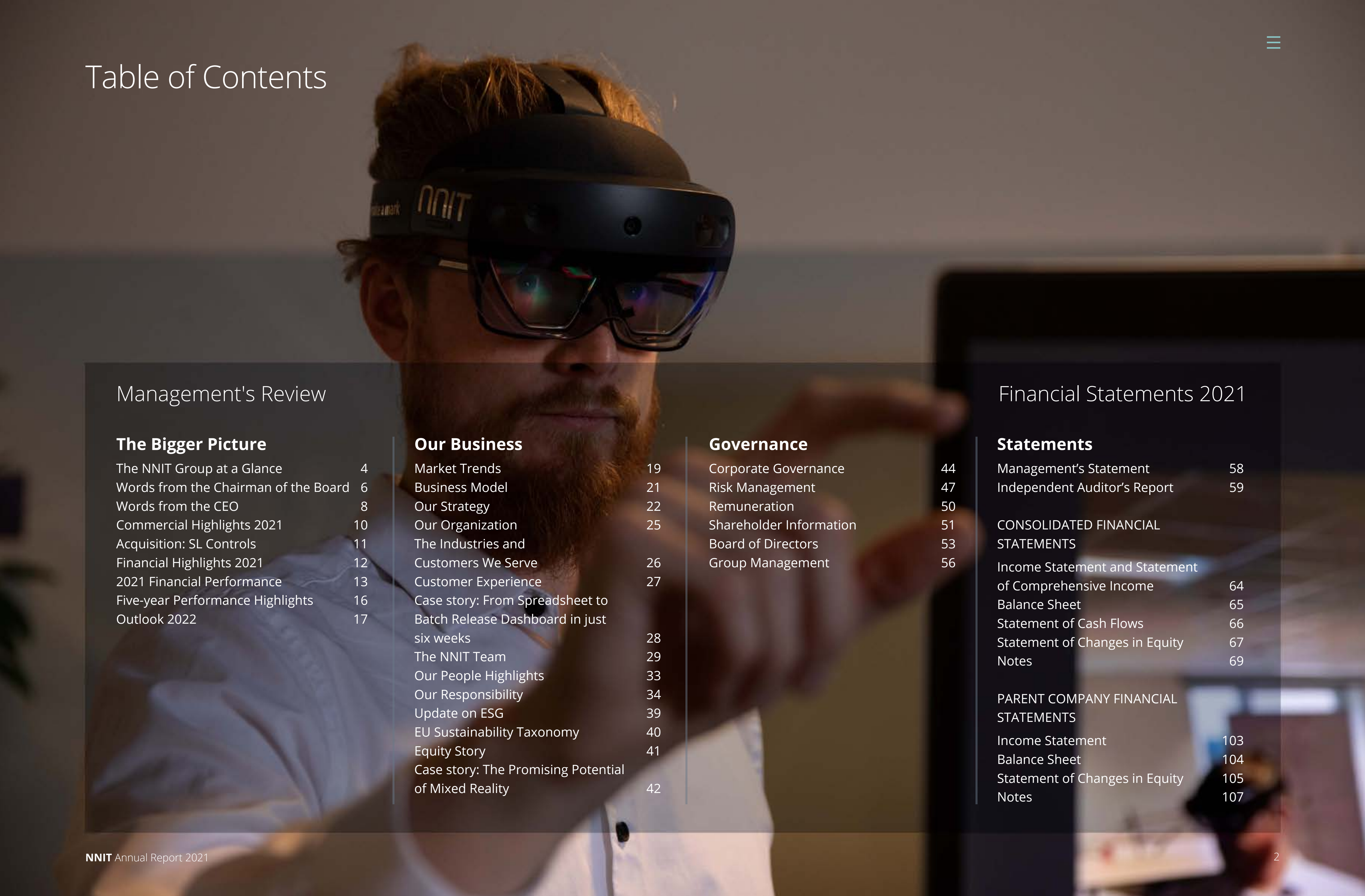
Together we make a mark in business and society

We Bring Digital Transformation to Life

Annual Report 2021

NNIT A/S, Oestmarken 3A, DK-2860 Soeborg • CVR no. 21 09 31 06

We make a mark



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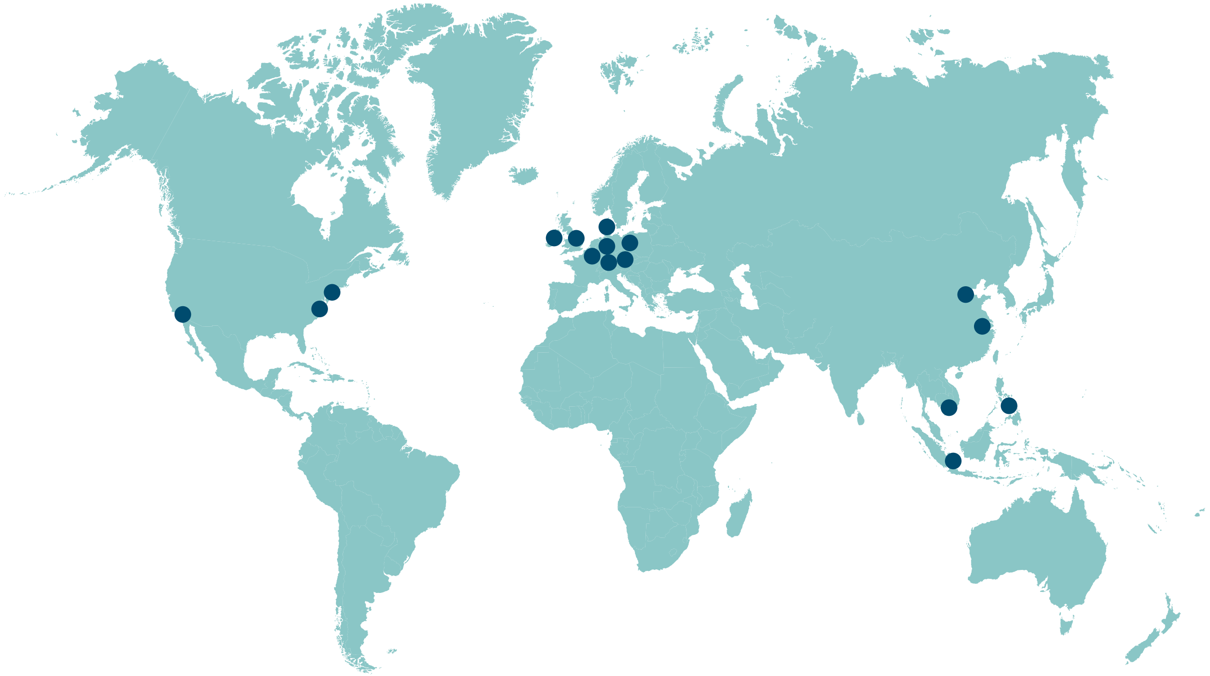
The Bigger Picture

The NNIT Group at a Glance

NNIT is a leading provider of digital transformation services and solutions to international life sciences companies and for the Danish private and public sector.

THE NNIT WORLD

Headquartered in Denmark, we employ more than 3,000 people and are present in more than 12 countries across the globe.



nnit SCALES An NNIT Group Company VALIANCE EXCELLIS HEALTH SOLUTIONS AN NNIT GROUP COMPANY SL CONTROLS AN NNIT GROUP COMPANY

Making a mark in business and society is part of our DNA and directly linked to our aspiration, strategy, and values.

1 **Aspiration**

Together we make a mark in business and society; bringing digital transformation to life.

2 **Strategy**

We provide Winning Solutions based on proven concepts delivered fit for purpose and first time right.

3 **Values**

Open and honest
Conscience driven
Value adding

We develop, implement, operate, and advise on digital solutions across industries in Europe, North America and Asia

We trace our origins to the Novo Nordisk Group, and for more than 25 years, we have utilized our deep roots and vast experience in the life sciences industry to specialize in digital solutions for a broad range of industries in which quality, compliance and security are top priorities.

Making a mark in business and society

At NNIT, we believe that we can make a mark in business and society together with our customers, partners and many stakeholders. Our employees are more than digital experts. They are enablers, committed to making a mark in business and society by bringing digital transformation to life.

Every day, we take our customers' IT under our wings. We put ourselves in the place of our customers, delve into the details of their business and help them achieve their goals through effective and secure IT solutions. Since our foundation, we have demonstrated that our customer centricity, proximity, and solutions have made a mark in business.

To us, putting good IT into practice for our customers also means making a more positive mark on society. As a conscience-driven player in the IT industry, we continue to explore how can utilize IT and digitization as an enabler to create a more sustainable future together with customers, partners, competitors, and other stakeholders. In 2021, we embarked on several new initiatives contributing to a more sustainable society. You can read more about our focus on Corporate Responsibility on page 34.

Words from the Chairman of the Board

2021 saw NNIT enter the next phase in its development

For a couple of years, NNIT has been in transition – on a strategic journey with the goal of improved growth and profitability. In 2021, some progress was made despite outside market pressures but, at the same time, by Q1, NNIT's results clearly indicated it was time for a change to alleviate challenges and to further accelerate execution of our strategy, focusing on NNIT's international development and sales.

Towards the end of Q2, NNIT announced the onboarding of a new CEO to replace Per Kogut, who had made a tremendous contribution throughout his almost 15 years in the company. I would like to take this opportunity to thank Per Kogut once again for making an unmistakable and positive mark on NNIT's development.

In Pär Fors, we recruited a chief executive with a proven track record of strong results in international IT as well as a keen business and customer focus. We have a clear expectation that this recruitment, combined with the additional measures implemented during 2021 will accelerate NNIT's strategic journey and create even better results in the future.

Continued double-digit growth within International Life Sciences

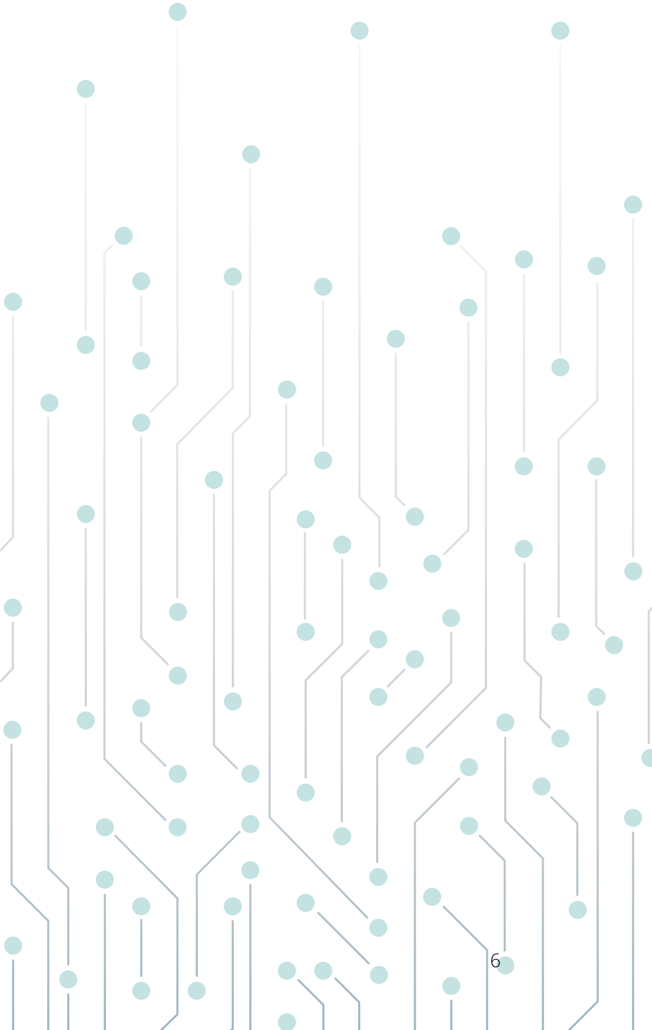
In 2021, the strong growth within Life Sciences International (56% YTD) continued, and just after Q2, we announced the acquisition of SL Controls to further strengthen our portfolio of services to the life sciences industry, not least within the Winning Solution Production IT.

Our 2021 numbers also reflected the successful integration of SL Controls (acquired in late 2021) and the ongoing successful growth of the NNIT Group companies Valiance and Excellis Health Solutions (acquired in 2018 and 2020, respectively).

There is no doubt that NNIT has enormous growth potential internationally and that we must continue to chase opportunities for both organic and inorganic growth in our global markets. To that end, further acquisitions are absolutely on the agenda for 2022.

Challenges within Private & Public and Infrastructure Outsourcing

Revenue within Private & Public dropped by 5.7% in 2021, and profitability within the part of our business related to Infrastructure Outsourcing was also challenged. This, of course, is not satisfactory.



To counter this development, NNIT launched several initiatives in the second half of 2021, including the ongoing consolidation of its IO business into a dedicated business unit, the introduction of clear profit and loss responsibility in IO and Cloud & Digital Solutions as well as comprehensive cost reduction programs across the organization.

By Q4, it was clear that further initiatives were needed, and NNIT announced an organizational change, effective by January 1, 2022, introducing a new three-unit structure. The change was made to support the future growth of the company, promote customer centricity even further and increase financial transparency.

All in all, these initiatives combined with promising market conditions, our active M&A strategy and continued work to further improve our attractive ESG score should position NNIT to perform better in 2022 and generate more value for our shareholders.

Carsten Dilling, Chairman of the Board

CARSTEN DILLING,
CHAIRMAN OF THE BOARD

Words from the CEO

All sales start with quality in deliveries

As our Chairman outlines, 2021 was a mixed year, with some positives and some negatives. As mentioned, we see a lot of potential for growth in the life sciences market internationally, both organically and through M&As. In 2022, we must continue to exploit the opportunities we see.

Facing challenges

Our revenue decline within Private & Public in 2021 could to some degree be explained by a discernible delay in public projects as a result of the COVID-19 pandemic, which imposed huge financial burdens on public budgets in 2020 and 2021. But we also experienced a loss of tenders.

In general, the infrastructure outsourcing market has been under pressure as a result of gradual commoditization and intense competition – as well as the transition from classic infrastructure services to either hybrid or 100% cloud solutions.

Looking to the future, our pipeline is promising, containing more of the type of projects we want, and we expect to capitalize on this. Going forward, we must find ways to better balance less profitable contracts with more profitable contracts – and to generally increase sales in key markets.

Going to war for talent

In 2021, the war for IT talent impacted NNIT notably, and we saw a higher unmanaged turnover rate than in 2020.

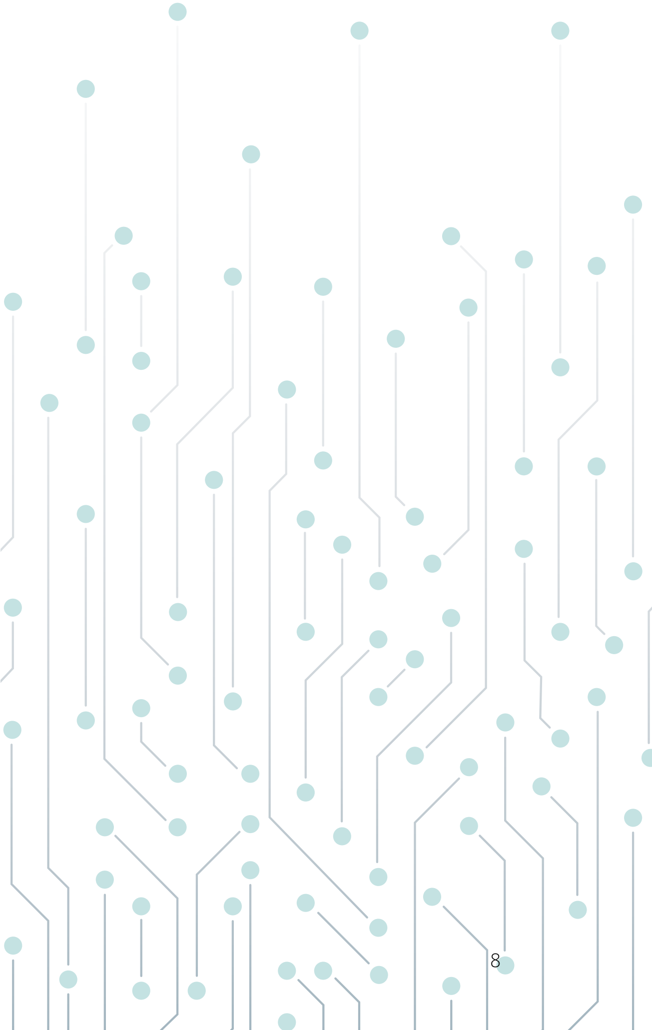
In response, NNIT significantly increased employer branding activities in 2021, strengthening our presence on online platforms, at relevant fairs and educational institutions. In November, these efforts were rewarded with the award for most attractive workplace in Denmark in IT Company Rank's consulting category 2021. High visibility and increased employee advocacy, as well as enhanced and accelerated career paths are some of the tools to be employed in 2022 to attract and retain more talent.

Future focus on sales and cross-sales

While our customers naturally addressed some issues in 2021, overall they were happy with the quality in NNIT's deliveries – as further evidenced by our Customer Feedback Program, which resulted in a 4.3 score for 2021 (scale from 1 to 5 with 5 being the best).

This is good news, because as I like to say, all sales start with quality in deliveries - and we certainly need to ramp up sales in 2022. That is a clear point of focus for me and the entire NNIT Group's 3,000 employees. And we have the combined power of the NNIT Group, which gives us a very strong position both in Denmark and internationally. Through the successful acquisition of a number of niche IT companies, not least the additions of Excellis and SL Controls, NNIT is now able to offer services and solutions in support of the entire pharmaceutical value chain.

Further, our increasingly strong focus on taking our proven Winning Solutions concept to all markets (share of revenue 53% for 2021) should drive further sales to support Group growth as well.



I approach 2022 with great positivity, confident in the measures we have implemented throughout the second half of 2021.

Making a mark on business and society
I came to NNIT from Sweden and have a long history working for a Canadian company; two great nations that have earned a reputation as frontrunners when it comes to sustainability. This mindset has shaped me, and I am excited to take a lead in further advancing NNIT's sustainability profile in the future. The business is foremost, but I feel it is important to look at the broader mission too.

We are part of society, and we aspire to be part of the important dialogues and the fight for a better world. I am happy with NNIT's corporate responsibility focus and initiatives as well as the progress we are making year on year, as reflected by our Sustainalytics® low risk score of 13.3 compared to 17.1 in 2020.

Nevertheless, I feel we could do more across all of our focus SDG areas. Becoming an IT company that takes the lead within gender equality, innovation and infrastructure would give NNIT a further competitive advantage in the labor and commercial markets, and I think we need to ramp up our efforts here too.

In 2022, the goal is to enhance our performance as a business, workplace and global citizen. I approach 2022 with great optimism and encourage all employees to "make your mark". Thank you for your continued efforts and dedication in bringing digital transformation to life – in business and society.

Pär Fors, CEO

PÄR FORS, CEO

Commercial Highlights 2021

JANUARY / ACKNOWLEDGEMENT

NNIT and SCALES win two awards at Microsoft Partner Awards 2021

NNIT and SCALES – an NNIT Group Company, won the awards in the categories 'Empowering Employees' and 'Business Applications' at the Microsoft Partner Awards 2021.

JANUARY / PARTNERSHIP

NNIT supports COVID-19 vaccine safety data capture

NNIT is supporting AstraZeneca and leveraging its expertise in global pharmacovigilance systems to meet the challenges of patient safety during the ongoing global pandemic.

FEBRUARY / CONTRACT

NNIT and SCALES initiate a contract with Norlys for the development and implementation of one consolidated Microsoft ERP solution

NNIT and NNIT Group company SCALES initiated a project with Norlys to consolidate a number of existing Dynamics and AX solutions into Microsoft Dynamics365 for Finance and Operations. The two-year project is worth a large double-digit DKK million amount.

MARCH / PARTNERSHIP

Lonza and NNIT partner to speed up MES projects

Lonza Bioscience Informatics and NNIT announced a cooperation to solve the familiar industry pain point of time-consuming and costly MES (Manufacturing Execution System) implementation. The partnership will meet the demand in the life sciences industry for faster time-to-release and digitalization of pharma production and supply chains.

MAY / NEW CEO

New CEO to drive NNIT's continued strategic journey

On May 27, 2021, NNIT's Board of Directors entered into an agreement with Pär Fors to become NNIT's new CEO . He joined NNIT on June 16, 2021. Pär Fors has a very strong background in the IT business. He is the former CEO of CGI Scandinavia and has previously held executive positions in Logica and WM Data.

JUNE / CONTRACT

NNIT renews infrastructure management agreement with Novo Nordisk

The renewed agreement secured NNIT the substantial business with Novo Nordisk for another five years. The contract covers the operations of Novo Nordisk's global IT infrastructure, including new services within digital workplace, connectivity & network- and IT security services.

JULY / ACQUISITION

NNIT further strengthens its Production IT solutions with the acquisition of Ireland-based SL Controls

SL Controls will further strengthen NNIT's solutions within Production IT and is yet another step towards consolidating the NNIT Group as one of the foremost suppliers of IT services to the global life sciences industry.

NOVEMBER / CERTIFICATION

NNIT data center recertified as Tier III Gold for Operations

NNIT's data center in Ejby, Denmark, was recertified as Tier III Gold for Operations by Uptime Institute®. The data center achieved Tier III Gold status for the first time in 2018, lasting three years. The certification was renewed for another three years, lasting until 2024.

ACQUISITION

SL Controls
– an NNIT Group Company

On July 5, 2021, the NNIT Group and Ireland-based SL Controls agreed to join forces to further strengthen NNIT's Production IT offerings. The combination of NNIT's Production IT solutions unit, Excellis Health Solutions – an NNIT Group Company, and SL Controls enables the NNIT Group to offer customers the full range of IT services to support their entire pharmaceutical supply chain – from the implementation of a Manufacturing Execution System (MES) and the efficient integration and validation of production equipment systems to packaging and delivery, including Track & Trace.

SL Controls is internationally recognized as an industry leader in equipment systems integration and system support, and has strong relationships with some of the largest pharmaceutical and medical device companies in the world. Both SL Controls and NNIT share an uncompromising focus on quality and compliance to support the highly regulated life sciences industry.

Pharmaceutical production is one of the most important growth areas in the life sciences industry with an annual growth rate of approx. 14%. Correspondingly, Production IT is one of NNIT's strategic Winning Solutions based on our strong customer understanding and proven concepts.

SL Controls was founded in 2002 in Ireland and employs approx. 100 people across Ireland and in the US. Its customers are mainly multinationals based in Ireland, mainland Europe and the US. SL Controls helps life sciences and technology customers optimize their manufacturing processes by improving their Overall Equipment Effectiveness (OEE) and productivity, delivering efficiency savings and simplifying compliance. It does this by delivering high-quality integration solutions for equipment systems based on the latest (Industry 4.0) production principles and technologies.

> **"SL Controls is excited to join a group of companies with a shared vision of excellence in service delivery in the life sciences industry.** It's an exciting time for SL Controls and its excellent staff, who have supported the company's growth over the last 19 years. Joining forces with NNIT will further enhance our service offering to meet our customers' global requirements for fully integrated solutions across the operational and information technology layers. In the ever-evolving, fast-paced life sciences sector, digital transformation is critical to meeting our customers' global supply demands for life-enhancing pharmaceutical and medical device products. Joining the NNIT Group will allow us to continue our journey to further grow globally and to provide enhanced services to our customers as well as exciting career opportunities for our staff."
>
> **KEITH MORAN,** CEO OF SL CONTROLS

Financial Highlights 2021

Growth in Life Sciences
International

56%

Operating profit margin
Before special items

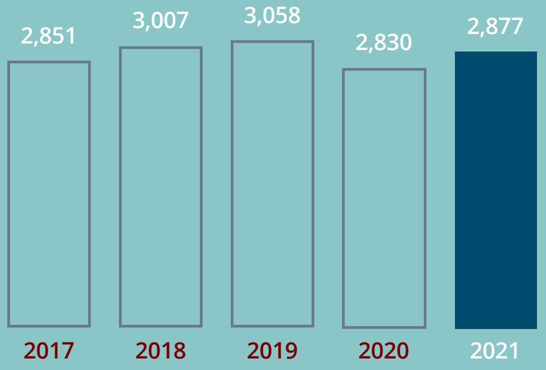
4.9%

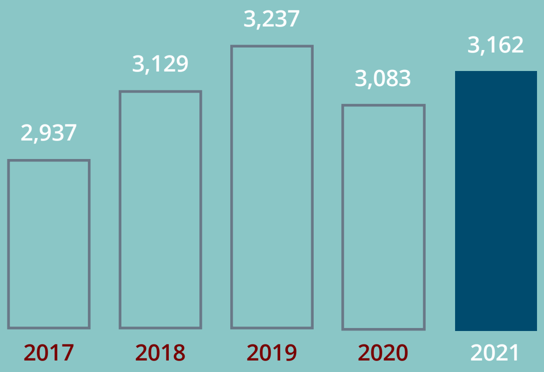
Financial strength
Net debt to EBITDA ratio

2.0

Free cash flow
DKK million

34


Revenue
DKK million


Average number of employees
Full-time

2021 Financial Performance

Revenue increase of 1.7% to DKK 2,877 million and an operating profit margin before special items of 4.9% in 2021.

NNIT concluded 2021 in-line with the financial guidance with revenue growth of 1.7% to DKK 2,877 million and an operating profit margin before special items of 4.9%.

CAPEX investments of DKK 96 million corresponding to 3.3% of revenue were at the low end of the outlook for 2021.

Revenue development

Life Sciences international continued its strong growth in 2021 with revenue increasing 56%, organic growth representing 27.5pp. The strong growth in Life Sciences only partly countered a decrease in revenue from Novo Nordisk Group and the Private & Public segments, resulting in a net revenue increase of 1.7%. Novo Nordisk revenues continued to decline in project business and was further impacted by the renegotiated infrastructure contract. The decline in Private & Public was mainly a result of a period with no new larger deals, as project work is typically higher in the startup/transition phase.

As a consequence of declining business with the Novo Nordisk Group the share of NNIT's revenue from customers outside the Novo Nordisk Group increased to 79% in 2021 from 74% in 2020.

Gross profit, costs and operating profit

In 2021 gross profit decreased by 11.1% to DKK 344 million leading to a gross profit margin of 12.0% compared to 13.7% in 2020.

Gross profit was mainly impacted by the renegotiated Novo Nordisk contract, as well as loss of business with the Novo Nordisk Group and customers within Private & Public that could not be fully mitigated by cost takeouts.

Sales and marketing costs decreased by 3.9% and administrative expenses decreased by 15.8% in 2021 due to the continued efforts to optimize the cost base.

In 2021, operating profit before special items ended at DKK 142 million. This corresponds to an operating profit margin before special items of 4.9% in 2021 compared to 5.8% in 2020.

Special items amounted to DKK 153 million and mainly related to impairment of the headquarter building in Søborg, impairment related to the exit of a specific customer segment, redundancy costs related to change of members of Group Management and severance payments to terminated employees as a consequence of restructurings.

Net financials and tax

Net financials showed an expense of DKK 14 million in 2021 compared to an expense of DKK 20 million in 2020. The development was due to exchange rate and adjustment of earn-out agreement.

In 2021, income tax was an income of DKK 18 million compared to an expense of DKK 26 million in 2020. This is mainly due to the negative operating profit. The effective tax rate for 2021 was 72.0%, an increase of 46.5pp compared to 2020 due to a positive adjustment regarding previous years in the US.

Life Sciences, revenue and profitability review

Revenue from Life Sciences increased by 8.7% in 2021. Revenue from Life Sciences international showed strong growth, which offset the decline in revenue from the Novo Nordisk Group and Life Sciences Denmark.

Income statement

DKK million	2021	2020	Change
Revenue	**2,877**	**2,830**	**1.7%**
Cost of goods sold	2,533	2,443	3.7%
Gross profit	**344**	**387**	**-11.1%**
Gross profit margin	12.0%	13.7%	-1.7pp
Sales and marketing costs	122	127	-3.9%
Administrative expenses	80	95	-15.8%
Operating profit before special items*	**142**	**165**	**-13.9%**
Operating profit margin before special items*	4.9%	5.8%	-0.9pp
Special items*	153	43	255.8%
Operating profit/loss	**-11**	**122**	**-109.0%**
Operating profit margin	0.4%	4.3%	-3.9pp
Net financials	-14	-20	30.0%
Profit/loss before tax	**-25**	**102**	**-124.5%**
Tax	-18	26	-169.2%
Effective tax rate	72.0%	25.5%	46.5pp
Net profit/loss	-7	**76**	-109.2%

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

Life Sciences International

Revenue from Life Sciences International increased by 56% in 2021. The growth was driven by Winning Solutions within Veeva Powerhouse and Production IT, with the latter fueled by the acquisition of SL Controls.

Life Sciences Denmark

Revenue from customers in Life Sciences Denmark decreased by 0.8% in 2021 mainly due to lower activity with existing customers and reduced new sales.

Novo Nordisk Group

Revenue from the Novo Nordisk Group decreased by DKK 127 million or 17% in 2021 due to reduced project business and further due to the renewed global infrastructure agreement which impacted both revenue and profitability.

The decline in business with the Novo Nordisk Group had a significant negative impact on the business units gross profit, operating profit and corresponding margins. Operating profit before special items in Life Sciences decreased by 2.5% to DKK 119 million leading to an operating profit margin before special items of 7.6% compared to 8.4% in 2020.

Private & Public, revenue and profitability review

Revenue in the Private & Public segment decreased by 5.7% in 2021 due to decreasing activities in mainly the Public segment. The COVID-19 situation continued to impact performance as there was less investment specifically in the Public segment.

Enterprise

Revenue from Enterprise customers increased by 1.8% mainly driven by the Dynamic Solutions through the Group Company Scales.

Public

Revenue from Public customers decreased by 24% mainly due to the expiry of a contract with DSB and Udviklings- og Forenklingsstyrelsen which could not be fully offset by additional sales.

Finance

Revenue from Finance customers increased by 2.3% mainly due to additional project revenue from existing customers.

Operating profit before special items in Private & Public dereased by 47% to DKK 23 million leading to an operating profit margin before special items of 1.8%. The margin decrease was mainly due to costs not being scaled to match the decrease in revenue.

Free cash flow

Free cash flow for 2021 was DKK 34 million compared to a free cash flow of DKK 143 million in 2020. The decrease was mainly driven by the acquisition of SL Controls, payment of holiday funds to Feriefonden and lower net profit, partly countered by additional COVID-19 loans.

Balance sheet

At December 31, 2021 total assets were DKK 2,797 million which is an increase of DKK 135 million compared to December 31, 2020 The increase was primarily due to an increase in intangible assets due to the acquisition of SL Controls, partly countered by a decrease in lease assets and transition costs.

At December 31, 2021, net cash and cash equivalents amounted to DKK -266 million which is a decrease of DKK 105 million compared to December 31, 2020. The decrease was mainly driven by the acquisition of SL Controls (DKK 92 million) and payment of earn-out (DKK 34 million), partly countered by cash flows from operating activities.

Business units

Life Sciences

DKK million	**2021**	2020	2020-2021
Novo Nordisk Group	605	732	-17.3%
Life Sciences international	711	456	55.9%
Life Sciences Denmark	259	261	-0.8%
Life Sciences revenue	**1,575**	**1,449**	**8.7%**
Operating profit before special items	119	122	-2.5%
Operating profit margin before special items	7.6%	8.4%	-0.8pp

Private & Public

DKK million	**2021**	2020	2020-2021
Enterprise	725	712	1.8%
Public	309	407	-24.1%
Finance	268	262	2.3%
Private & Public revenue	**1,302**	**1,381**	**-5.7%**
Operating profit before special items	23	43	-46.5%
Operating profit margin before special items	1.8%	3.1%	-1.3pp

At December 31, 2021 equity amounted to DKK 1,142 million which is a increase of DKK 8 million compared to December 31, 2020. The increase was mainly due to exchange rate adjustments related to subsidiaries, offset by payment of dividends related to 2020 and negative net profit for the year. For 2021 no dividends has been proposed.

NNIT's credit facilities are subject to certain change of control clauses, according to which debt must be repaid, if the majority shareholder ceases to hold more than at least 33% of the issued share capital.

Order entry backlog

At the beginning of Q1 2022, NNIT's order entry backlog for 2022 amounted to DKK 2,017 million, which was a increase of 0.9% compared to last year.

The backlog from Life Sciences customers excluding the Novo Nordisk Group increased by 13.7% driven by Life Sciences international and the acquisition of SL Controls, while the Novo Nordisk Group declined by 7.6%, mainly due to the renegotiated infrastructure agreement in 2021.

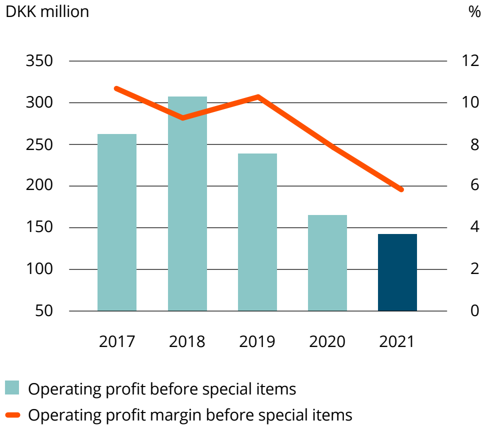
Private & Public decreased by 3.2% mainly due to decline in the Enterprise customer backlog.

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.

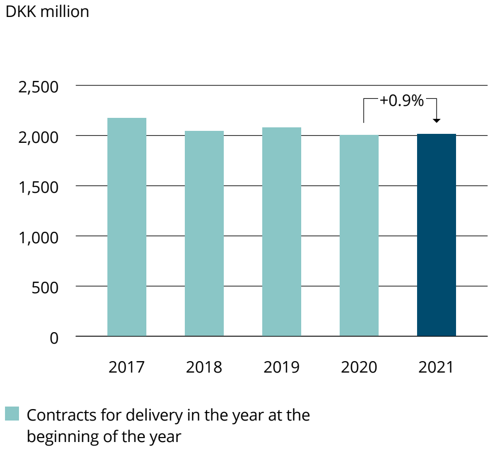
Events after the balance sheet date

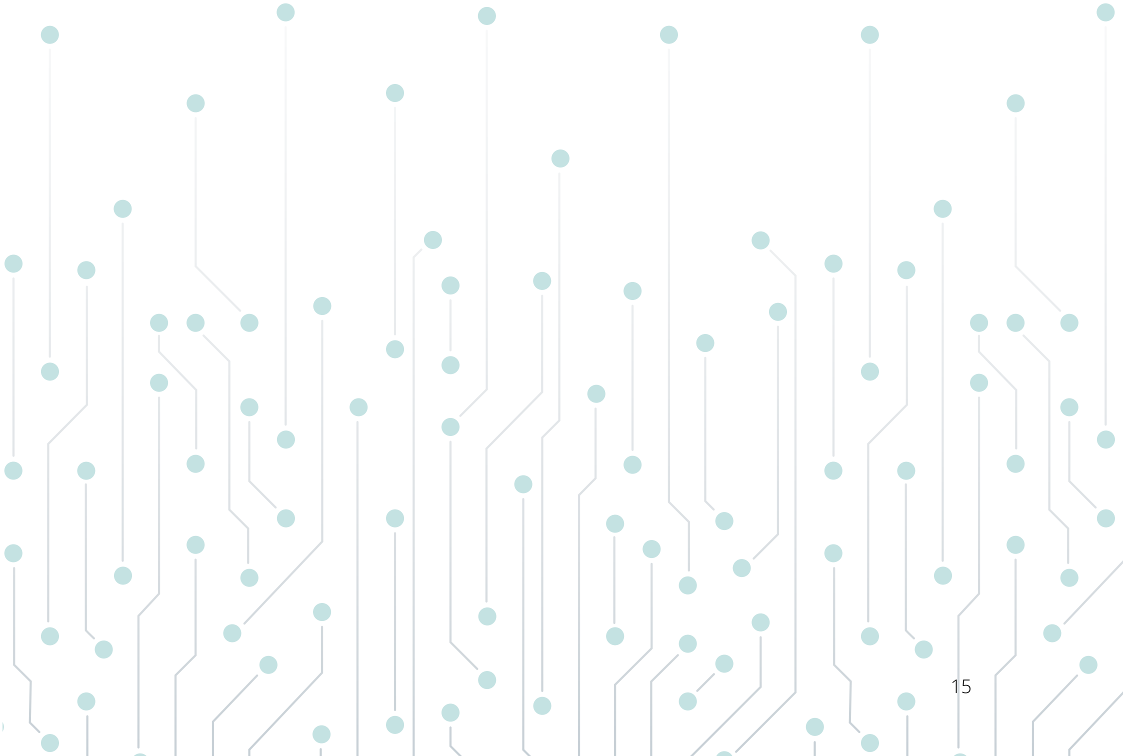
There have been no events after the balance sheet date that would have a significant impact on an assessment of NNIT's financial position at December 31, 2021.

Operating profit and margin before special items



Order entry backlog





Five-Year Performance Highlights

DKK million	**2021**	2020	2019	2018	2017	2020 -2021
Financial performance						
Revenue:						Change
Novo Nordisk Group	605	732	955	1,124	1,185	-17.3%
Life Sciences International	711	456	361	212	153	55.9%
Life Sciences Denmark	259	261	230	222	222	-0.8%
Life Sciences	1,575	1,449	1,546	1,558	1,560	8.7%
Enterprise	725	712	802	794	684	1.8%
Public	309	407	392	399	354	-24.1%
Finance	268	262	318	256	253	2.3%
Private & Public	1,302	1,381	1,512	1,449	1,291	-5.7%
Total revenue	**2,877**	**2,830**	**3,058**	**3,007**	**2,851**	**1.7%**
EBITDA before special items	361	399	498	554	494	-9.8%
Depreciation, amortization and impairment	275	234	259	247	232	-6.8%
Operating profit before special items[1]	142	165	239	307	262	-13.9%
Special items[1]	153	43	24	0	0	255.8%
Operating profit/loss (EBIT)	-11	122	215	307	262	-109.0%
Net financials	-14	-20	16	-2	-10	-30.0%
Net profit/loss	**-7**	**76**	**183**	**236**	**199**	**-109.2%**
Investment in tangible assets	62	95	134	146	327	-34.7%
Investments in intangible assets and acquisition in subsidiaries	113	228	87	177	108	-50.4%
Total assets	2,797	2,662	2,613	2,545	2,322	5.1%
Equity	1,142	1,134	1,169	1,085	974	0.7%
Dividends proposed/paid	0	74	98	113	105	-74.5%
Free cash flow	34	143	242	116	-13	-76.2%
Earnings per share						
Earnings per share (DKK)	-0.30	3.07	7.43	9.60	8.17	-109.8%
Diluted earnings per share (DKK)	-0.30	3.04	7.36	9.52	7.97	-109.9%
Employees						
Average number of full-time employees	3,162	3,083	3,237	3,129	2,937	2.6%

DKK million	**2021**	2020	2019	2018	2017	2020 -2021
Financial ratios						
Revenue growth	1.7%	-7.5%	1.7%	5.5%	3.1%	9.2pp
Gross profit margin	12.0%	13.7%	15.5%	18.0%	18.0%	-1.7pp
EBITDA margin	12.5%	14.1%	16.3%	18.5%	17.3%	-1.6pp
Operating profit margin before special items	4.9%	5.8%	7.8%	10.2%	9.2%	-0.9pp
Operating profit margin	-0.4%	4.3%	7.0%	10.2%	9.2%	-4.7pp
Effective tax rate	72.0%	25.5%	20.8%	22.8%	21.2%	46.5pp
Investments/Revenue	3.3%	4.8%	5.4%	5.3%	11.8%	-1.5pp
Return on equity[2]	-0.6%	6.6%	16.2%	22.9%	21.8%	-7.2pp
Solvency ratio	40.8%	42.6%	44.7%	42.6%	41.9%	-1.8pp
Return on invested capital (ROIC)[2,3]	0.6%	6.1%	10.4%	16.1%	20.8%	-5.5pp
Cash to earnings[2]	-485.7%	188.2%	132.2%	49.3%	-6.3%	-688.2.0pp
Cash to earnings (three-year average)	166.7%	101.2%	55.8%	44.9%	61.7%	65.5pp
Additional numbers[4]						
Order entry backlog for the coming year	2,017	1,999	2,039	2,171	2,213	0.9%

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

Outlook 2022

In 2022, growth is expected to return driven by Life Sciences International and continued traction in Winning Solutions. The backlog from Life Science customers, excluding the Novo Nordisk Group, increased by 14% compared with last year, driven by Life Sciences International and the acquisition of SL Controls, while the Novo Nordisk Group declined by 8%, mainly due to the renegotiated infrastructure agreement in 2021.

Cloud & Digital Solutions is expected to grow by taking full advantage of the expanding Microsoft ecosystem in the Danish market, while Hybrid Cloud Solutions is expected to be challenged by declining project work volume.

NNIT's guides a revenue increase of 2-5% for 2022. The operating profit margin before special items is expected to be around 5%. NNIT's transformation into a new structure will potentially lead to special items up to the same level as in 2021.

The guidance is based on a number of important assumptions, including an assumption of no further deterioration in relation to the COVID-19 situation, that business performance, customer and competitor actions will remain stable and that key currency exchange rates will remain at the current levels versus Danish kroner.

Summary of current expectations

	Current guidance
Revenue growth	2-5%
Operating profit margin before special items	around 5%
Special items	Up to the same level as in 2021

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 26 million	-
CNY	DKK -15 million	14
CZK	DKK -11 million	14
PHP	DKK -7 million	14
CHF	DKK 1 million	-
USD	DKK 12 million	-

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

* The above sensitivities address hypothetical situations and are provided for illustrative purposes only. The sensitivities assume our business develops consistently with our current 2022 business plan.

Key currency assumptions

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

Forward-looking statements

This Annual Report contains forward-looking statements. Words such as 'believe', 'expect', 'may', 'will', 'plan', 'strategy', 'prospect', 'foresee', 'estimate', 'project', 'anticipate', 'can', 'intend', 'outlook', 'guidance', 'target' and other words and terms of similar meaning in connection with any discussion of future operating or financial performance identify forward-looking statements. Statements regarding the future are subject to risks and uncertainties that may result in considerable deviations from the outlook set forth. Furthermore, some of these expectations are based on assumptions regarding future events which may prove incorrect. Please also refer to the overview of risk factors in the 'Risk Management' section on page 47-49.

Our Business

Market Trends

Accelerated digital transformation in NNIT’s core industries

Each year, NNIT produces the publication ***NNIT Expectation Barometer***, in which we highlight current and future industry market trends. The market trends in the publication are based on a major quantitative industry survey and in-depth interviews with leading CIOs coupled with NNIT’s knowledge and insights. Among the trends from the 2021 publication, we saw that COVID-19 had, and still has, a significant impact on organizations. One common trait across multiple industries is that COVID-19 has accelerated the digital transformation. Simultaneously, we see that organizations have an increased focus on building resilient organizations ready for the next major disruption, by focusing on a solid IT infrastructure and cybersecurity and by keeping a keen eye on regulatory changes.

NNIT’s focused strategy is strongly aligned with key market trends.

Sustainability

Digital leaders have an important enabling role in enterprise sustainability programs. Pressure for enterprises to act on sustainability comes from various stakeholders, including customers, employees, the public sector and investors. More organizations with varying sustainability maturity are initiating sustainability programs focusing on, for example, environmental and social issues or launching other types of ESG programs. This is having a significant impact on the need for high quality data, reporting and analytics, as well as in creasing demand for environmentally friendly IT solutions.

Digital transformation of life sciences

Uncertainty and disruption brought about in 2020 have been a catalyst for the life sciences industry to re-evaluate its approach to digital business initiatives. New priorities, obstacles and opportunities have emerged. Life sciences organizations that have made significant progress in their digital transformation efforts will continue to pull ahead by increasing investments in their growth and transformation. In particular areas, where physical activities were and still are restrained, we will see new digital innovation, for example within remote health, digital-based clinical trials and labs, direct-to-patient marketing and more. These trends emerging from COVID-19 will have long-lasting effects on the life sciences industry.

Digital trust and cybersecurity

With the increase in remote work and the migration of applications and data to cloud services, the perimeter has gone. Digital assets, and individuals are increasingly located outside of the enterprise, which is forcing organizations to rethink their approach to security controls. Traditional security controls are hard to adapt to this new reality, so a new architectural model for security is needed. Boards now consider security risk as the second highest overall risk to the company (Source: Gartner September 2021).

Digital experience

Twenty years into the experience economy, expectations and demands from customers and employees continue to change, with interaction becoming more mobile, virtual and distributed. This is because CX (customer experience) and MX (multi-experience) are constantly evolving, driven by new interactions. UX (user experience) is about improving the usability and design of apps and products to reduce effort, increase engagement and drive satisfac tion. MX is about the technical implementation across a wide range of devices, touchpoints and modalities of interaction.

Organizations were investing in these disciplines before the COVID-19 pandemic, for example in a digital omnichannel strategy. However, the pandemic has increased the need to transform the digital experience, moving from keyboards and screens to multiple modalities using conversational, immersive and touchless environments. Of particular importance are the business moments in which experiences between customers, employees, partners and technologies are closely interlinked.

Key market trends

You can read more about the NNIT Expectation Barometer and key market trends on www.nnit.com

New ways of working

With COVID-19 lockdown restrictions being eased, organizations need to create a culture that makes hybrid working possible. This requires rethinking how work is done, especially agile and team-based development in IT. Key is addressing employees' productivity and effectiveness while working remotely (where possible). The use of office space will change towards more flexible environments to enhance employee experience. The new ways of working require focus on issues around the integrity of data, security, technical capacity and capability.

Data and AI

Greater business impact of AI and machine learning requires new techniques for smarter, less data-hungry, ethically responsible and easier to deploy solutions. Hurdles for scaling AI are lowered through increased automated deployment to cloud environments, which also provides improved computing infrastructure for faster training and execution. New supporting solutions reduce the complexity of data, which eventually also lessens the burden of retraining and redeployment of AI solutions. New AI techniques, along with faster infrastructure components, enable a new set of use cases. These must be weighed against the additional complexity, risk and potential busi ness value the use cases bring to the organization.

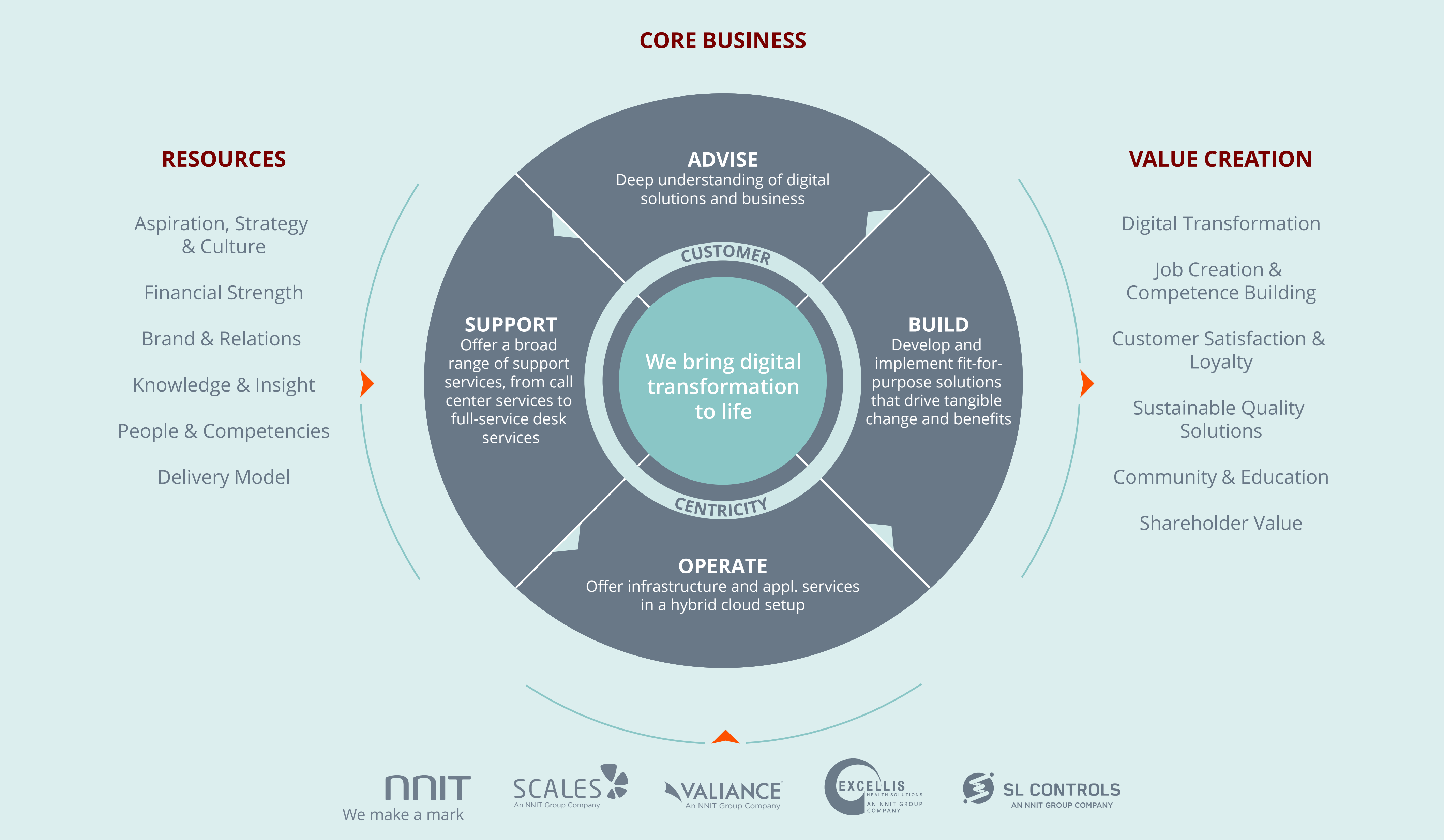
Next generation cloud computing

The proportion of enterprise IT spending on public cloud computing continues to increase, driven by a preference for public cloud solutions over traditional solutions. New "hybrid" versions of cloud computing are emerging, for example distributed clouds. These are defined by Gartner as the distribution of public cloud services to different physical locations while the operation, governance, updates and evolution of the services are the responsibility of the originating public cloud provider. This is the first cloud model that incorporates the physical location of cloud-delivered services as part of its definition. Broad adoption of fully managed and AI/machine learning (ML) -enabled cloud services from hyperscale cloud infrastructure and platform service (CIPS) providers will reduce the operational burden on traditional infrastructure and operation (I&O) roles in the public cloud. Growing geopolitical regulatory fragmentation, protectionism and industry compliance are driving the creation of new regional and vertical cloud ecosystems and data services.
In addition, cloud providers are responding to customer organizations' growing focus on sustainability by introducing more aggressive carbon-neutral corporate goals.

Skills shortage

The skills shortage, especially in "hot" areas such as cloud, security, data and AI, is becoming more and more critical. Estimates in the Danish IT services sector point to a shortfall of 22,000 skilled IT workers by 2030. This gap could eventually force enterprises into a mindset more open to outsourcing.

Business Model



CORE BUSINESS

RESOURCES

- Aspiration, Strategy & Culture
- Financial Strength
- Brand & Relations
- Knowledge & Insight
- People & Competencies
- Delivery Model

ADVISE
Deep understanding of digital solutions and business

BUILD
Develop and implement fit-for-purpose solutions that drive tangible change and benefits

OPERATE
Offer infrastructure and appl. services in a hybrid cloud setup

SUPPORT
Offer a broad range of support services, from call center services to full-service desk services

CUSTOMER CENTRICITY

We bring digital transformation to life

VALUE CREATION

- Digital Transformation
- Job Creation & Competence Building
- Customer Satisfaction & Loyalty
- Sustainable Quality Solutions
- Community & Education
- Shareholder Value

Our Strategy

Strong focus on our customers, Winning Solutions and a strong heritage are key elements in the NNIT strategy for the coming period.

During 2021, we took steps to further improve our strategy. The cornerstones remain focus on our Winning Solution areas, which fit various digital transformation needs, providing cutting- edge solutions to the life sciences industry, and maintaining a stringent focus on our organiza tional capabilities and efficiencies.

To support the overall profitable growth journey of NNIT as well as our continued growth in life sciences, it is a key part of our strategy to look for M&A opportunities, either specifically focusing on industry-specific solutions for life sciences or M&A opportunities that allow us to further improve our competitiveness in one, or more, existing Winning Solution area.

At the beginning of 2022, NNIT introduced a new organization to better enable the realization of its future strategy. The new organization creates more customer centricity and agility through empowerment in three profit & loss owning business units.

Strategy highlights:

- Customer focus is the core of everything we do
- Sharp focus on selected growth pockets with Winning Solutions
- M&A Life Sciences and specific technological areas
- New organization with stronger unit empowerment and transparency
- Diverse business model with focus on selected industries in Denmark and Life Sciences internationally

Our ability to execute on the strategy is rooted in our strong values. A successful execution of the strategy will bring us closer to our aspiration to make a mark in business and society.

Aspiration

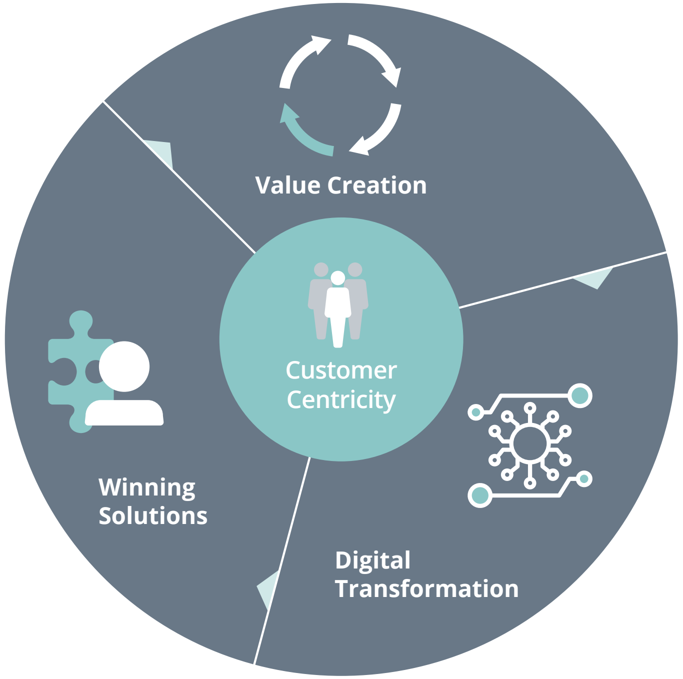
Together we make a mark in business and society; bringing digital transformation to life

Strategy

We enable value creation through Winning Solutions based on proven concepts delivered fit for purpose and first time right

Values

Open and honest
Conscience driven
Value adding



At the core of our business strategy, we continue to focus on our Life Sciences customers – in Denmark and internationally – and we continue focus on selected industries in Denmark.

As laid out in the Market Trends section, our customers look to create value for their customers, citizens, patients and/or employees through digital business transformation. To that end, NNIT offers a variety of Winning Solutions that enable fast value creation.

Our Winning Solutions are successful due to our strong customer understanding - and because the Winning Solutions are delivered as proven concepts that are built fit for purpose and delivered first time right.

Proven concept

Customers need a fast and safe implementation with less risk of delay or redundancy. Concepts and solutions must be well-tested and swiftly implemented to deal with any pain point – quickly supporting each customer's business.

A proven concept means basing an offering on a recognized technology and/or business-critical service. The proven concept is based on a standardized and easily configurable solution that contributes to repeatable business.

Fit for purpose

Customers need to-the-point solutions, without any unnecessary features or obstacles, that are contextual to their business today and sustainable for value creation in the long run.

Fit for purpose means delivering a solution, on time and to the estimated cost, that solves exactly what is important for the customer – nothing more and nothing less.

First time right

Customers expect a solution that remedies the specific business pain or supports the exact business potential, without reruns or contract and scope changes.

First time right means using proven concepts with a fit-for-purpose scoping that is based on best practice. This requires focus on best practice sharing to ensure fast and friction-free implementation.

Our Solutions

To enable fast value creation and drive digital transformation, our customers can choose any combination of our solutions.

For each of our Winning Solutions, NNIT has the ability to advise, build, operate and support the desired customer solution.

In addition to our Winning Solutions, customers can take advantage of our Classic and Emerging Solutions.

Our Winning Solutions and Classic and Emerging Solutions are assessed by our Executive Management on a regular basis to make sure that our solutions are always suited to industry and customer needs, while also being at the forefront of digital development.

Each of our solutions are anchored in one of our three business units. However, our customers can choose any combination of our solutions no matter where they are anchored to make sure that they get the most optimum solutions package to tailor their specific needs.

CUSTOMER CENTRICITY

Clinical
Accelerate your clinical transformational progress with emerging technologies.

Quality Management
Gain a competitive edge with our intelligent Quality Management solutions.

Veeva Solutions
Transit smoothly into Veeva with our unparalleled NNIT Veeva Powerhouse offering.

Production IT
Ensure Pharma 4.0 readiness in your production and supply chain.

Laboratory Informatics
Improve the efficiency and impact of your global laboratory applications with advice, implementation, validation, operation, hosting and support.

Regulatory Affairs
Let Regulatory Affairs Transformation bring you into the future.

Hybrid Cloud
Accelerate competitiveness with a balanced hybrid cloud setup.

Infrastructure and Applications
Improve your digital setup through a flexible and co-creative strategic collaboration and ensure that your organization is prepared for the digital opportunities and threats of the future.

Microsoft Solutions
Create a more agile business with MS Dynamics 365, O365 and the Power Platform.

Integration
Implement the latest software in your portfolio with seamless integrations.

SAP Solutions
Take advantage of SAP's full potential, even in a complex ecosystem.

Employee Experience
Enhance collaboration and efficiency with a modern digital workplace.

Data & AI
Enable your business to become truly data-driven.

Cybersecurity
Get the optimum cybersecurity setup.

Life Sciences Solutions

Cloud & Digital Solutions

Hybrid Cloud Solutions

Our Organization

New and optimized business unit structure implemented to increase focus on NNIT's unique position and solutions, while improving financial transparency.

At the end of 2021, with reporting effect from January 1, 2022, NNIT completed a major organizational change to create three distinct business units:

- Cloud & Digital Solutions
- Life Sciences Solutions
- Hybrid Cloud Solutions

The strategic rationale lies in both the diverse development in our customer base, which requires a more unique approach in each market segment, and the need to speed up business development further in close alignment with our customers' needs. The new structure also enables a more transparent view on business unit performance with regards to maximizing revenue potential as well as cost optimization.

Each unit will clearly anchor sales, business development, and solution delivery, including individual financial reporting, to improve transparency on profit and loss. Each unit will have its own Winning Solutions as well as Classic and Emerging Solutions. It will be fully responsible for the performance of these solutions, which all have different characteristics in terms of growth and margin expectations.

The unit structure will be supplemented by incentive models that also encourage cross-unit sales with a One NNIT focus.

Cloud & Digital Solutions
Focus on developing and delivering the best digital solutions, enabling business-critical applications in the cloud and taking full advantage of the growing Microsoft ecosystem. This unit will be headed by SVP Kasper Søndergaard Andersen.

Life Sciences Solutions
Focus on developing and delivering the best digital solutions to support the entire life sciences value chain. The unit will be headed by SVP Ricco Larsen.

Hybrid Cloud Solutions
Focus on developing and delivering the best infrastructure and hybrid cloud solutions to enable digital transformation with our customers. This unit will be headed by SVP Niels Svenningsen.

We are confident this new organizational structure will provide significant value to our customers, improve operational performance and increase shareholder value.

Life Science Solutions

- Highly specialized services within regulated IT solutions for Life Sciences
- Focus on international growth, which has significant potential

Cloud & Digital Solutions

- Digital solutions for the Danish market
- Focus on establishing profitable growth in the Danish market

Hybrid Cloud Solutions

- Delivering high quality hybrid cloud solutions at competitive prices
- Focus on growing the platform in the Danish market

The Industries and Customers We Serve

Our customers around the world are ambitious organizations focused on driving sustainable business change and results. To that end, NNIT makes a mark by successfully delivering a broad range of solutions to enable our customers to reap the benefits of digital transformation and resiliency.

Life Sciences International

With more than 20 years' experience, NNIT understands the challenges that international life science businesses face. Our solutions are based on industry best practice, integrated with the existing IT landscape, and fully compliant with regulations from the FDA, EMA and other regulatory bodies.

Highlights

- Continued strong growth in a market with significant potential
- Regulatory-driven changes
- IT cost to move towards SaaS IT and business transformation
- Acquisitions have strengthened NNIT's position in key areas

Life Sciences Denmark

Originating in the Danish life sciences industry, our technology, information and life sciences experts deliver integrated IT consultancy services and solutions that increase our customers' capabilities in key areas of the pharmaceutical value chain, including drug development, regulatory affairs, quality management, production IT and supply chain.

Highlights

- Stable market situation with a high NNIT market share
- Regulatory-driven changes
- IT cost to move towards SaaS IT and business transformation
- Acquisitions have strengthened NNIT's position in key areas

Novo Nordisk Group

NNIT' was born in 1998 as Novo Nordisk IT. The Novo Nordisk Group remains NNIT's largest customer. The Novo Nordisk genes are embedded in our DNA and in our approach to quality and business ethics.

Highlights

- NNIT's largest customer but with declining revenue due to modernization of infrastructure contracts
- In-depth knowledge of Novo Nordisk business and digital landscape
- Regulatory-driven changes
- IT cost to move towards SaaS IT and business transformation

Finance

Financial institutions face increasing demands for regulatory compliance, cost reductions and improved returns. We support our customers in achieving sustainable efficiency while addressing intense regulatory oversight, cybersecurity and digital innovation.

Highlights

- Strong regulation and compliance requirements fit well with our life sciences DNA
- High security demands
- On-premise data center demands
- Market is being disrupted by new entrants

Enterprise

In the enterprise segment, we leverage our extensive experience in regulated IT to support customers in Retail, Consumer Goods, Logistics and Energy. Our broad range of Winning Solutions align well with these demanding businesses, whether it be within ERP, cybersecurity, Microsoft, general IT system operations, modernization or something else.

Highlights

- Strong customer base of leading brands with a global footprint
- Opportunities to follow Danish customers internationally
- Increasing need for security, digital workplaces and SaaS solutions

Public

The public sector's ambition to modernize and improve the life of citizens align very well with NNIT's ambition to make a mark in society, using our extensive experience in optimizing processes, simplifying work and reducing costs for public sector organizations.

Highlights

- NNIT mainly targets regions and central government
- Rigorous contract regime and terms and conditions
- Public tenders regulated by law
- Significant potential in replacing legacy systems

Customer Experience

The true demonstration of our success is when our customers are happy and stay with us. This is how we can succeed in a world of increased opportunity and competition.

A common denominator for all NNIT's customers is the need for competitive solutions that enable them to digitally transform and, in turn, meet the requirements of their customers, employees and partners.

In general, we are proud that our services are well received by our customers. As well as the many daily interactions we have with our customers and partners, NNIT has an extensive Customer Feedback Program that allows us to check the health of each relationship. This provides a solid base for our continued journey.

Our customers continue to acknowledge our efforts

Through our three formal feedback channels, we keep a representative indication of our relationship with our customers across all segments and key stakeholders.

- In general, we performed at a satisfactory level based on Quarterly Satisfaction Surveys (EvalGO) and End User Surveys.
- Our Annual Experience Survey continued to show strong performance, but we still have room to improve. Initiatives have been identified to improve our overall score of 3.7.

In addition to the Customer Feedback Program, NNIT is also involved in a formal auditing process to determine whether deliveries meet customer expectations and regulatory requirements. During 62 audits in 2021, including both independent service audits and customer audits, no material findings were identified.

The number of independent service auditor reports was 25 in 2021 compared to 34 in 2020.

In line with ISO 9001 and ISO 27001 certification requirements, including interpretation of FDA and EMA regulations, NNIT conducted internal audits and external supplier audits in 2021.

Annual Experience Survey

(Scale 1-5), 2020: 3.7

3.7

Annual survey focusing on the full customer journey. Respondents are typically top management.

Quarterly Satisfaction Survey

(Scale 1-5), 2020: 4.4

4.3

Quarterly survey focusing on specific deliveries. Respondents are typically middle to top management.

Ongoing End-User Survey

(Scale 1-5), 2020: 4.4

4.4

Ongoing surveys focusing on the experience delivered to users of the NNIT Service Desk. Respondents are IT users (all levels).

CASE STORY

From Spreadsheet to Batch Release Dashboard in Just Six Weeks

In just six weeks, NNIT designed and implemented a new batch release dashboard for the healthcare manufacturer Lonza. It reduces Lonza's daily batch release management tasks from several hours to a few minutes.

A recent project with our long-term customer Lonza is a stellar example of what we mean when we at NNIT say "we make a mark".

To ensure delivery of a new product, the healthcare manufacturer Lonza urgently had to prepare for a significant production ramp up. But to do so, they had to accelerate their batch release process, which up till then had been managed using an Excel spreadsheet.

A problem of scalability

Lonza brought this dilemma to the attention of NNIT, and initially requested an upgrade of the Excel spreadsheet with automation and alerts. But this solution did not sufficiently address all of the underlying needs.

It was not feasible to scale up the current solution due to the volume of manual input required and the limited possibilities of automating import of information from external systems. The tools for supporting this process had to be upgraded.

Applying the right solution

A specialized NNIT team worked closely with key stakeholders from Lonza to developed and implemented a full Batch Release Dashboard for Lonza in just six weeks.

By taking the time to properly understand the core problem, asserting the license to innovate and applying the right solution, NNIT ultimately provided Lonza with an easy-to-use and low-cost system which improved the batch release process immediately upon launch.

Results and perspectives

The Batch Release Dashboard:

- Ensures a real-time overview of batch releases and dive deep into details for specific batches
- Enables internal and external teams to collaborate in new ways
- Reduces daily batch release management tasks from 30 hours to 30 minutes (based on current volume)

NNIT is now working with Lonza to implement the Batch Release Dashboard at 17 individual production sites.

The NNIT Team

IT starts, runs and ends with people. NNIT people are highly specialized and motivated, collaborating across borders and time zones to serve our customers.

While IT and digital tools can be used to develop and improve businesses and societies, it all depends on people. In NNIT, we strive to give our people the best prerequisites to make the mark we and they aspire to. We do this by focusing on a good working environment where personal development for all individuals is equally as important as developing our business.

Twice a year, every employee meets with their leader to discuss their Individual Development Plan (IDP). This ensures that we stay motivated, engaged, and passionate about our work. The IDP is strength-oriented and zooms in on opportunities and areas where each employee can do what they are best at and enjoy most in their work. This ongoing dialogue between employee and leader is highly valued by colleagues.

We also set personal targets for our development. This is done in our Annual Performance Improvement System (APIS), which is aligned with our overall business goals and strategy.

Talent retention and succession

Whether you are a generalist or specialist, new to the job market or experienced, you are a valuable part of our business as an NNIT colleague. In 2021, we initiated the process of updating our employee value proposition. To be able to attract more talents, we want to articulate what it means to be an NNIT colleague and why we would recommend it.

Our focus on succession planning proved to be successful in 2021, partly due to our ongoing dialogues between leaders and employees, and partly due to our internal development programs, including Discover Your Leadership Potential (DYLP).

We will continue our focus on attracting and retaining skilled NNIT people going forward, just as our colleagues' well-being and personal development will remain a top priority.

Employee Satisfaction Score

4.3

NNIT employees rated their job satisfaction 4.3 out of 5 in our annual employee satisfaction survey, eVoice.

"We attract and employ people who are wired to make a mark. In 2021, we saw numerous examples of how NNIT people made a difference for customers as well as co-workers. To achieve great results, we're dependent on great people. And I'm immensely proud to be able to say that NNIT consists of exactly that: **Great people."**

PÄR FORS, CEO

IT Company Rank 2021 rated NNIT as the Most Attractive Workplace in Denmark for IT consultants.

Even though this is a title won in Denmark, every NNIT colleague can take pride in it, as everyone contributes to our international work environment and plays a crucial role by collaborating across borders and areas of expertise.

NNIT People Making a Mark across the Globe

Make a Mark

Together, our aspiration, our values, and our strategy outline the way we work in NNIT. Working in NNIT means being part of an international team with talented colleagues who all work "The NNIT Way" doing their best to make a mark on business and society; bringing digital transformation to life.

Making a mark on our surroundings is essential for NNIT, both as people and as a company. We work with passion to deliver results, and continuously explore new ways of adding value. We are more than digital experts. We are enablers, committed to helping each other reach our full potential.

"As part of driving the system validation effort for Veeva Safety Vault for one of our customers, I adopted an even-keeled approach in terms of feature testing and implementation and advised on the next steps to instill confidence for scope expansion and future releases. It makes me proud to say that my humble contribution is part of a positive industry trend toward modernization."

SLOBODAN VUČINIĆ, SENIOR CONSULTANT, NNIT CZECH REPUBLIC

"This past year, I've had the privilege of leading a team of eight young professionals in NNIT to start up a Cell Gene Therapy Facility. These exemplary talents have made a mark with our customer as we helped them complete Qualification activities within tight timelines. I'm proud of the way we differentiate ourselves and bring value to our customers."

REGINA ARYANTI, SENIOR CONSULTANT, NNIT SINGAPORE

"Even though I am relatively new in NNIT, I've had the privilege to work on an internal service development project initiated by some of our talented colleagues at the Aarhus office in Denmark. They saw a need to develop a tool to help understand customers better and faster, and I am amazed by the drive shown by everyone working on the project, working hard to make a mark. Furthermore, I am excited about the amount of responsibility and trust that the team has shown me, being a new and young professional."

HEIDI ODDERSHEDE LAURSEN, ASSOCIATE CONSULTANT, NNIT AARHUS

"This past year I have helped lead Regulatory Intelligence for NNIT US, focused on global data standard initiatives. I am proud to work on an experienced team that is dedicated to ensuring our customers reach their full potential as the industry transitions from document based processes to structured data and digital transformation. We strive to provide in-depth assessments and implementation strategies that will allow our customers to access the benefits of digitalization beyond compliance."

KATHERINE NOVAK, ADVANCED CONSULTANT, NNIT US

Diversity & Inclusion

We believe that embracing diversity and having an inclusive work environment create the best prerequisites for our employees to make a mark through their contributions at work.

In 2021, we increased focus on being a diverse and inclusive workplace. We updated our Diversity & Inclusion Policy, which states NNIT's processes and targets in this area. We updated our goals for our gender distribution balance, aiming to increase the number of the under-represented gender (women) in all levels of our organization. We want to attract more women and support women in exploring their leadership potential within NNIT. This is not just to comply with legislation, but because we believe that a diverse and inclusive work environment enables us to make better decisions and deliver better results.

We continuously aim to create a work environment where all current and future employees feel respected and valued. We want to ensure that no one experiences discrimination of any kind at work and that all employees have equal opportunities for develop ment

The updated policy also ensures that NNIT acts in accordance with the requirements of the Danish Financial Statements Act § 107 d on diversity policy, the Financial Statements Act § 99 b, and the Companies Act § 139 c on target figures for the proportion of the underrepresented gender in top management.

We will continue to report on our work and progress with diversity and inclusion.

Read more in our Corporate Responsibility Report 2021.

Top Management

♀	♂
33%	67%

All Employees

♀	♂
32%	68%

> **"While it is important to reflect diversity in management levels,** I believe this topic deserves attention everywhere in a company. To maintain and grow a diverse and inclusive workforce, we are dependent on an open and honest culture where we address both strengths and challenges. This also includes talking about, and trying to minimize, the unconscious bias that we are all subject to."
>
> **PÄRS FORS,**
> CEO

Graduate Programs

NNIT has a long history of welcoming young talents to develop through our graduate programs. 2021 was no different, as we added more than 30 graduates to our workforce.

Part of our sustainable business conduct is about ensuring that we employ the best talents of tomorrow to drive our company to future success. In 2021, we turned up the volume on our graduate intake, and we were very pleased to experience interest from newly graduated talents wanting to start their career in NNIT.

As an NNIT Graduate, you get the opportunity to shape your career journey and explore your true passion. We offer several paths to choose from within consulting, DevOps, project management, solutions architecture and cybersecurity, just to name some of the areas in which we employ graduates.

The NNIT Graduate Program is a mutual investment in a bright future, and some of our most successful and experienced colleagues started out as NNIT Graduates. We wish to give our graduates a great start on their careers, and we hope they will continue to develop their talent, our business, and the IT industry as we and they make a mark; bringing digital transformation to life.

People who have completed an NNIT Graduate Program*

+250

*since establishment of the programs in 2004

People in NNIT Graduate Programs today

40

in Czech Republic, Denmark, and Germany

100% **of NNIT Graduates who complete the program are offered a permanent position in NNIT**

"Being a Graduate in NNIT meant that I was introduced to several corners of the organization. I landed in our Security department and continued as a Security Advisor after completing my graduateship. Fast forward to 2021, I now work as Line Manager for Security Projects and Operations in Denmark - and I still use a lot of the input I received as an NNIT Graduate."

DAVID SHAHMIRI, LINE MANAGER & FORMER NNIT GRADUATE

"To me, it was a big step to finish my studies and start a full-time job. However, NNIT has truly mastered smoothening this transition. As a graduate, you are challenged every day, but you are never really on your own. It's a steep learning curve but with a solid safety net."

CAROLINE DUUS, DIGITAL BUSINESS CONSULTING GRADUATE

Our People Highlights

Nationalities

+60

Number of employees at year-end

3,130

Gender distribution in NNIT

F 32% M 68%

Number of certificates held by employees

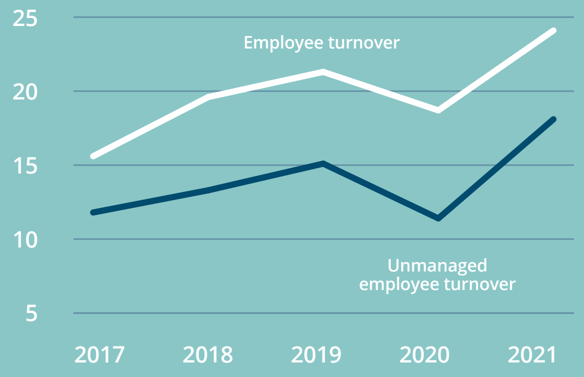
4,871

Promotions

13,2%

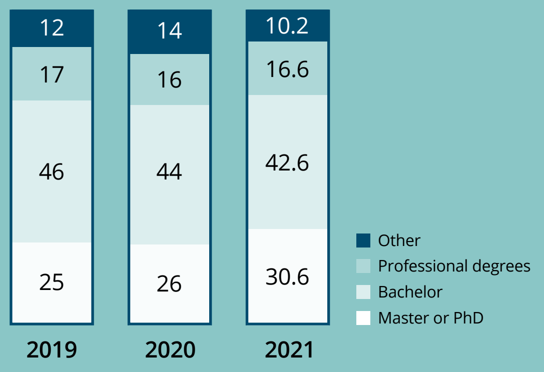
Employee turnover

%



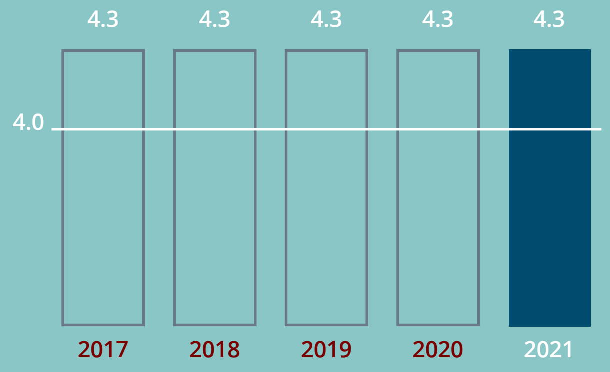
Overview of employees' education

%



Employee satisfaction score

Target: 4.0 (Scale 1-5)



Our Responsibility

To us, contributing to a more sustainable future is an essential part of good IT and business practice. In 2021, we continued to operate responsibly, seeking to make a more positive mark on our surroundings.

In 2021, we saw increased focus on sustainability and corporate responsibility in the IT industry. More importantly, there was a willingness to collaborate across functions and areas of expertise to improve our ways of working.

To us, collaboration is essential in almost every aspect of driving business, but especially when it comes to finding new ways of contributing to a more sustainable world. During the year, we cooperated with customers, partners, peers, and suppliers on how we can contribute and create tangible results.

2021 initiatives

Our commitment to Sustainable Development Goals (SDG) 4, 5, 9, and 12 continued unabated, and we increased our efforts within this framework. You can read more about this work in the following pages and in our Corporate Responsibility Report 2021.

We updated our Corporate Responsibility Policy, which now explains in detail how we use the UN Global Compact and SDGs as baselines for our work.

In 2021, we also began measuring our own CO_2 emissions, and expect to set specific targets for lowering our emissions in 2022. For our customers, we are now also able to disclose data on electricity consumption through our data centers.

In 2022, we will continue to explore new ways of improving. To name just two examples, we will increase our reporting on Scope 3 and work towards an ISO 14001 certification.

The Environmental, Social and Governance (ESG) principles

Back in 2020, we enhanced our work with ESG reporting and now conduct annual audits with the objective of continuously improving the way we operate.

In 2020, we were rated 17.1 on a scale of 0-100, 0 being the best score. Our score of 2021 lands at 13.3, allowing us to continue categorizing ourselves as a *low-risk* company. Read more on page 39.

Our statutory statement on Corporate Responsibility (CR) pursuant to section 99 a, section 99 b, and section 107 d of the Danish Financial Statements Act and section 139 c of the Danish Company Act for the financial year 2021 is communicated in our Corporate Responsibility Report 2021 available on our website at www.nnit.com/about-us/corporate-responsibility/cop-reports/

Our Commitment to the UN Sustainable Development Goals

In 2021, we further increased our focus on contributing to the UN Sustainable Development Goals.

Our Corporate Responsibility Policy is closely linked to the UN Sustainable Development Goals (SDGs).

We have identified four SDGs where we see our work adding most value, and we are committed to making a more positive mark on business and society through our activities within this framework.

The SDGs provide a framework we find suitable to integrate in our work with corporate responsibility. In 2021, we continued to contribute within this framework focusing on SDGs 4, 5, 9, and 12.

To truly integrate work with the SDGs into our business, we need to be able to experience a clear link to our business strategy.

We are committed to these four SDGs because this is where we see the best link to our compe tencies. We also see how this work contributes to reaching the goals for world society set by the UN, and how it gets us closer to reaching our business goals.

To us, committing to **SDG 4: Quality Education** means that we can help educate children and young people to better navigate in a digital world, while hopefully also giving ourselves a greater pool of IT talents to choose from when looking to hire new colleagues in the future.

To us, committing to **SDG 5: Gender Equality** means contributing to a more diverse environment in the IT industry and promoting diverse leadership in general, while also increasing diversity among our own company, which we believe gives us better prerequisites for success.

To us, committing to **SDG 9: Industry, Innovation and Infrastructure** means continuous development towards a more efficient IT industry and society. This benefits the IT industry itself, but with our competencies and efforts within this framework, we are also able to support our customers' sustainability journeys by providing innovative solutions and ensuring efficiency in IT processes.

To us, committing to **SDG 12: Responsible Consumption and Production** means lowering our CO_2 emissions and consumption in general across our organization and advising our customers on how IT can contribute to a reduction of their consumption

2021 SDG Milestones

4 QUALITY EDUCATION

Guiding children through digital problem-solving

We are a founding partner of the Coding Class initiative in Denmark. Since its establishment in 2016, the organization has involved over 20,000 school children in projects that develop their digital skills. NNIT was part of two projects in 2021, asking more than 40 children to develop digital solutions that introduce more physical movement in the workday.

Our role is to provide insight into our company and guide them through the digital problem-solving – at the same time, we hope to increase their interest in IT and how it can enable large-scale problem-solving in our society.

> “Over the years, NNIT has shown a very strong dedication to providing children with future digital skills.”
>
> **METTE LUNDBERG**, DIRECTOR OF PUBLIC AFFAIRS IN THE DANISH IT INDUSTRY ASSOCIATION.

Increasing IT interest among young people

Through Engineer the Future, Danish high schools could book up to five NNIT experts to come and teach young people about IT.

As part of Engineer the Future, we help spread knowledge about IT among young students, hoping to increase their interest in contributing to the digital world through their future education and work life.

5 GENDER EQUALITY

More focus on diversity and inclusion

In 2021, we merged our policies concerning diversity and inclusion and gave them a big brush-up, setting new goals for an improved gender balance on all levels of NNIT.

In our annual employee satisfaction survey, we now ask colleagues to assess whether they have experienced fair treatment and equal opportunities in relation to gender, age, ethnicity, religion, physical disability, political opinion, social origin, sexual orientation, or marital and family status.

The question scored a global **4.6 out of 5**, which we consider satisfactory, but in no way a reason to decrease focus on improving the way we work with diversity and inclusion in NNIT.

Reversed mentorship program

As a pilot project, we ran a reversed mentorship program in one of our departments. Young female colleagues mentored experienced male managers to exchange views and offer guidance in how to navigate, lead, and encourage a more diverse and inclusive work environment.

Learnings from our reversed mentorship pilot:
- Lighthouses are important: Promote more role models
- Unconscious bias: Continue to strive for more awareness of the biases influencing our decision-making
- Mentorships help: Enhance scope and continue in 2022 and beyond

JESPER HØEG BØTTGER is a Senior Business Consultant in NNIT. As part of the Book an Expert Program through Engineer the Future he shared his knowledge and experience with Danish high school students during 2021, contributing to our work with SDG 4.

“I'm happy to get the opportunity to inspire young people and demystify the perception of what a tech geek works with. It's not easy choosing your educational direction, and many young people believe they make a choice for the rest of their life. I'd like to show them that the choice is not definitive - and that the field of IT and digitization offers numerous opportunities.”

JOSEFINE THØGERSEN mentored **ESBEN KAUFMANN** contributing to our work with SDG 5.

“The reversed mentorship program has created a safe space where I as a young consultant can gain insight into the organization's current structure and processes. I can also share my thoughts on executing these everyday tasks and how I think they can be developed in the future,” says **JOSEFINE THØGERSEN**, JUNIOR CONSULTANT.

“The program has helped create a reflective forum where everyday issues can be discussed. It was an exciting twist that the younger participant sets the agenda as it helped to shed new light on the topics,” says **ESBEN KAUFMANN**, VICE PRESIDENT IN NNIT DIGITAL BUSINESS CONSULTING.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Focusing on supporting our customers' sustainability journey

While we continuously strive to improve the way, we operate our own business, we wish to offer our customers our IT knowledge and tech skills to enable initiatives on their sustainability journey. In 2021, this has led to several fruitful dialogues with customers and partners – leading to action, as intended.

To many of our customers, becoming more sustainable is a top priority. We wish to support their journey where ever we can and highly appreciate the opportunities we get to explore how we can all make a more positive mark – e.g. together with Arla:

> ”We are on a journey towards more sustainable IT. As a company we can implement greener digital behaviours internally but we also need to form strong partnerships with our top 10 vendors to succeed in that journey. Our focus is always to work together to explore, learn and find new ways of working to become more sustainable. And it's a really exciting journey to be on.”

BRIAN ØSTERGAARD ANDERSEN, HEAD OF INFRASTRUCTURE SERVICES, ARLA IT

A sustainable IT industry

The IT industry continues to be a big contributor to the world society's CO_2 emissions, and as a conscious-driven company we wish to take responsibility in improving the way we operate as an industry.

We therefore continued to participate actively in networks, sharing both good and bad experiences with our stakeholders.

Looking into 2022, one new initiative is a partnership with three Danish universities and other companies regarding energy certified software development and operation.

Improving own infrastructure

In 2021, we updated our company car policy giving employees clear incentives to choose electric cars, or hybrid cars as a minimum.

We also installed chargers for e-cars at our headquarters eliminating charging issues for employees who wish to drive e-cars but didn't have charger access.

We mapped the preferred choice of transport to and from work globally and found that the majority of our colleagues outside Denmark use either public transportation or bike to work.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Our CO_2 emissions

During the year, we made an effort to collect data and measure our global consumption and emissions, using the GHG protocol and reporting on Scope 1, 2, and 3. Read more about our footprint on page 38.

In 2021, NNIT purchased 100% green energy for all our Danish locations, which means that our electricity came from either wind or hydro power.

Effective data centers

Besides running on electricity from renewable energy sources, our data centers are very energy efficient, ranking well under the European average Power Usage Effectiveness level (1.6). This results in lower energy consumption.

We have signed an agreement with local stakeholders committing us to implement a solution for reusing the excess heat from our data centers.

CO_2 neutral website ▸

Through IngenCO_2 we run a certified CO2 neutral website

Handling e-waste

As an IT company, the required quality standard for our equipment is high. Therefore, others might find use in equipment that is no longer fit for use with us.

As part of our efforts to prolong the lifecycle of scarce resources and equipment used in our daily operations, we contract third parties to resell, reuse or recycle our electronic equipment which, for various reasons, is no longer fit for use by us.

These contracts include our headquarters and data centers. In 2022, we will extend these arrangements to other NNIT locations.

On a smaller scale, we started sorting our trash in more detail in our headquarters and encouraged global colleagues to increase awareness of responsible consumption.

Our Footprint

In 2021, we began measuring and reporting on our greenhouse gas emissions on a global scale.

We analyze our emissions based on the international standard the Greenhouse Gas Protocol (GHG Protocol).

The GHG Protocol divides companies' direct, indirect, and value chain emissions into three scopes, and covers all emissions from regular business operations.

As COVID-19 impacted the way we work, e.g. by reducing travel activity significantly, we chose 2019 as our baseline year. Currently, our emissions are calculated for NNIT offices only (excl. NNIT Group companies).

Our emissions

For 2019-21, we collected relevant data to disclose our scope 1 and 2 emissions satisfactorily. Offices with less than 20 employees are not included (this amounts to around 70 employees worldwide).

Scope 3 includes data from business travel only.

As illustrated below, our emissions dominantly stem from scope 2. This is due to our two data centers, which require a significant amount of energy. However, since 2015 we have purchased renewable energy, with a renewable energy certificate (RECs) or guarantee of origin (GoOs), for our data centers and offices in Denmark. In effect, this guarantees that the electricity used at these locations over the course of a year comes from renewable sources.

Compensation through climate credits

To compensate for the emissions of our electricity consumption outside Denmark, which we have not been able to convert to renewable energy sources, we purchased climate credits through the Thor Heyerdahl Climate Park, corresponding to 577 tCO_2e. This covers the residual emissions of our market-based global electricity consumption in 2020, which was 453 tCO_2e in 2021. Climate credits will be purchased to compensate for this in 2022.

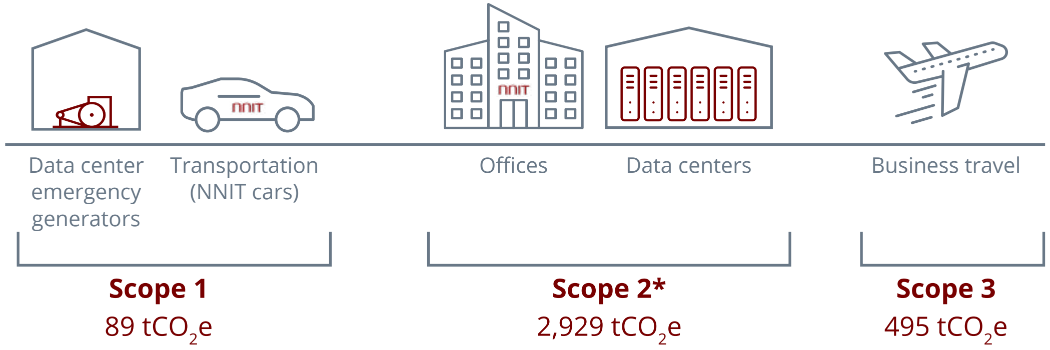
We believe this solution is suboptimal and, while we intend to be part of the compensation program in 2022 as well, we will continue to explore possibilities of reducing our emissions directly.

Going forward

In 2022, we will focus on widening our reporting of activities in scope 3 and therefore we expect our numbers to increase when including data from a larger part of our supply chain.

We will also initiate an ISO 14001 certification, which will enhance our environmental commitment by implementing an environmental management system. This will further improve our ability to monitor and report on our scope 1, 2, and 3 emissions.

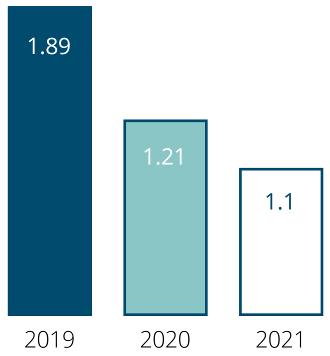
Our emissions in the three scopes, 2021



* Location-based, the market based emission is 1,209.8 tCO_2e

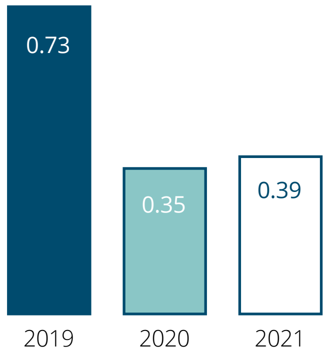
Location-based tCO_2e emissions per FTE

(*FTE: Full-time employee)



Market-based tCO_2e emissions per FTE

(*FTE: Full-time employee)



Update on ESG

In 2021, we enhanced our work with ESG reporting and are now audited annually by Morningstar company Sustainalytics with the objective of continuously improving the way we operate and impact our surroundings. With a **score of 13.3**, NNIT is rated as a low-risk company.

Environment[1]

	Unit	2021	2020	2019
Global electricity consumption*	kWh	19,402,672	18,672,030	No data
Renewable energy share	%	96%	95%	No data
Scope 1 emissions	tCO_2e	88.7	123.1	110.5
Scope 2 emissions	tCO_2e	2,928.7	3,411.1	4,509.9
Scope 3 emissions	tCO_2e	495.1	282.6	1,437.0

* Main office sites in China, Czech Republic, Denmark (incl. two data centers), the Philippines, Singapore, Switzerland, and the US

Social data[2]

	Unit	2021	2020	2019
Full-time workforce (end of year)	Number	3,130	3,171	3,207
Gender diversity (male/female)	%	68%/32%	68%/32%	67%/33%
Gender diversity management (male/female)	%	67%/33%	69%/31%	73%/27%
Employee turnover rate	%	24.1%	18.7%	21.3%
Unmanaged employee turnover rate*	%	18.1%	11.4%	15.1%
Sickness absence**	%	2.3%	1.7%	2.6%
Employee satisfaction score	1 to 5	4.3	4.3	4.3

* All employees, excl. students as they are employed on temporary contracts.
** Denmark only, incl. students.

Governance data[3]

	Unit	2021	2020	2019
Gender diversity, Board (male/female)*	%	67%/33%	67%/33%	67%/33%
Board meeting attendance rate	%	100%	98.8%	98.4%

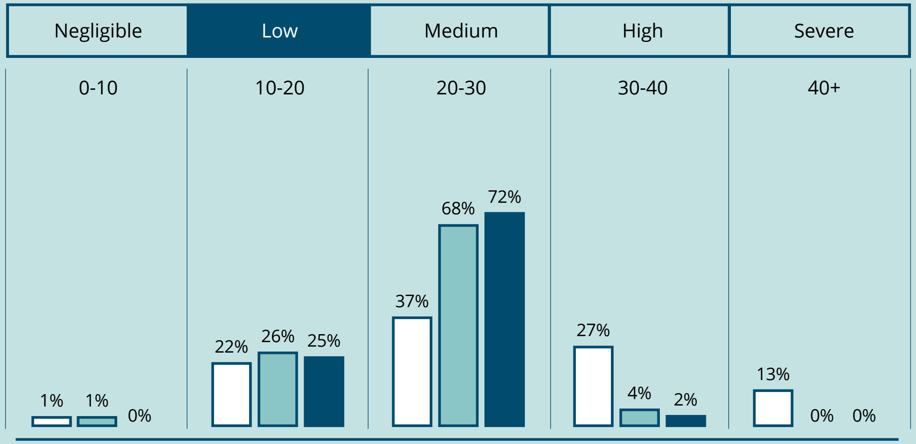
* Gender diversity on the Board in 2021 including the three employee elected members (male/female): 56%44%

[1] Our data in Scope 1-3 is collected internally in NNIT based on information from third parties, such as energy and electricity companies. Data is processed in CEMAsys: https://portal.cemasys.com/
[2] Data is collected internally in NNIT, pulled from HR IT systems
[3] Data collected internally in NNIT from HR and Legal departments

NNIT ESG Risk Rating

Updated January 7, 2022

13.3



ESG Risk Rating Distribution

		Rank (1st = lowest risk)	Percentile (1st = lowest risk)
☐	Global Universe	777 / 15085	6th
▨	Industry: Software & Services	23 / 995	3rd
■	Sub-industry: IT Consulting	6 / 209	3rd

EU Sustainability Taxonomy

Starting in 2021, NNIT has adopted the EU taxonomy to contribute to transparency on sustainable economic business activities.

The European Green Deal and EU taxonomy

The EU Commission has adopted the European Green Deal to tackle the challenges related to climate change and environmental degradation in the EU and globally. As a conscience-driven and responsible company, NNIT supports the European Green Deal and we look forward to accelerating our own efforts and ambitions, while also supporting our customers and society to become more sustainable by bringing digital transformation to life.

To achieve the goals set in the European Green Deal, the EU Commission – among other things – has developed the EU taxonomy, which essentially is a catalogue of economic activities to create transparency, in order to determine whether business activities contribute to a sustainable economy or not. From January 2022, EU companies across different sectors and industries are obligated to use the EU taxonomy framework. In 2021, we began assessing which of our business activities should be listed in the taxonomy and thereby will be classified as taxonomy-eligible activities.

NNIT's taxonomy eligible activities

NNIT's taxonomy eligible activities has been determined by identification of NACE code J63.11 and matching to activity 8.1 in the Technical Annex I as issued by the EU Commission, thereby identifying data hosting in own data centers as taxonomy eligible activity for which reporting and future measurement of sustainability is relevant.

The revenue, costs, and investments related to NNIT's taxonomy eligible activities have been measured as described further below. In general, and in accordance with the EU Commission guidelines, the overall assessment of NNIT's taxonomy eligible activities is, that they represent an insignificant part of the total activities.

Taxonomy-eligible revenue

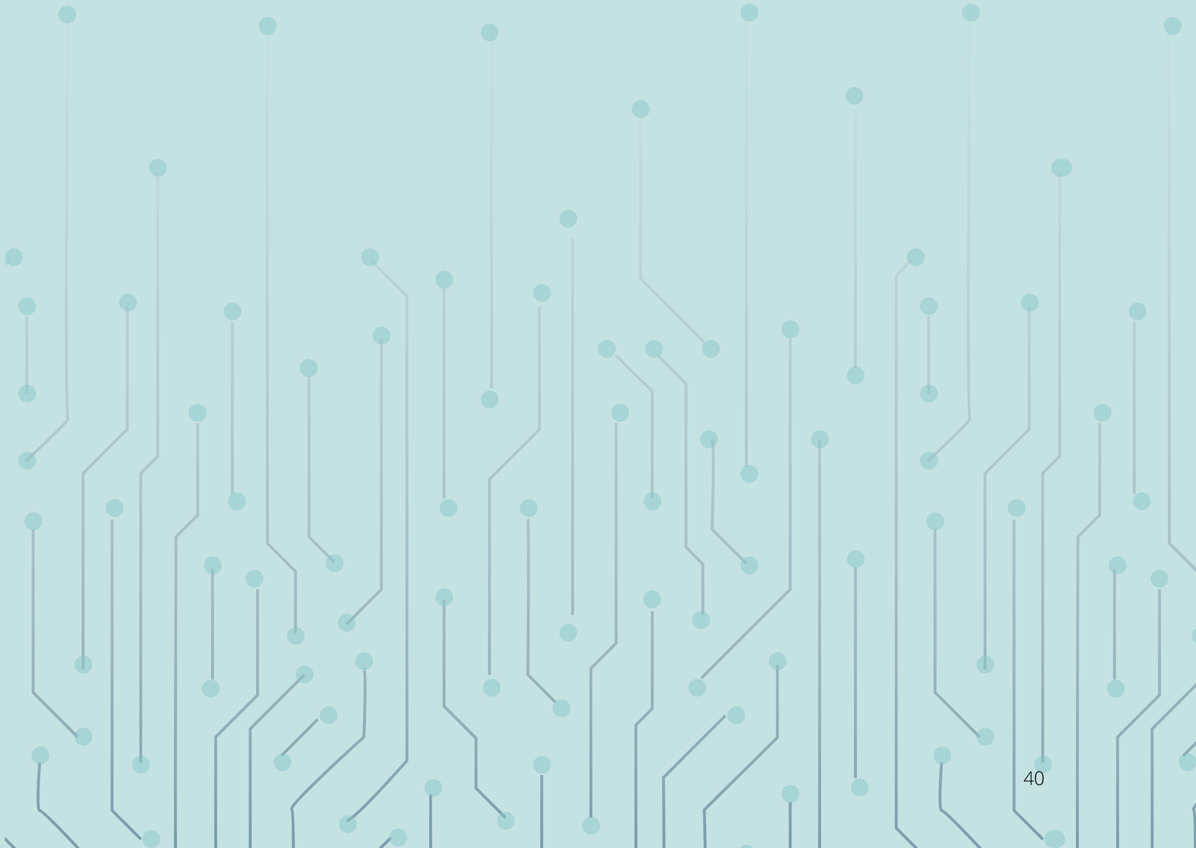
NNIT’s revenue allocated to the taxonomy is defined as revenue directly related to hosting of data in own data centers. NNIT's share of revenue for 2021 has been assessed to be **less than 5%**.

Taxonomy-eligible OPEX

NNIT’s taxonomy-eligible share of costs for 2021 is **below 5%** of total costs. This includes costs for power consumption, buildings, cooling, generators, pipes, salaries for guards and personnel directly associated with own data centers.

Taxonomy-eligible CAPEX

NNIT’s CAPEX related to taxonomy-eligible activities is **below 10%** of total CAPEX in 2021. The investments mainly comprise of cooling system and renewal of pipes in own data centers.



Equity Story

Successful acquisition track record

Five acquisitions in the past five years. SCALES in 2017, Valiance Partners in 2018, Halfmann Goetsch Partner in 2019, Excellis Health Solutions in 2020 and SL Controls in 2021.

Top three Danish IT market leader

Based on Gartner IT Services Market Share 2020 and NNIT data.

>20% historical organic revenue growth outside Denmark

Previous three years' performance in Life Sciences International. Based on average yearly growth from 2018-2021 in Life Sciences International.

Strong employer brand

NNIT was named the most attractive workplace in Denmark in IT Company Rank's consulting category 2021 - by Version2. **NNIT employee satisfaction score of 4.3 out of 5.**

ESG

NNIT is rated annually by the independent ESG and corporate governance research and rating company, Sustainalytics.

SUSTAINALYTICS
a Morningstar company
RATED

Strong domain knowledge within life sciences

Especially strong knowledge within regulatory affairs, quality management, pharma production IT, Veeva solutions and end-to-end supply chain management.

Solutions in strong ecosystems

- Microsoft
- SAP
- Veeva
- TraceLink

NNIT also works with a number of specialized partners in select areas to provide value adding services.

Large potential in Denmark and in international life sciences markets

Our market share in Denmark is around 6% and internationally below 1%, based on Gartner IT Services Market Share 2020 and NNIT data.

CASE STORY

The Promising Potential of Mixed Reality

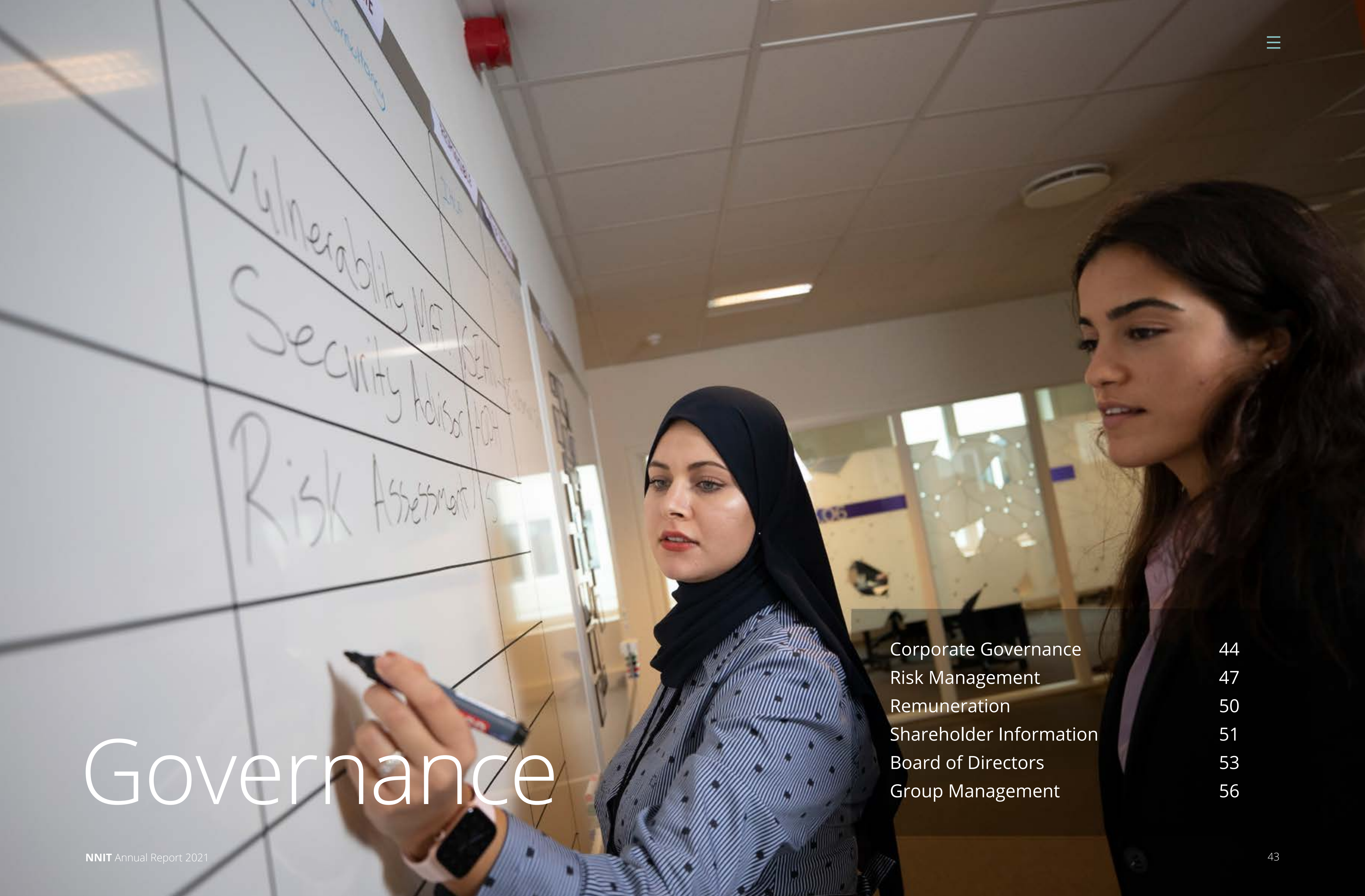
Mixed Reality has already proven to bring significant value to a wide range of industries, companies, and consumers. However, 2021proved in many ways to be a groundbreaking year for Mixed Reality. The continued COVID-19 pandemic made the technology a 'license to operate' for many companies not being able to visit colleagues, sites, suppliers, and customers. 2021 was also the year that solidified the technology giants' belief in the future of Mixed Reality. NNIT have been fully engaged in the Mixed Reality journey since 2018 - conducting more than +30 'proof of concepts' for our customers. We are confident that Mixed Reality will challenge and change the world similarly to what we experienced with the smartphone. Recently, we have seen an increased trust in the technology, with more customers moving from proof of concept to scaling into enterprise.

In 2021, NNIT and it's Mixed Reality partner, Microsoft saw a big increase in the demand for Mixed Reality. With expertise in every stage of the Mixed Reality journey, NNIT supported a wide range of customers into the new and promising reality of Mixed Reality, all the way from proof of concept to implementation and to daily operations. NNIT has become a one-stop-shop for Mixed Reality, acknowledged for fast delivery with high quality. By offering a fast-track approach, NNIT customers can have the technology in their hands after day one, a proven use- and business case after a month, and within six months be in fully use of the technology on an organizational scale.

Supporting customers in uncertain times
As a result of the COVID-19 pandemic and strict travel restrictions, an NNIT customer – delivering complex technical solutions to consumers and enterprise - found themselves in a situation where they had not been able to visit their suppliers' production facilities in Asia for close to two years, e.g., to validate assembly lines, solve problems in real time or to validate the end test of products. NNIT was tasked to support the company in finding a solution to address the growing issues lead by the global COVID-19 pandemic.

A proof of concept was completed in September 2021, to test if Mixed Reality could be used as a supplement to on-site inspections of suppliers in production lines. The proof of concept proved to be successful and after just four weeks the conclusion was clear. Via Mixed Reality, the company's engineers were once more - although trough a pair of Microsoft HoloLens' - able to reconnect with their suppliers and oversee production and assembly of their products, while also being able to do live "on-site" problem solving from a distance - hereby saving valuable time on travelling along with reducing the company's carbon footprint.

Following the successful proof of concept, the customer and NNIT have continued the partnership to implement and scale the Mixed Reality solutions to meet the company's immediate and future needs. This includes advising on sourcing, governance, and management of devices and training to ensure safe, compliant, and efficient use of the technology.

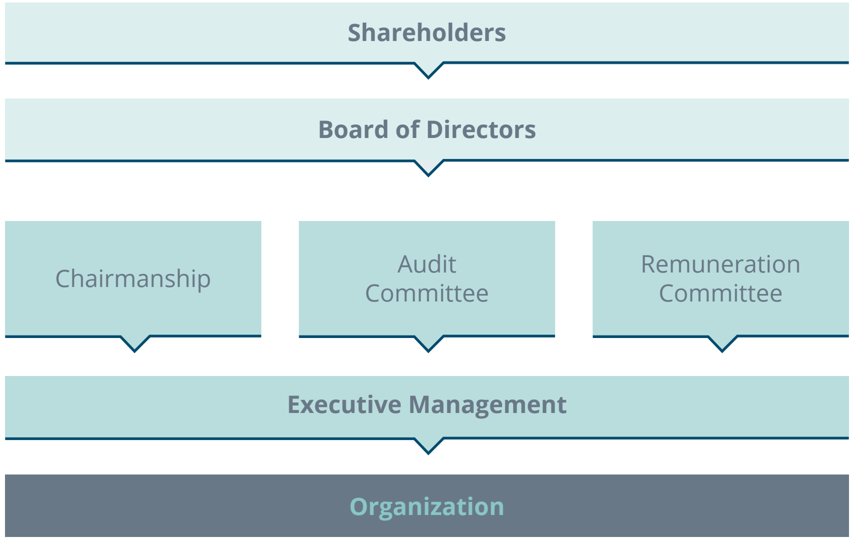


Governance

Corporate Governance

The Board of Directors of NNIT has a continued focus on good governance practices. NNIT is in full compliance with suggested recommendations except for a separate nomination committee, the role of which is handled by the Chairmanship.

Corporate governance structure



Governance structure

Annual general meetings
The shareholders of NNIT have the ultimate authority over the company and exercise their right to make decisions at general meetings. At the annual general meetings, shareholders approve the annual report and any amendments proposed to the company's Articles of Association. Shareholders also elect board members and the independent auditor. NNIT's Annual General Meeting is held in March each year. The Board of Directors and Executive Management operate under a two-tier management structure wherein powers and responsibilities are distributed between the Board of Directors and the Executive Management.

The Board of Directors supervises the work of the Executive Management and is responsible for the overall management and strategic direction, while the Executive Management is in charge of the day-to-day management. The Executive Management has established a Group Management consisting of the chief executive officer, the chief financial officer and senior vice presidents. As per 31 December 2021, NNIT's Board of Directors consisted of six shareholder-elected members and three employee-elected members. One board member is a member of the Executive Management of Novo Holdings A/S, and one board member is a former senior vice president of Novo Nordisk A/S. Both are regarded as representing the interests of a controlling shareholder. The remaining four of the six shareholder-elected board members are independent as defined by the Danish Corporate Governance Recommendations. The composition of the Board of Directors ensures that its members represent the required professional breadth, industry knowledge, diversity and international experience.

Board members elected by the shareholders at the Annual General Meeting serve for a one-year term and are eligible for re-election. Board members elected by employees serve for a statutory four-year term and have the same rights, duties and responsibilities as shareholder-elected board members.

Pursuant to the Articles of Association, board members must retire at the first Annual General Meeting after reaching the age of 70.

In 2021, the Board of Directors held six ordinary meetings and two extraordinary meetings. All board members attended all meetings.

Read more about the members of the Board of Directors on pages 53-55.

The Chairmanship
At the Annual General Meeting, the chairman and deputy chairman of the Board of Directors are elected directly. The Chairmanship carries out administrative tasks, such as planning board meetings to ensure a balance between overall strategy-setting and financial and managerial supervision of the company.

At the March 2021 Annual General Meeting, the shareholders re-elected the chairman, Carsten Dilling, independent, and the deputy chairman, Peter Haahr, not independent.

For a detailed view of the Chairmanship's tasks please refer to the Chairmanship Charter on NNIT's website.

The Audit Committee

The Board of Directors has established an Audit Committee, which is responsible for assisting the Board in overseeing the financial reporting process and the effectiveness of the internal control and risk management systems. Furthermore, the Audit Committee is responsible for assisting the Board of Directors with evaluating the effectiveness of NNIT's level of quality management and the maturity level of internal security management

In 2021, the Audit Committee conducted four ordinary meetings and certain ad-hoc meetings. All members of the Audit Committee participated in all meetings in 2021.

The Remuneration Committee

The Board of Directors has established a Remuneration Committee, which is responsible for assisting the Board with overseeing the Remuneration Policy for the members of the Board of Directors and Executive Management, including guidelines on incentive pay to Executive Management, the remuneration of the members of the Board of Directors, its committees and the members of Executive Management, as well as the preparation of the annual remuneration report. In 2021, the Remuneration Committee conducted three meetings. All members of the Remuneration Committee participated in all meetings in 2021.

Board evaluation

The Board of Directors annually conducts a self-assessment and review of the Executive Management's performance and succession preparedness. The chairman of the Board has the overall responsibility for conducting the self-assessment of the Board of Directors and review of the Executive Management. Every third year the self-assessment and review is facilitated by external consultants, who interview all members of the Board of Directors and the Executive Management. The self-assessment was facilitated by external consultants in 2021.

The annual self-assessment in 2021 included an assessment of strategy development and implementation, cooperation between the Board of Directors and the Executive Management, Board composition and dynamics, preparation and accomplishment of board meetings, Committee value contribution and evaluation of the chairman.

Overall, the self-assessment revealed good performance by the Board of Directors as well as good cooperation between the Board of Directors and the Executive Management. The Board found that the initiatives taken during 2021 to further increase the Board's focus on the strategy development and implementation and the monitoring of performance on relevant quantitative indicators, linked to the strategy had strengthened the overall strategy.

Diversity

Pursuant to section 99 b of the Danish Financial Statements Act, the Board of Directors updated its diversity ambition in 2021 to include at least 30% of the underrepresented gender in the Board of Directors.

As of December 31, 2021, two shareholder elected board members were female and four were male, thus, the company has fulfilled the ambition of having at least 30% of the underrepresented gender on the Board. The Board of Directors remains committed to having international members of the Board. Currently, one shareholder-elected board member is non-Danish.

Tax Policy

In 2021, in accordance with the revised Corporate Governance Recommendations, NNIT implemented a Tax Policy. The policy is available from the company's website at www.nnit.com/about-us/corporate-responsibility/policies/.

Data Ethics Policy

At NNIT we process large amounts of data on behalf of our customers and within our own organization. Data and information security have always been a fundamental part of NNIT's business, as it is of great importance to us that our customers and employees always feel safe when entrusting us with their data.

NNIT's Data Ethics Policy is embodied in three key principles: Security, Fairness and Transparency.

- *Security*
  In order to safeguard high ethical data standards NNIT ensures appropriate technical and organizational security measures are implemented to prevent the accidental or unlawful destruction, accidental loss, alteration or change and unauthorized disclosure of or access to data.

- *Fairness*
  Fairness is about doing what is right, and only handling personal data in ways that people would reasonably expect and not using it in ways that have unjustified adverse effects on

Corporate governance documentation

- Articles of Association
- Remuneration Policy
- Rules of Procedure of the Board of Directors as well as the Executive Management
- Competence Profile of the Board of Directors
- Board Committee Charters
- Corporate Responsibility Policy
- Diversity Policy for Management Levels

them. In that regard, NNIT considers whether the use of personal information can be justified, and that processing is compatible with what can be expected in a free and democratic society and in accordance with human rights.

- *Transparency*
  NNIT values being transparent about its data processing activities, and being clear, open and honest about how and why NNIT use personal data.

In NNIT, the type off data we process is part of our data ethical considerations, as security measures must correspond to the sensitivity of the data being processed. These considerations are also part of our customer dialog when advising about the software development of their IT solutions, so that privacy-by-design and privacy-by-default are considered from the beginning.

NNIT does not sell any data to any third parties or profit from it in any way.

The Board of Directors approves the Data Ethics Policy, which is updated annually. NNIT reports on the work with Data Ethics and GDPR to the Audit Committee on a regular basis.

Compliance with corporate governance recommendations

As a publicly listed company, NNIT is subject to the Danish recommendations on corporate governance. In accordance with section 107b of the Danish Financial Statements Act, NNIT discloses its Statutory Corporate Governance Statement for the financial year 2021 at www.nnit.com/about-us/nnit-leadership/corporate-governance/.

Today, NNIT adheres to all but the following recommendation:

- **3.4.6 establishing a separate nomination committee.**
  Due to the size of NNIT, the Board of Directors has not found it necessary or appropriate to establish a nomination committee. The tasks of the nomination committee are handled by the Chairmanship. For more information, please refer to the Statutory Corporate Governance Statement 2021.

Risk management and control activities

In order to sustain a robust business, risk monitoring and control activities are designed and implemented to obtain the desired overview and assurance. The control activities are based on a risk assessment performed by Group Management and installed to prevent, detect and take steps to counter any material risks. A general description of risks is provided in the 'Risk Management' section on pages 47-49. As part of its risk management, the company has also set up a whistleblower function which, in addition to the usual control functions, is intended to provide access to reports on suspected irregularities in the business.

NNIT's statutory statement on Corporate Responsibility (CR) pursuant to section 99 a, section 99 b and section 107 d of the Danish Financial Statements Act for the financial year 2021 is available from the company's website at **www.nnit.com/about-us/corporate-responsibility/cop-reports/**

Risk Management

Operating in a highly competitive and rapidly changing global marketplace, a structured approach to risk management that is applied consistently across the organization is essential for profitable growth.

In NNIT, risk management consists of four elements; risk identification, risk assessment, identification and implementation of mitigating actions and risk reporting. NNIT identifies risks applying a combined bottom-up/top-down approach. Key risks are initially identified within each divisional area and reported to Group Management with information on actions taken and any further action intended. High risks are collected, and a broad list is presented in an annual risk picture that is submitted to Group Management for review and to the Board of Directors for review and approval.

In the following pages key risks identified as particularly important to NNIT are described. In addition, mitigating actions and measures taken to reduce the risks are presented.

NNITs financial risks such as currency risk, credit risk and interest risk are described in note 4.4.

Service level agreement profitability under pressure

Risk description:

SLA revenue constitutes around half of NNIT's total revenue. Historically, one of the main growth drivers for NNIT has been larger Infrastructure Outsourcing (IO) contracts. However, with a 'product' that is under pressure from new cloud technologies the competition is fierce, and outsourcers have matured in their use of benchmarking and procurement departments as well as legal advisors. The combination has led to increased focus on prices and terms and conditions in which a larger proportion of the risk has been passed on to the IT supplier (i.e. NNIT) with margins on SLAs under constant pressure.

Mitigating actions:

Development of new innovative services is aimed at allowing NNIT to differentiate and push its ability to provide the full range from on-premises to full cloud solutions (hybrid cloud). Further, efficiency/cost reductions and profitability are key focus areas. Innovation of offerings and services while maintaining cost competitiveness is necessary to reduce the general cost level and in particular costs associated with SLA services.

The sales and delivery units drive ongoing contract optimization. In addition profit-improving initiatives are also supported by sales focus ensuring that only higher margin SLA's are prioritized.

Innovative services

Risk description:

In order to grow NNIT's business in general and grow business within Winning Solutions in particular, it is increasingly important for NNIT to continuously innovate services to meet customer needs and expectations including cloud services and digital services.

NNIT is facing fierce competition and the offering of innovative solutions and quality is therefore of utmost importance.

This risk lies within NNIT's ability to innovate and create the right Winning Solutions offerings in order to execute and fully benefit on the strategy.

Mitigating actions:

NNIT has dedicated business development teams focused on investigating and assessing the latest market trends while developing and managing offering initiatives and partnerships.

NNIT continues to develop and strengthen offerings that match its clients' needs and requirements as well as building partnerships with some of the industry's leading technology providers. NNIT takes a wide range of initiatives to ensure that new offerings, sales, branding and customer experience meet both clients' and NNIT's needs.

To fast track the innovation agenda, NNIT is looking into acquiring businesses that bring in new offerings and talent.

Business with the Novo Nordisk Group

Risk description:

In 2021, NNIT generated revenue of DKK 605 million from its largest client, the Novo Nordisk Group, equalling 21% of NNIT's 2021 revenue. While it is NNIT's strategic intent to reduce its dependency on Novo Nordisk business, it constitutes a risk if it happens sooner than new compensating business has been generated.

Mitigating actions:

NNIT has changed its organization to increase services profitability and cost levels on SLA services in particular, in order to be able to deliver competitive bids to Novo Nordisk and others going forward. Further, NNIT will continue to focus on business within the Novo Nordisk line of business where the value-add and specialization yields a better competitive environment and margins. However, due to the scale of the decline in business from the Novo Nordisk Group the main mitigating actions are to gain momentum in the Winning Solutions strategy plan and grow the International Life Science business which also carries attractive margins – this will be achieved partly through acquisitions.

Legal risks, contract management and data ethics/GDPR policies

Risk description:

Protecting NNIT’s long-term business interests is vital to its continued operations. Increasing contract complexity, the influence of legal advisors, procurement professionals and intensified regulatory compliance, disputes leading to arbitration and followingly reputational damage may impact NNIT. EU legislation on data transfers increase geo-restrictions, which also impact NNIT’s business and hence pose a risk.

Mitigating actions:

NNIT has a contract management framework to improve its overview of contracts and contractual obligations. Further, NNIT has a geo-restrictions program with the goal of establishing a uniform and operational definition of geo restrictions to increase compliance and to understand NNIT’s ability to comply with geo restriction requirements. A robust approach to geo-restrictions may further mitigate the impact of data transfer restrictions

Cybersecurity

Risk description:

Cybersecurity remains one of NNIT’s top risks. This could, for example, be intruders gaining unauthorized access to NNIT's systems, which could impact confidentiality, integrity and availability and/or result in a breach of regulatory requirements as well as reputational damage.

Mitigating actions:

NNIT has a security roadmap which has been assessed by an external advisor concluding, that NNIT fulfills the requirements set out by the Board of Directors meaning that NNIT is generally above the Information Security Forum (ISF) benchmark.

NNIT's Compliance Security information Officer (CSIO) oversees NNITs internal cybersecurity. The responsibility for overseeing customer cybersecurity is integrated in the delivery functions under the Customer Compliance Security Information Officer (CCSIO).

Attracting and retaining required talent

Risk description:

NNIT’s business is founded on the expertise and innovation of IT specialists. NNIT's ability to maintain and renew existing client contracts and win new business depends on NNIT’s ability to attract, retain and develop qualified IT professionals with the skills to keep pace with the continuing changes in information technology, evolving industry standards and changing client preferences.

There is a general shortage of, and significant competition for qualified IT professionals with the advanced technology skills necessary to provide the services and solutions that NNIT offers. This could impact NNIT’s aspirations of growing its business profitable.

Mitigating actions:

Our ability to attract new talent and retain and develop current employees is very important and we have a high focus on continuing to build and retain a skilled and engaged workforce.

We have a group specialist program and graduate programs in place to attract young professionals. We also have a comprehensive overview of the capabilities needed to deliver on the ambition within the Winning Solutions on both short and long terms. For each Winning Solution a lead has been identified to define training activities and capabilities that need to be developed.

Key employee identification processes and retention programs are also in place to manage attraction/retention risks.

Remuneration

NNIT has adopted a Remuneration Policy covering Executive Management and the Board of Directors. The overall objective of the Policy is to offer competitive remuneration and ensure alignment between the interest of the Executive Management and those of the shareholders and, ultimately, to promote the long-term interests and sustainability of NNIT and support NNIT's strategy. The shareholders approve the remuneration for the Board of Directors for both the previous and the coming year at each year's Annual General Meeting.

The level of the total remuneration for the Board of Directors proposed at the Annual Meeting is consistent with compensation for Boards of Directors of comparable Danish companies.

The Board of Directors approves the remuneration for the Executive Management for the coming year. The remuneration package for the Executive Management consists of a fixed annual base salary and variable components consisting of short-term and long-term incentives that can be both cash and share-based. In addition, members of the Executive Management receive a pension contribution and ordinary benefits.

During 2018 the Board of Directors established a Remuneration Committee, which is tasked with recommending a remuneration policy, making proposals on remuneration for members of the Board of Directors and Executive Management, and assisting with the preparation of the annual remuneration report.

NNIT's current Remuneration Policy, which is available at the company's website, was revised in 2020 and the updated Remuneration Policy was put forward at the Annual General Meeting in March 2021. The updated Remuneration Policy includes adjustments to the remuneration components offered to Executive Management, to address the fact that the 3-year Retention Program offered to Executive Management was released in 2021 and thus lapse in its entirety upon vesting. Consequently, the Remuneration Committee considered how to replace this major remuneration component, contributing substantially to the remuneration of Executive Management without increasing the overall level of the remuneration. Based on these considerations, including benchmarking of the remuneration structure to relevant peers, the Remuneration Committee propose to replace the Retention Programme with more traditionel LTIP remuneration components for Executive Management, and, as a complement to this, increase the maximum potential level of the STIP, while discontinuing the pension pay component of the STIP. The aim of this proposal is to maintain already known remuneration components for Executive Management, while at the same time compensating for the fact that a major contributor to the overall remuneration will cease in 2022.

The revised Remuneration Policy maintain a strong focus and promotion of the long-term interests and sustainability of NNIT and support NNIT's strategy in the short and long term. In addition to the policy for fixed fees or salary and incentive-based remuneration as described above, the Remuneration Policy also set out the principles for pension, other benefits, termination of employment and severance payments.

Remuneration figures in the Annual Report are based on the value at grant according to accounting standards. Therefore, no adjustments are made based on the actual share price development. In the annual report 2021 DKK 6.8 million is reported as share based salary for Executive Management. The remuneration report contains management salary based on actual share price development.

Remuneration of the Board of Directors 2021

Chairman (3 * base fee)	DKK	900,000
Deputy chairman (1.5 * base fee)	DKK	450,000
Ordinary members (base fee)	DKK	300,000
Chairman of the Audit Committee (additional 0.5 * base fee)	DKK	150,000
Member of the Audit Committee (additional 0.25 * base fee)	DKK	75,000
Member of the Remuneration Committee	DKK	50,000
Member of the ad hoc Strategy Committee	DKK	50,000
Travel allowance (per meeting – for members residing outside Denmark)	DKK	18,000

Board of Directors

- Fixed fee
- No incentive-based remuneration
- Travel allowance

Executive Management

- Fixed salary
- Short-term and long-term incentive programs
- Pension contribution
- Other benefits (car, phone etc.)

NNIT's Remuneration Principles are available from the company's website at https://www.nnit.com/about-us/nnit-leadership/corporate-governance/

Shareholder Information

NNIT shares were priced at DKK 114,80 per share at December 31, 2021, for a market capitalization of DKK 2,870 million. The share price decreased 7.0% in 2021. By comparison, the Nasdaq Copenhagen A/S OMXC20 CAP index increased 16%, while the Nasdaq Copenhagen MidCap index, of which NNIT is a component, was up 27% in the same period. Peer stocks in the Nordic and European IT services markets appreciated by 15% and 27% respectively, in the same period.

In 2021 NNIT had an average daily trading volume of DKK 2.7 million shares.

Share capital and ownership

NNIT's share capital amounts to DKK 250,000,000 divided into 25,000,000 shares, each with a nominal value of DKK 10. NNIT has a single share class, each share carrying 10 votes. There are no restrictions on ownership or voting rights. NNIT had 18,300 registered shareholders at December 31, 2021.

The four largest shareholders held at least two-thirds of the share capital, with 51% being directly or indirectly controlled by Novo Holdings A/S. The following investors reported holding of more than 5% of NNIT's share capital in pursuance of section 55 of the Danish Companies Act:

- Novo Holdings A/S, Gentofte, Denmark 33.50% directly and 51.00% through its holding in Novo Nordisk A/S
- Novo Nordisk A/S, Gladsaxe, Denmark 17.50%
- Chr. Augustinus Fabrikker Akts., Copenhagen, Denmark 10.02%

At December 31, 2021, approximately 84% of NNIT's shares were held by investors based in Denmark, while 9.9% and 3.2% were held by investors in the US and Europe respectively. A proportion of 0.1% of registered shares were held by investors in other countries, while the outstanding 2.8% of shares were not registered by name.

Treasury shares

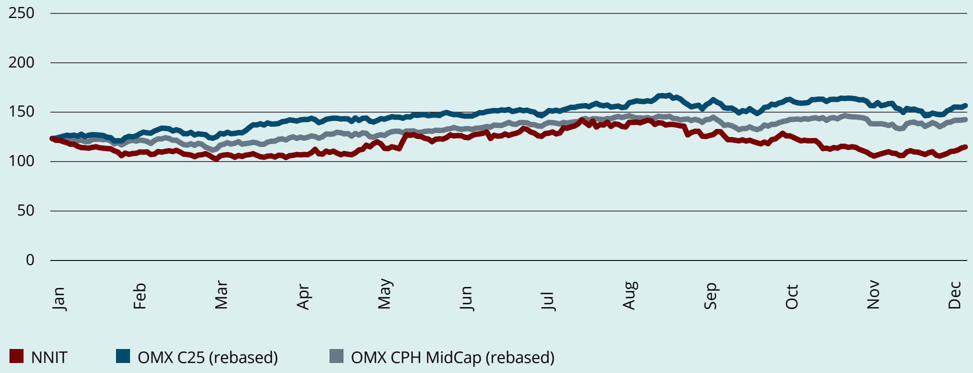
As part of its internal incentive programs NNIT held 221,309 shares as of December 31, 2021 for a total value of DKK 25.4 million and transferred 162,139 shares related to incentive programs for a total value of DKK 17.1 million.

Dividend policy and capital structure

NNIT aims to deliver a competitive return to its shareholders through dividend pay-outs. The guiding principle is that excess capital after funding of NNIT's growth opportunities including investments should be returned to the shareholders.

NNIT Share price compared to peers

DKK per share



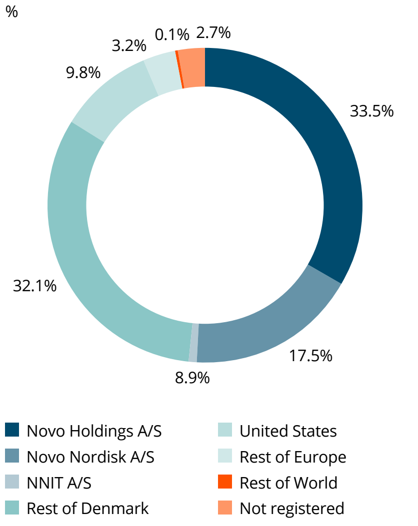
Share information

Stock exchange:	Nasdaq CPH A/S
Index:	Mid Cap
Share capital (DKK):	250,000,000
Number of shares:	25,000,000
Nominal value (DKK):	10
ISIN code:	DK0060580512
Trading symbol:	NNIT
Share price at year-end (DKK):	114.80
Treasury shares:	221,309 (0.9%)

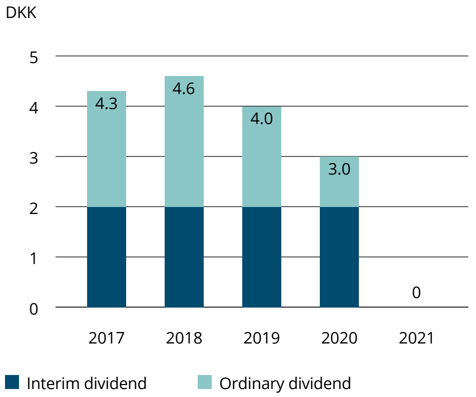
Financial calendar for 2022

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

Shareholder overview



Dividend per share



Due to low leverage and negative cash flow generation, the Board of Directors intends to propose to the shareholders at the Annual General Meeting that ordinary dividends of DKK 0 per share be distributed for the financial year 2021, equal to a dividend payout ratio of 0% of the 2021 net results.

Annual General Meeting

The Annual General Meeting of NNIT A/S will be held virtually on Thursday March 10, 2022. The Board of Directors intends to propose Anne Broeng, Caroline Serfass, Carsten Dilling, Christian Kanstrup and Eivind Kolding for re-election and Nigel Govett as new member. The Board of Directors also intends to propose the re-election of Carsten Dilling as Chairman and election of Eivind Kolding as Deputy Chairman. The members of the Board of Directors are elected for one-year terms.

Further, the Board of Directors intends to propose the re-election of Pricewaterhouse-Coopers Statsautoriseret Revisionspartner-selskab as the Company's auditor.

Communication with shareholders

NNIT aims to give investors the best possible insight into the company to ensure fair and efficient pricing of NNIT shares. This is done by pursuing an open dialog with investors and analysts. NNIT's Executive Management hosts conference calls following the release of quarterly financial results.

Members of the Executive Management and Investor Relations team participate in relevant seminars and meetings to ensure that investors with significant shareholdings in NNIT can meet with NNIT on a regular basis and to provide other shareholders and prospective shareholders access to NNIT's Executive Management and investor relations officers. The NNIT stock is currently covered by four financial analysts, who regularly issue research reports on NNIT. A full list of the analysts covering NNIT can be found at www.nnit.com/investors-media/investors/ together with an overview of all company announcements, press releases, historical financial figures, latest consensus estimates and further information on NNIT. NNIT's share register is managed by VP Securities A/S, Nicolai Eigtveds Gade 8, 1402 Copenhagen K, Denmark, and shareholders can register their shares by name by contacting their depository bank.

NNIT Investor Relations contact information:
Pernille Fabricius
Head of Investor Relations
Contact +45 30779500, pnfa@nnit.com
www.nnit.com/investors-media/investors/

Board of Directors

Carsten Dilling

Chairman of the Board

Member of the Remuneration Committee

Personal and educational background
Born 1962. Danish citizen. Bachelor of Science and Bachelor of Commerce, Int. Marketing from Copenhagen Business School.

Member of the Board of Directors since 2016.

Other Directorships
Chairman of the Boards of SAS AB, Icotera A/S and MT Højgaard Holding A/S. Member of the Board of Directors of Terma A/S, and member of the Investment Committees of Maj Invest.

Considered independent.

Special competences
Strong executive background as CEO and chairman of a number of boards, and extensive experience within the IT industry.

Attended all board meetings and chairmanship meetings in 2021.

Peter Haahr

Deputy Chairman of the Board

Member of the Remuneration Committee

Personal and educational background
Born 1968. Danish citizen. MSc in Finance and Accounting from Aarhus Business School and Executive MBA from IMD.

Member of the Board of Directors since 2017.

Other directorships
CEO of the LEO Foundation and LEO Holdings A/S. Chairman of the Board of Directors of House of Denmark A/S and member of the Board of Directors of LEO Pharma A/S.

Considered dependent.

Special competences
Extensive background in the international life sciences industry as well as strong competencies in finance and investor relations.

Attended all board meetings and chairmanship meetings in 2021.

Anne Broeng

Chairman of the Audit committee

Personal and educational background
Born 1961. Danish citizen. MSc in Economics from the University of Aarhus.

Member of the Board of Directors since 2014.

Other directorships
Chairman of the board at Velliv, Pension & Livsforsikring A/S and Julius P. Justesen Fond, member of the boards of VKR Holding A/S, Sleep Cycle AB, ATP and Aquaporin A/S.

Considered independent.

Special competences
Extensive executive background as CFO and experience from serving on a number of boards with strong competencies in finance, risk management, M&A and ESG.

Attended all board meetings and Audit Committee meetings in 2021.

Christian Kanstrup

Member of the Audit Committee

Personal and educational background
Born 1972. Danish citizen. MSc. in Economics (cand. polit.) from the University of Copenhagen. Post graduate executive education from IMD.

Member of the Board of Directors since 2018.

Other Directorships
Executive Vice President of Nordics, Baltics and UK at Mediq. Member of the board of directors of FastPassCorp A/S.

Not regarded as independent due to his relations to Novo Nordisk A/S' which is a major shareholder of NNIT A/S.

Special competences
Extensive background in the international life sciences industry as well as strong competences in finance and investor relations.

Attended all board meetings and Audit Committee meetings in 2021.

Anders Vidstrup

Employee-elected
representative

Personal and educational background
Born 1962. Danish citizen. Graduate Diploma in Business Administration from Copenhagen Business School. Senior IT Quality SME at NNIT A/S.

Employee-elected member of the Board of Directors since 2015, re-elected in 2019, joined the Novo Nordisk Group in 2000 and NNIT in 2011.

Other Directorships
Chairman of the Board of Directors of Residence Massena Nice A/S.

Position at NNIT
Subject Matter Expert, Quality & Security

Attended all board meetings in 2021.

Camilla Krabbe Kongsted Christensen

Employee-elected
representative

Personal and educational background
Born 1989. Danish citizen. MSc. in Social Sciences in Political Communication and Management, Copenhagen Business School. Line manager at NNIT A/S.

Employee-elected member of the Board of Directors since 2020, joined NNIT in 2016.

Position at NNIT
Line Manager, Consulting Junior Team

Attended all board meetings since being elected in 2021.

Eivind Kolding

Chairman of the
Remuneration Committee

Member of the Audit Committee

Personal and educational background
Born 1959. Danish citizen. Master of Laws from the University of Copenhagen and AMP from Wharton Business School.

Member of the Board of Directors since 2015.

Other directorships
Chairman of the Board of Directors of Nordic Transport Group (NTG) A/S, Danmarks Skibskredit A/S and Den Erhvervsdrivende Fond Gl Strand. Deputy Chairman of the Board of Directors of LEO Holding A/S and LEO Fondet, member of the board of Altor Fund Manager AB.

Considered independent.

Special competences
Extensive executive background as CEO and CFO, and strong competencies within finance, IT, and general management.

Attended all board meetings and Audit Committee meetings in 2021.

Caroline Serfass

Board Member

Personal and educational background
Born 1961. French/British citizen. MSc in Robotics from the University of Montreal, Canada, Master in Electrical and Electronics Engineering, École Centrale de Paris, France.

Member of the Board of Directors since 2018.

Considered independent.

Special competences
Extensive background as a CIO in the international life sciences industry and strong competencies in IT and regulated industries.

Attended all board meetings in 2021.

Trine Io Bjerregaard

Employee-elected
representative

Personal and educational background
Born 1968. Danish citizen. Master in French And International Relations from Aalborg University. Diploma in African Area Studies from Copenhagen University.

Employee-elected member of the Board of Directors since 2019, joined NNIT in 2004.

Position at NNIT
Partner Manager

Attended all board meetings in 2021.

Group Management

Niels Svenningsen

Senior Vice President,
Hybrid Cloud Solutions*

Born in 1964. Niels Svenningsen joined NNIT in December 2021. He has broad management experience from large global IT companies. He holds a Graduate Diploma (HD) degree and an education as a Computer Programmer from the Danish school of IT.

* The Hybrid Cloud Solutions business unit came into effect on 1 January 2022, as a merger between former business units Private & Public and Infrastructure Outsourcing.

Brit Kannegaard Johannessen

Senior Vice President, People, Communication, Marketing & Quality*

Born in 1973. Brit Kannegaard Johannessen joined NNIT in May 2010. She is a member of the Board of Directors of Teknologiens Mediehus A/S. Brit Johannessen holds an MSc in Business Administration and Commercial Law from Aalborg University.

* Brit has accepted a new role outside the NNIT Group and will be replaced during 2022.

Pernille Fabricius

Executive Vice President and CFO, Member of the Executive Management

Born in 1966. Pernille Fabricius joined NNIT in August 2020. She is member of the Board of Directors and Chairman of the Audit Committee of Steel-series, MT Højgaard Holding A/S and Gabriel A/S. She holds an MSc in Audit and Accounting, MSc in Finance, LLM in European Union Law and an MBA, from CBS and Leicester University.

Pär Fors

President and CEO, Member of the Executive Management

Born in 1966. Pär Fors joined NNIT in June 2021. Before joining NNIT, Pär was the CEO of CGI in Scandinavia. From 2017 to 2021, Pär Fors was Chairman of the Board of the association Swedish IT and Telecom Industries. He holds an MSc in Business Administration and Economics from Linköping University.

Kasper Søndergaard Andersen

Senior Vice President, Cloud & Digital Solutions

Born in 1978. Kasper Andersen joined NNIT in 2009, present position since December 2020. Kasper Andersen holds an MSc in Business Administration & Intercultural Management from Copenhagen Business School.

Ricco Larsen

Senior Vice President,
Life Sciences Solutions

Born in 1973. Ricco Larsen joined NNIT in October 1999, present position since 2016. He holds an MSc in Business Administration and Total Quality Management from the Aarhus School of Business/ Aarhus University.

Financial Statements 2021

Financial Statements 2021

Management's Statement

The Board of Directors and the Executive Management (the “Management”) have today discussed and approved the annual report of NNIT A/S (NNIT A/S together with its subsidiaries the “Group”) for the financial year 2021.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and further requirements in the Danish Financial Statements Act.

The Management Review and the parent company financial statements of NNIT A/S, have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the accounting policies applied are appropriate, and the consolidated financial statements and the parent company financial statements gives a true and fair view of the Group’s and the Parent Company’s financial position at December 31, 2021 and of the results of the Group’s and Parent Company’s operations and cash flows for the Group for the financial year 2021.

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 year, and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

In our opinion, the annual report of NNIT A/S for the financial year January 1, 2021 to December 31, 2021 identified as NNIT-2021-12-31.zip is prepared, in all material respects, in compliance with the ESEF regulation.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Soeborg, January 28, 2022

NNIT A/S

EXECUTIVE MANAGEMENT

Pär Fors
President and CEO

Pernille Fabricius
Executive Vice President and CFO

BOARD OF DIRECTORS

Carsten Dilling
Chairman

Peter Haahr
Deputy Chairman

Anne Broeng

Eivind Kolding

Christian Kanstrup

Caroline Serfass

Anders Vidstrup
Employee-elected
representative

Camilla K.K. Christensen
Employee-elected
representative

Trine Io Bjerregaard
Employee-elected
representative

Independent Auditor's Reports

To the Shareholders of NNIT A/S

Report on the audit of the Financial Statements

Our opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2021 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2021 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2021 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements of NNIT A/S for the financial year 1 January to 31 December 2021, pp. 58-100, comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and the notes, including summary of significant accounting policies.

The Parent Company Financial Statements of NNIT A/S for the financial year 1 January to 31 December 2021, pp. 101-113, comprise the income statement, the balance sheet, the statement of changes in equity and the notes, including summary of significant accounting policies.

Collectively referred to as the "Financial Statements".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

Following the admission of the shares of NNIT A/S for listing on Nasdaq OMX Copenhagen, we were first appointed auditors of NNIT A/S on 11 March 2016. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 6 years including the financial year 2021.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2021. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

Revenue recognition

We focused on revenue recognition related to transformation projects and fixed fee projects, as the accounting treatment of the contracts are dependent on complex and subjective judgements by Management. The most judgemental accounting estimates relate to identifying and assessing performance obligations and the stage of completion, which Management determines by the proportion of costs incurred compared to the total estimated costs. Assessments of cost estimates are made periodically following Management review, which may result in a re-assessment of the percentage of completion as of the date of review. Such re-assessments result in revisions to revenue attributable to work performed up until the date of revision.

In addition, we focused on the accounting treatment for contracts involving multiple elements, which include both transition and transformation, as the accounting treatment is complex due to the fact that the total contract value is allocated to each identified component on a relative fair value basis.

Refer to Note 1.1, 1.2, 2.1, and 3.4.

How our audit addressed the Key Audit Matter

Our audit procedures in regard of revenue recognition included testing of relevant control activities. This included test of relevant application controls and test of Management's review controls.

We assessed the appropriateness of revenue recognition policies and considered whether revenue from the contracts selected, including amendments, change orders, etc. was recognized and disclosed in accordance with these policies.

We assessed the accuracy of the stage of completion assessment, including the key assumptions, and considered the historical accuracy of the assessment of stage of completion. During the year, we reviewed the run-off on closed projects.

We assessed the revenue amounts assigned to each deliverable by assessing delivery of performance obligations with respect to contractual terms, particularly where estimates or applied judgement relating to the timing and value of revenue recognized have been made. Our assessment comprised contracts for which we obtained Management's allocation of revenue to the specific performance obligations identified in the contracts.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibility for the Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements we performed procedures to express an opinion on whether the annual report of NNIT A/S for the financial year 1 January to 31 December 2021 with the filename NNIT-2021-12-31.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human-readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of NNIT A/S for the financial year 1 January to 31 December 2021 with the file name NNIT-2021-12-31.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Hellerup, January 28, 2022

PRICEWATERHOUSECOOPERS
Statsautoriseret Revisionspartnerselskab
CVR No. 3377 1231

Mogens Nørgaard Mogensen
State Authorised Public Accountant
mne21404

Søren Ørjan Jensen
State Authorised Public Accountant
mne33226

For explanation of the new European Single Electronic Format and XBRL tagging, see page 71.

Consolidated Financial Statements

Income Statement

for the year ended December 31

DKK million	Note	2021	2020
Revenue	2.1	**2,877**	**2,830**
Cost of goods sold	2.2, 2.3, 2.4, 5.1	2,533	2,443
Gross profit		**344**	**387**
Sales and marketing costs	2.2, 2.4, 5.1	122	127
Administrative expenses	2.2, 2.4, 5.1	80	95
Operating profit before special items		**142**	**165**
Special items, cost	2.5	153	43
Operating profit/(loss)		**(11)**	**122**
Financial income	4.1	15	11
Financial expenses	4.1	29	31
Profit/(loss) before income taxes		**(25)**	**102**
Income taxes	2.6	(18)	26
Net profit/(loss) for the year		**(7)**	**76**
Earnings per share			
Earnings per share (DKK)	4.2	(0.30)	3.07
Diluted earnings per share (DKK)	4.2	(0.30)	3.04

Statement of Comprehensive Income

for the year ended December 31

DKK million	Note	2021	2020
Net profit/(loss) for the year		**(7)**	**76**
Other comprehensive income:			
Items that will not subsequently be reclassified to the income statement:			
Remeasurement related to post employment benefit obligations	3.7	3	(5)
Items that may be reclassified to the income statement, when specific conditions are met:			
Exchange rate adjustment related to subsidiaries (net)		42	(25)
Tax related to exchange rate adjustments related to subsidiaries (net)		(5)	4
Recycled to financial items		*11*	*10*
Unrealized value adjustments		*3*	*(22)*
Cash flow hedges		14	(12)
Tax related to cash flow hedges	2.6	(3)	2
Other comprehensive income, net of tax		**51**	**(36)**
Total comprehensive income		**44**	**40**

Balance Sheet

as of December 31

ASSETS

DKK million	Note	**2021**	2020
Intangible assets	3.1, 5.5	945	781
Tangible assets	3.3	483	552
Lease assets	4.3	173	227
Transition cost	3.4	39	75
Deferred taxes	2.6	13	32
Deposits	3.5	34	33
Total non-current assets		**1,687**	**1,700**
Inventories		3	2
Transition cost	3.4	31	36
Trade receivables	3.6, 5.7	578	497
Work in progress	3.4	107	145
Other receivables		11	21
Pre-payments		101	87
Tax receivables	2.6	36	30
Derivative financial instruments	4.5	13	1
Cash and cash equivalents	4.4	230	143
Total current assets		**1,110**	**962**
Total assets		**2,797**	**2,662**

EQUITY AND LIABILITIES

DKK million	Note	**2021**	2020
Share capital	4.2	250	250
Treasury shares	4.2	(2)	(3)
Retained earnings		863	879
Other reserves		31	(17)
Proposed dividends	4.2	-	25
Total equity		**1,142**	**1,134**
Lease liabilities	4.3	123	171
Employee benefit obligations	3.7	18	29
Contingent consideration	3.8	82	112
Provisions	3.9	25	24
Long term loan		40	21
Bank overdraft	4.4	496	304
Total non-current liabilities		**784**	**661**
Prepayments received, transition cost	3.4	30	16
Prepayments received, work in progress	3.4, 5.7	116	111
Lease liabilities	4.3	84	70
Trade payables	5.7	86	108
Employee costs payables		208	277
Tax payables	2.6	2	4
Other current liabilities		281	247
Derivative financial instruments	4.4	-	5
Contingent consideration	3.8	64	28
Provisions	3.9	-	1
Total current liabilities		**871**	**867**
Total equity and liabilities		**2,797**	**2,662**

Statement of Cash Flows

for the year ended December 31

DKK million	Note	**2021**	2020
Net profit for the year		**(7)**	**76**
Reversal of non-cash items	5.3	335	228
Interest paid/received	4.1	(17)	(16)
Income taxes paid	2.6	4	(42)
Cash flow before changes in working capital		**315**	**246**
Changes in working capital [1]	5.4	(72)	282
Cash flow from operating activities		**243**	**528**
Capitalization of intangible assets	3.1	(34)	(40)
Purchase of tangible assets	3.3, 5.4	(62)	(95)
Acquisition of subsidiaries	5.5	(79)	(188)
Contingent consideration payment	3.8	(34)	(62)
Cash flow from investing activities		**(209)**	**(385)**
Dividends paid		(25)	(98)
Purchase of treasury shares		(8)	-
Payment of deposit	3.5	(1)	-
Instalments on lease liabilities	4.3, 4.4	(82)	(89)
Instalment on long term loan	4.4	(23)	(8)
Bank overdraft		192	73
Cash flow from financing activities		**53**	**(122)**
Net cash flow		**87**	**21**
Cash and cash equivalents at the beginning of the year		143	122
Cash and cash equivalents at the end of the year	5.4	**230**	**143**

The changes in cash flow cannot all be derived directly from the income statement and balance sheet.

[1] Of which DKK -8 million relates to factoring (2020: DKK 45 million). Please refer to note 3.6 for more details.

Statement of Changes in Equity

as of December 31

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DKK million

					Other reserves					
2021	Note	Share capital	Treasury shares	Retained earnings	Exchange rate adjustments	Cash flow hedges	Tax	Total other reserves	Proposed dividends	Total
Balance at the beginning of the year		**250**	**(3)**	**879**	**(18)**	**(3)**	**4**	**(17)**	**25**	**1,134**
Net profit for the year		-	-	(7)	-	-	-	-	-	(7)
Other comprehensive income for the year		-	-	3	42	14	(8)	48	-	51
Total comprehensive income for the year		**-**	**-**	**(4)**	**42**	**14**	**(8)**	**48**	**-**	**44**
Adjustment related to previous years [1]		-	-	(11)	-	-	-	-	-	(11)
Transactions with owners:										
Purchase of treasury shares		-	(1)	(7)	-	-	-	-	-	(8)
Transfer of treasury shares		-	2	(2)	-	-	-	-	-	-
Share-based payments	5.1	-	-	8	-	-	-	-	-	8
Dividends paid		-	-	-	-	-	-	-	(25)	(25)
Balance at the end of the year	4.2	**250**	**(2)**	**863**	**24**	**11**	**(4)**	**31**	**-**	**1,142**

[1] The adjustment related to previous years is regarding the opening balance for HGP and deferred tax in connection with the implementation of IFRS 15 and 16 in 2018. Please refer to note 2.6 for further details regarding the IFRS adjustments.

Statement of Changes in Equity

as of December 31

DKK million

					Other reserves					
2020	Note	Share capital	Treasury shares	Retained earnings	Exchange rate adjustments	Cash flow hedges	Tax	Total other reserves	Proposed dividends	Total
Balance at the beginning of the year		**250**	**(4)**	**860**	**7**	**9**	**(2)**	**14**	**49**	**1,169**
Net profit for the year		-	-	76	-	-	-	-	-	76
Other comprehensive income for the year		-	-	(5)	(25)	(12)	6	(31)	-	(36)
Total comprehensive income for the year		**-**	**-**	**71**	**(25)**	**(12)**	**6**	**(31)**	**-**	**40**
Transactions with owners:										
Transfer of treasury shares		-	1	9	-	-	-	-	-	10
Share-based payments	5.1	-	-	13	-	-	-	-	-	13
Dividends paid		-	-	-	-	-	-	-	(98)	(98)
Interim dividend for 2020		-	-	(49)	-	-	-	-	49	-
Proposed dividend for 2020		-	-	(25)	-	-	-	-	25	-
Balance at the end of the year	4.2	**250**	**(3)**	**879**	**(18)**	**(3)**	**4**	**(17)**	**25**	**1,134**

Notes to the Consolidated Financial Statements

1. Basis of preparation

2. Results for the year

3. Operating assets and liabilities

4. Capital structure and financing items

5. Other disclosures

1. Basis of preparation

1.1 Summary of significant accounting policies

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and further requirements of the Danish financial statements Act. The Consolidated Financial Statements are prepared in accordance with IFRS standards and interpretations applicable to the 2021 financial year.

Measurement basis

The consolidated financial statements have been prepared under the historical cost convention, as modified by the measurement of derivative financial instruments and contingent consideration at fair value through profit or loss.

The accounting policies set out below have been applied consistently in the preparation of the consolidated financial statements for all the years presented.

Accounting policies

Considering all the accounting policies applied, Management regards the following as the most significant accounting policies for the recognition and measurement of reported amounts:

Recognition of revenue

Revenue is the fair value of the transaction price or receivable from the sale of our services and customized IT applications and is the gross sales price less VAT and any price reductions in the form of discounts and rebates.

Revenue can be recognized over time or at a point in time.

Revenue is recognized over time when an asset on behalf of a customer is created with no alternative use and NNIT has an enforceable right to payment for performance completed year to date, or the customer obtains control of a service and thus has the ability to direct the use and obtain the benefit from the service.

NNIT has two different types of businesses – 'projects' and 'Service Level agreements' (SLA) where revenue recognition is treated differently.

Projects

The project business is characterized by being deliveries which in nature are negotiated contracts based on consumption and typically comprise advisory, design and development activities. Revenue will be recognized over time, as the 'no alternative use' criteria's are met, using 'the percentage of completion method'.

For fixed priced projects the proportion of revenue to be recognized in a particular period is calculated according to the percentage of completion of the project. For most contracts this is measured by reference to the costs of performing the contract incurred up to the relevant balance sheet date as a percentage of the total estimated costs of performing the contract. Reference to cost is assessed to be the most appropriate method as incurred hours are the value driver for the projects. The sales value agreed in the contract is recognized over the contract period using above method.

For time-and material contracts, we recognize revenue as performance takes place based on actual hours incurred.

Contracts where the recognized revenue from the work performed exceeds progress billings are recognized as 'work in progress' in the balance sheet under assets.

Contracts for which progress billings exceed the revenue are recognized as 'prepayments received' under liabilities.

If it is likely that the total costs in relation to a construction contract will exceed the total revenue on a specific project, the expected loss is recognized immediately in the income statement in the current period.

Service Level Agreements (SLA)

The SLA business comprise infrastructure and application outsourcing services and requires the performance of certain performance obligations typically defined as service levels. As described below under “Outsourcing contracts”, the revenue under an outsourcing contract will be recognized over time.

Outsourcing contracts

Outsourcing contracts consist of two activities, preparatory project (such as transition and transformation) and operation of the IT systems e.g. application, servers and infrastructure. These identifiable components are accounted for differently to reflect the substance of the transaction.

The total contract value of the outsourcing contracts will be split into the different performance obligations depending on the activities to be delivered. NNIT will profit align between the performance obligations within the contract (expected cost plus margin approach).

Transition

Transition is:

- Basic transfer of services and responsibilities
- The minimum activities required that enable the delivery organization to take over operation of the current or similar services for the customer.

The transition phase takes place in the period between contract signing and service start up (operation).

Activities performed in the transition phase do not transfer services to the customer as they are seen as ‘start-up’ costs and therefore revenue cannot be recognized as the activities are performed, but will be recognized over the operation period. Cost regarding the transition projects is capitalized and depreciated over the contract period. Please refer to ‘Transition cost’.

Any prepayments received regarding transition projects will be recognized as revenue over the operation period.

Transformation

Transformation is:

- A significant change to future state of the subject.
- The full set of activities required for the delivery organization to provide the future state operation of services to the customer.

These activities transfer services to the customer as performed.

The transformation phase typically starts after the successful completion of transition and ends when the environment has reached the agreed future state. In some circumstances the transformation phase will take place in parallel with the transition phase.

Revenue regarding transformation projects is recognized over time as an asset is created with no alternative use and NNIT has an enforceable right to payment and revenue recognition in nature is similar to the project business.

Operation

Revenue from the operation of IT systems is recognized in the period in which the outsourcing services are provided based on amounts billable to a customer (for fixed price components in the contract, revenue is typically recognized on a straight-line basis over the course of a year, while for variable components revenue is recognized based on usage of units, and price lists according to the contract).

Hedge accounting

All currency derivative instruments are initially recognized at fair value and subsequently remeasured at fair value at the end of the reporting period.

Value adjustments of currency derivative financial instruments classified as cash flow hedges are recognized directly in other comprehensive income, given hedge effectiveness, and recognized in a hedging reserve in equity. The cumulative value adjustment of these instruments is transferred from the hedging reserve to the income statement as a reclassifica-

1.1 Summary of significant accounting policies – continued

tion adjustment under financial income or financial expenses, when the hedged transaction is recognized in the Income statement.

When a hedging instrument no longer meets the criteria for hedge accounting, any cumulative gain or loss recognized in the hedging reserve for the period in which the criteria were met remains in equity and will be recognized in the income statement when the forecasted transaction is ultimately recognized in the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognized in equity is immediately transferred to the income statement under financial income or financial expenses.

1.2 Summary of key accounting estimates

The preparation of financial statements under IFRS requires the use of certain key accounting estimates.

Determination of the carrying amount of some assets and liabilities requires Management to make judgements, estimates and assumptions about future circumstances.

Estimates and assumptions are based on historical experience and other factors, and are regarded by Management as reasonable in the circumstances, but are inherently uncertain and unpredictable and therefore the actual outcome may differ from these estimates.

Management considers judgements and estimates under the following items as significant to these consolidated financial statements:
- Impairment test, goodwill (note 3.2)
- Contract balances (note 3.4)

Impairment test

For the goodwill impairment test, a number of estimates are made on the development in revenues, gross profits, operating margins, future capital expenditures, discount rates and growth expectations in the terminal period. These estimates are based on assessments of the current and future development in the subsidiary and are based on historical data and assumptions of future expected market developments, including expected long-term average market growth rates.

Work in progress

The determination of the percentage of completion of work in progress related to fixed price projects is based on estimates of future costs, hours and materials. Each project is unique in their design. Management makes judgements on individual assessments of specific projects and their associated risk from the on-going monitoring, to identify any deviations from estimates.

Adjustments to cost estimates may be made periodically following management review, which may result in a re-assessment of the percentage of completion as of the date of review. Such changes result in revisions to revenue attributable to work performed up until the date of revision. The effect of such changes in estimates is recognized as a change to revenue in the period in which the revisions are determined.

1.3 Changes in accounting policies, estimates and disclosures

Adoption of new or amended IFRSs

NNIT has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

- Interest Rate Benchmark Reform - Phase 2: amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendment listed above did not have any impact on the amounts recognized in prior and current period and are not expected to significantly affect the future periods

Reporting under the ESEF Regulation

The Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) has introduced a single electronic reporting format for the annual financial reports of issuers with securities listed on the EU regulated markets.

The ESEF Regulation sets out the following main requirements: (1) Issuers shall draw up and disclose their annual financial reports using the XHTML format; and (2) issuers that draw-up their primary consolidated financial statements in accordance with IFRS as endorsed by the EU shall tag those consolidated financial statements using inline eXtensible Business Reporting Language (iXBRL) and with effect from the 2022 annual report block-tag the notes to the consolidated financial statements.

The combination of the XHTML format with the iXBRL tags makes the annual financial reports both human-readable and machine-readable, thus enhancing accessibility, analysis and comparability of the information included in the annual financial reports.

iXBRL tags shall comply with the ESEF taxonomy, which is included in the ESEF Regulation and developed based on the IFRS taxonomy published by the IFRS Foundation.

As part of the tagging process financial statement line items are marked up to elements in the ESEF taxonomy. If a financial statement line item is not defined in the ESEF taxonomy, an extension to the taxonomy is created. Extensions have to be anchored to elements in the ESEF taxonomy, except for extensions which are subtotals.

The annual report submitted to the Danish Financial Supervisory Authority (The Officially Appointed Mechanisms) consists of the XHTML document together with some technical files all included in a ZIP file named NNIT-2021-12-31.ZIP.

Key definitions

XHTML (eXtensible HyperText Markup Language) is a text-based markup language used to structure and mark up content such as text, images, and hyperlinks in documents that are displayed as Web pages in an updated standard Web browser like Chrome and Internet Explorer.

iXBRL tags (or Inline XBRL tags) are hidden meta-information embedded in the source code of an XHTML document in accordance with the Inline XBRL 1.1 specification, which enables the conversion of XHTML-formatted information into a machine-readable XBRL data record by appropriate software.

The *tagging process* is a process where iXBRL tags are applied to financial statement line items, etc.

Taxonomy is an electronic dictionary of business reporting elements used to report business data. A *taxonomy element* is an element defined in a taxonomy that is used for the machine-readable labeling of information in an XBRL data record.

1.4 General accounting policies

Principles of consolidation

The consolidated financial statements include the financial statements of NNIT A/S (parent company) and entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. NNIT A/S and its subsidiaries are collectively referred to as the Group.

The consolidated financial statements are based on the financial statements of the Parent Company and the subsidiaries, and are prepared by combining items of a similar nature and eliminating intercompany transactions, shareholdings, balances and unrealized intercompany profits and losses. The consolidated financial statements are based on financial statements of Group companies prepared in accordance with the Group's accounting policies.

Other accounting policies

Acquisition of subsidiaries
On acquisition of subsidiaries, the acquisition method is applied, and identifiable assets and liabilities are recognized and generally measured at fair value at the date control was achieved.

Identifiable intangible assets are recognized if they can be separated, and the fair value can be reliably measured. Deferred tax on revaluations is recognized.

Any positive differences between fair value of consideration transferred and fair value of net assets acquired on acquisition of subsidiaries are recognized as goodwill. Consideration transferred consists of shares, contingent consideration as well as cash and cash equivalents.

Goodwill is not amortized, but is tested annually for impairment.

Transactions costs are recognized as operating costs as they have incurred.

If the initial accounting for business combination can be determined only preliminary by the end of the period in which the combination is effected, adjustments made to the provisional fair value of acquired net assets or cost of the acquisition within 12 months of the acquisition date are adjusted to the initial goodwill.

Acquired entities are recognized in the consolidated financial statements at the date control was achieved.

Segment reporting
Segment performance is evaluated on the basis of the operating profit consistent with the consolidated financial statements.

Operating segments are reported in a manner consistent with the internal reporting provided to Group Management and the Board of Directors. No operating segments have been aggregated to form the reported business segments.

There are no sales or other transactions between the business segments. Costs have been split between the business segments according to a specific allocation with the addition of a minor number of corporate overhead costs allocated systematically between segments. Other operating income has been allocated to the two segments based on the same principle.

Financial income and expenses and income taxes are managed at Group level and are not allocated to business segments.

Translation of foreign currency
Functional currency and presentation currency
The financial statement items for each of the Group's entities are measured in the currency used in the economic environment in which the entity operates (functional currency).

The consolidated financial statements are presented in Danish kroner (DKK).

Transactions and balnce sheet
Transactions in foreign currencies within the year are translated into the functional currency at the exchange rate at the transaction date. Receivables and liabilities in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rate at the balance sheet date.

Realized and unrealized exchange rate adjustments are recognized in the income statement under "financial income and expenses".

Currency translation for foreign operations
in the financial statements of foreign subsidiaries' balance sheet items are translated to Danish kroner (DKK) at the exchange rate at the balance sheet date, and income statement items are
translated using the average exchange rate.

Exchange differences arising from:
- the translation of subsidiaries' net assets at the beginning of the financial year at exchange rates at the balance sheet date and
- the translation of subsidiaries' income statements at exchange rates at the balance sheet date
- exchange rate adjustments of loans, which are seen as part of the net investment in foreign subsidiaries

are recognized in 'exchange rate adjustments' in other comprehensive income and presented in a separate reserve within equity.

Costs
Cost of goods sold
The cost of goods sold comprises costs paid in order to generate revenue for the year, including amortization and depreciation, share-based compensation and salaries.

Sales and marketing costs
Sales and marketing costs comprise costs in the form of salaries and share-based compensation for sales and marketing staff, advertising costs, and amortization and depreciation.

Administrative expenses
Administrative expenses comprise costs in the form of share-based compensation and salaries for administrative staff and amortization and depreciation.

Special items
Special items comprise costs or income that cannot be attributed directly to the Group's ordinary activities and are non-recurring of nature. Such costs and income include the cost related to
significant restructuring of the cost base and processes as well as restructuring costs related to resignation of employees. Further special items include significant cost related to M&A activities, redundancy cost related to members of Group Management, impairment of assets 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.

Financial items
Financial income and expenses comprise interest, realized and unrealized gains and losses from exchange rate adjustments, fair value adjustments on forward contracts and the cumulative value adjustment of these instruments transferred from the hedging reserve within equity.

Interest income is recognized on an accrual basis according to the effective interest rate method.

Tax
Income tax comprises current tax and deferred tax for the year, and is recognized as follows: The amount that can be allocated to the net profit for the year is recognized in the income statement, and the amount that relates to items recognized in other comprehensive income and/or equity respectively is recognized in other comprehensive income and/or equity.

Deferred tax is measured according to the balance sheet-based liability method on all temporary differences between the carrying amount and tax base of assets and liabilities.

Deferred tax assets are recognized in the balance sheet under non-current assets.

Deferred tax liabilities are recognized in the balance sheet under non-current liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates that according to current legislation at the balance sheet date will apply at the time of the expected realization of the deferred tax asset or set-

1.4 General accounting policies – continued

tlement of the deferred tax liability. Any changes to deferred tax caused by changes in statutory tax rates are recognized in the income statement.

For Danish tax purposes, NNIT A/S and SCALES A/S is assessed jointly with the Novo Group. Income tax is allocated between the companies in proportion to their taxable incomes (full allocation with compensation concerning tax losses). The jointly assessed companies are included in the Tax Prepayment Scheme.

Intangible assets

Goodwill

Goodwill arising from business combinations is recognized and measured as the difference between the total of the fair value of the consideration transferred compared to the fair value of identifiable net assets on the date of acquisition.

Goodwill is not amortized, but the carrying amount is tested at relevant cash generating unit level (CGU-level) for impairment once a year.

Goodwill is written down to its recoverable amount through the income statement if lower than the carrying amount.

The recoverable amount is determined as the present value of the discounted future net cash flow from the activities goodwill relates to. In calculating the present value, discount rates are applied reflecting the risk-free interest rate with the addition of risks relating to the individual CGU.

IT development projects

IT development projects are clearly specified and identifiable projects under development for internal and external use for which the technical feasibility of completing the development project has been demonstrated and resources are available within NNIT.

Any development projects that do not meet the criteria for capitalization in the balance sheet are recognized as costs.

Development costs meeting the criteria for capitalization are measured at cost less accumulated amortization and any impairment losses. Development costs include salaries, amortization and depreciation and other costs that can be directly attributed to NNIT development activities.

Development costs recognized in the balance sheet are amortized from completion of the development using the straight-line method, over the period the asset is expected to generate economic benefits.

Straight-line amortization over the expected useful life of the asset:
- IT projects: 5-10 years

Intangible assets that are in use and subject to amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Factors that could trigger an impairment test include changes in the economic lifes of similar assets or the relationship with other intangible assets or tangible assets.

Intangible assets under construction are tested for impairment once a year.

If the carrying amount of intangible assets exceeds the recoverable amount based upon the above indicators of impairment, any impairment loss is measured based on discounted future cash flows.

Tangible assets

Tangible fixed assets are measured at cost less accumulated depreciation and any impairment losses. Cost price includes the purchase price and costs relating directly to the purchase. Subsequent costs are either included in the carrying amount of the asset or recognized as a separate asset, where there are likely future economic benefits for the Group and the value of the asset can be reliably measured.

The depreciable amount of the assets is depreciated on a straight-line basis over the following estimated useful life periods:
- Other equipment: 3-10 years
- Leasehold improvements: 5-10 years
- Buildings: 10-50 years

Major components of buildings which are expected to be replaced with regular intervals during the life of the building are treated as separated components of the building and are depreciated over the period until expected replacement.

Asset residual values and useful life's are assessed and, where required, adjusted on each balance sheet date.

Tangible assets are tested for impairment if there are indications of impairment. The carrying amount of an asset is written down to its recoverable amount if the carrying amount exceeds the estimated recoverable amount. The recoverable amount for the asset is determined as the higher of fair value less costs to sell and net present value of future net cash flows from continued use. If the recoverable amount of an individual asset cannot be determined, value in use is determined for the smallest group of assets for which it is possible to determine a recoverable amount. Impairment losses are recognized in the income statement under the relevant functional areas.

Depreciation and gains or losses from disposal of tangible assets are recognized in the income statement under cost of goods sold, sale and marketing costs and administrative expenses respectively.

Lease assets

Lease assets are 'right-of-use assets' arising from a lease agreement. Lease assets are initially measured at cost consisting of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received and the initial estimate of refurbishment costs and any initial directs costs incurred by NNIT as the lessee.

NNIT has three different types of leases:
- Rental of premises
- IT equipment
- Company cars

The lease assets are depreciated on a straight-line basis over the lease term. The lease asset can be adjusted due to modifications to the lease agreement or reassessment of lease term.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture with a value below DKK 100 thousand.

Transition cost

Transition cost consists of cost regarding transition projects, which has been capitalized until operation begins. The cost mainly relates to employee cost and will be amortized over the operation period.

Inventories

Goods for resale are measured at the lower of cost and net realizable value.

Trade receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for doubtful trade receivables.

Allowance for doubtful trade receivables is made using the expected credit loss model, which uses a lifetime expected loss allowance for all trade receivables.

The allowance is deducted from the carrying amount of trade receivables and the amount of the loss is recognized in the income statement under cost of goods sold.

Other receivables and prepayments

Current receivables

Current receivables are measured at amortized cost less potential write-downs for impairment losses. Write-downs are based on individual assessments of each debtor.

Prepayments

Prepayments comprise costs incurred for the next financial year. These are usually prepayments for maintenance of hardware and software licenses.

1.4 General accounting policies – continued

Equity

Treasury shares

Treasury shares are deducted from equity. Acquisition/disposal of treasury shares are recognized directly in equity.

Dividend

Dividend distribution to the shareholders of NNIT is recognized as a liability when dividends are declared. Proposed dividends are disclosed in the statement of changes in equity.

Lease liabilities

Lease liabilities arise from a lease agreement. Lease liabilities are initially equal to the present value of the lease payments during the lease term that are not yet paid.

At initial recognition NNIT assess each contract individually to assess the likelihood of exercising a potential extension option in the contract. The option to extend the contract period will be included in the calculation of the lease liability if it is reasonably certain that NNIT will exercise the option.

When calculating the net present value NNIT has used a discount rate corresponding to the incremental borrowing rate.

The lease liability is remeasured when changes occur due to modifications to the contract (extension, termination etc.) or indexation.

Employee benefits

Wages, salaries, social security contributions, paid annual leave and sick leave, bonuses and non-monetary benefits are recognized in the financial year in which the NNIT employee provided the related work service.

Pensions

NNIT operates a number of defined-contribution pension plans. The costs of these pension plans are recognized in the financial year in which the relevant NNIT employees provided the related service.

In some countries NNIT operates defined-benefit plans. Such liabilities are measured at the present value of the expected payments related to benefits accrued at the balance sheet date less the fair value of plan assets by applying the projected unit credit method. Plan assets, if any, are measured at fair value and offset against the defined benefit obligation in the balance sheet. Service costs and the interest component are recognized in the income statement. Actuarial gains and losses are recognized in other comprehensive income in the period in which they occur. Settlements are immediately recognized in the income statement.

Jubilee benefits

This comprises liabilities for the cost of employee anniversaries. The liability is based on a Net Present Value calculation. Gains and losses are recognized in the income statement.

Long-term incentive and retention programs

NNIT has two different share-based incentive programs; long-term incentive program (LTIP) and retention program (RP)

Long-term incentive program (LTIP)

Group Management and the Vice President Group are part of a long-term share-based incentive program (LTIP).

Under the program, NNIT allocates shares based on operating profit and free cash flow.

LTIP

The participants receive NNIT shares. The shares are subject to a lock-up period of four years.

NNIT has the obligation to deliver treasury shares, and accordingly, the arrangement is classified as an equity-settled arrangement and will be charged to the income statement over the four-year vesting period based on the market price at the grant date.

Retention program (RP)

Key Vice Presidents are part of the retention program. This program comprises an accustomed self-investment and for each share invested they will be eligible to be granted up to one (1) RSU. The shares are subject to a lock up period of three years, following which the RSU's are released if certain vesting targets are met.

NNIT has the obligation to deliver treasury shares, and accordingly, the arrangement is classified as an equity-settled arrangement and will be charged to the income statement over the three-year vesting period based on the market price at the grant date. During that period the shares are administered as part of the Company's treasury shares. No dividends are paid on such shares and the participants are not able to exercise any voting rights during the lock-up period.

Contingent consideration (earn-out)

Contingent considerations are recognized at fair value. Fair value changes in contingent considerations are recognized in the income statement in financial items until final settlement.

Provisions

Provisions are recognized when NNIT has a legal or constructive obligation arising from past events, it is probable that the Company will have to draw on its financial resources to settle the liability, and the liability can be reliably estimated.

Provisions in the case of NNIT consist of provisions for losses on construction projects and refurbishment obligations.

Provision for onerous contracts/projects

This refers to projects that NNIT is obliged to complete and for which the total project costs exceed the total project income.

Provision for refurbishment obligation

This refers to refurbishment obligations regarding NNIT's lease agreements for rental of premises.

Trade payables

Trade payables are measured at amortized cost.

Other current liabilities

Other current liabilities comprise accrued expenses and VAT.

Cash flow statement

The cash flow statement is prepared using the indirect method. The cash flow statement shows the cash flows for the year, divided into operating, investing and financing activities, and how these cash flows have affected the cash position for the year.

Cash flow from operating activities

Cash flows from operating activities are calculated as the net profit for the year, adjusted for non-cash operating items. These include amortization, depreciation and write-downs, share-based compensation, change in net working capital and interest received and paid.

Cash flow from investing activities

Cash flows from investing activities comprise cash flows from the purchase and sale of intangible, tangible and financial non-current assets and the purchase and sale of securities.

Cash flow from financing activities

Cash flows from financing activities comprise cash flows from raising and repaying long-term debt, dividend payments to shareholders, instalments on lease liabilities and bank overdraft.

Cash and cash equivalents

Cash and cash equivalents include cash and deposits.

The cash flow statement cannot be derived from the annual report alone.

1.5 Financial definitions

Operating profit margin = $\frac{\text{Operating profit x 100}}{\text{Revenue}}$

Gross profit margin = $\frac{\text{Gross profit x 100}}{\text{Revenue}}$

Return on assets = $\frac{\text{Operating profit x 100}}{\text{Average operating assets}}$

Return on equity = $\frac{\text{Net profit after tax x 100}}{\text{Average equity}}$

Dividend per share for the year = $\frac{\text{Proposed dividend}}{\text{The number of outstanding shares}}$

Return on invested capital (ROIC) = $\frac{\text{Net profit ex. financials x 100}}{\text{Average invested capital [1]}}$

EBITDA margin = $\frac{\text{Operating profit + depreciation and amortization}}{\text{Revenue}}$

Solvency ratio = $\frac{\text{Equity}}{\text{Total assets}}$

Effective tax rate = $\frac{\text{Tax}}{\text{Profit before tax}}$

[1] Average invested capital is calculated excluding cash and cash equivalents, shares and non-interest bearing debt.

The above key ratios have been prepared in accordance with the guidelines issued by the Danish Finance Society.

Non-IFRS financial measures

In the Annual Report, NNIT discloses certain financial measures of the Group's financial performance, financial position and cash flows that reflect adjustments to the most directly comparable measures calculated and presented in accordance with IFRS. These non-IFRS financial measures may not be defined and calculated by other companies in the same manner, and may thus not be comparable with such measures.

The non-IFRS financial measures presented in the Annual Report are:

- Special items
- Backlog
- Cash to earnings
- Financial resources at the end of the year
- Free cash flow
- Organic growth

Special items

Special items comprise costs or income that cannot be attributed directly to the Group's ordinary activities and are non-recurring of nature. Such costs and income include the cost related to significant restructuring of the cost base and processes as well as restructuring costs related to resignation of employees. Further special items include significant cost related to M&A activities, redundancy cost related to members of Group Management, impairment of assets 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.

Backlog

The backlog represents anticipated revenue from orders not yet completed or performed undersigned contracts that are expected to be recognized as net turnover. The calculation of backlog is subject to certain assumptions, including estimation of expected billings under time and materials contracts for the applicable period.

Cash to earnings

Cash to earnings is defined as 'free cash flow as a percentage of net profit'.

Financial resources at the end of the year

Financial resources at the end of the year are defined as the sum of cash and cash equivalents at the end of the year and undrawn committed credit facilities.

Free cash flow

NNIT defines free cash flow as 'net cash generated from operating activities less net cash used in investing activities'.

Organic growth

Expansion of operations from own (internally generated) resources, without growth from acquisition of other companies and without currency effect.

2. Results for the year

2.1 Segment information

NNIT delivers services and solutions through two business units, Life sciences and Private & Public, each responsible for delivering a number of services to customers.

The Life sciences business unit delivers to both the Novo Nordisk Group and other life sciences clients in Denmark as well as internationally.

The Private & Public business unit delivers to clients within the Enterprise, Public and Finance segments in Denmark.

It is the two above mentioned segments that are reportable segments to the chief operating decision makers each month. No reporting is made on assets. NNIT's chief operating decision makers are Executive Management and the Board of Directors.

DKK million	**2021**	2020
Revenue by customer group		
Novo Nordisk Group	605	732
Life sciences international	711	456
Life sciences Denmark	259	261
Life sciences	1,575	1,449
Enterprise	725	712
Public	309	407
Finance	268	262
Private & Public	1,302	1,381
Total revenue	**2,877**	**2,830**
Gross profit by business unit		
Life sciences	233	244
Private & Public	111	143
Total gross profit	**344**	**387**

DKK million	**2021**	2020
Operating profit before special items by business unit [1]		
Life sciences	119	122
Private & Public	23	43
Total operating profit before special items	**142**	**165**

[1] When deducting special items and net financials consolidated profit before income taxes is obtained.

DKK million	**2021**	2020
Amortization, depreciation and impairment losses		
Life sciences	115	120
Private & Public	104	114
Impairment losses	56	-
Total amortization, depreciation and impairment losses	**275**	**234**

The Danish operations generated 71.1% of the revenue in the year ended December 31, 2021 (2020: 78.1%) based on the location of the customer. As a consequence of the predominantly Danish revenue, NNIT will not disclose a geographical revenue split.

99.0% of tangible assets are placed in Denmark (2020: 99.4%). For intangible assets 56% are placed in Denmark and 44% in the US.

The Novo Nordisk Group generated 21.0% of the revenue in the year ended December 31, 2021 (2020: 25.9%).

2.2 Employee costs

DKK million	**2021**	2020
Employee costs comprise:		
Wages and salaries	1,711	1,563
Share-based payments	8	14
Pensions - defined contribution plans	119	106
Pensions - defined benefit obligations (note 3.7)	17	23
Other employee costs	133	109
Total employee costs	**1,988**	**1,815**
Included in the income statement under the following headings:		
Cost of goods sold	1,761	1,617
Sales and marketing costs	102	105
Administrative expenses	52	58
Special items	73	35
Total employee costs	**1,988**	**1,815**
Average number of full-time employees	3,162	3,083

Remuneration of Board of Directors and Group Management

The current policy for the remuneration of the Board of Directors and Executive Management was adopted in 2021 and sets out the general guidelines for the remuneration of the Group's management. The guidelines for the remuneration of the Board of Directors and Executive Management are available on NNIT's website.

In addition to the disclosures provided in this note, more details on the remuneration of Executive Management and Directors are provided in the separate Remuneration report, which is not a part of the audited financial statements. The report is also available on NNIT's website.

Board of Directors remuneration

DKK million	**2021**	2020
Ordinary board member fee	3.5	3.3
Audit Committee	0.3	0.3
Remuneration Committee	0.2	0.2
Total fee to Board of Directors	**4.0**	**3.8**

2.2 Employee costs – continued

Group Management's remuneration and share-based payment

	2021		
DKK million	Executive Management	Other members of Group Management	Total
Base salary	7.3	9.7	17.0
Cash Bonus (STIP and one-off)	2.0	1.7	3.7
Remuneration in connection with redundancy, resignations and release from duty to work	15.9	5.8	21.7
Pension	1.0	1.8	2.8
Benefits	0.4	0.6	1.0
Share based incentives [1]	6.8	0.8	7.6
Group Management total	33.4	20.4	53.8

[1] Includes the annually recognized expense on granted share-based and launch incentive programs, which are not released.

	2020		
DKK million	Executive Management [1]	Other members of Group Management [1]	Total
Base salary	6.9	9.6	16.5
Cash Bonus (STIP and one-off)	2.9	1.9	4.8
One off bonus	1.8	0.4	2.2
Remuneration in connection with redundancy, resignations and release from duty to work	-	0.2	0.2
Pension	2.3	1.8	4.1
Benefits	0.4	0.6	1.0
Share based incentives [2]	6.0	3.2	9.2
Group Management total	**20.3**	**17.7**	**38.0**

[1] Remuneration included above are for the period each employee has served as member of Group Management only.

[2] Includes the annually recognized expense on granted share-based and launch incentive programs, which are not released.

2.2 Employee costs – continued

Short-term incentive program (STIP)
Group Management and certain other employees participate in a STIP program, which entitles each participant to receive an annual performance-based cash bonus, linked to the achievement of a number of predefined functional and individual business targets. Performance is measured for each financial year and the cash-based incentives, if any, are paid after announcement of the annual report for the subsequent year.

Retention Program (RP)
RP is a program for Vice Presidents designed to secure and enhance a strong retention incentive.

The program is based on a self-investment in NNIT shares by the participants which makes the Vice Presidents eligible to receive up to one (1) RSU for each share invested. The number of RSU's is based on performance for a three-year period measured on revenue growth, operating profit margin and individual Objective targets.

Long-term incentive program (LTIP)
LTIP is designed to promote the collective performance of Group Management and Vice Presidents to align the interests of executives and shareholders.

The program is based on earnings including hedge gains/losses, before interest and tax compared to the targeted level. In addition, the realized free cash flow compared to the targeted level is taken into consideration. NNIT's Board of Directors approves the financial targets for the coming year, ensuring that the short-term targets are aligned with NNIT's long-term targets and strategy.

The allocation under LTIP for the CEO cannot exceed the equivalent of ten months' fixed base salary including pension contribution, and the allocation for the CFO cannot exceed the equivalent of eight months of such person's fixed base salary including pension contribution. The allocation for the other members of Group Management cannot exceed the equivalent of six months fixed base salary including pension contribution. A fixed and predefined number of shares will be allocated to Vice Presidents.

The shares allocated to the members of Group Management that are fully vested, will be released to the individual participants subsequent to the approval of the Annual Report 2021 by the Board of Directors. Based on the share price at the end of 2021, the value of the released shares is as follows:

DKK million	Number of shares	Market value
Values at December 31, 2021 of shares to be released February 1, 2022:		
Pär Fors	-	-
Pernille Fabricius	6,094	0.7
Per Kogut	13,649	1.6
Executive Management	**19,743**	**2.3**
Other members of Group Management	**14,270**	**1.6**
Group Management total	**34,013**	**3.9**

Please refer to note 5.1 for an overview of outstanding RSU's.

2.3 Development costs

DKK million	2021	2020
Costs for development of new projects, not eligible for recognition in the balance sheet are charged immediately to the income statement:		
Cost of goods sold	7	9
Total development costs	**7**	**9**

2.4 Amortization, depreciation and impairment losses

DKK million	2021	2020
Amortization	25	26
Depreciation	194	207
Impairment losses	56	-
Total amortization, depreciation, and impairment losses	**275**	**233**
Amortization, depreciation and impairment losses are recognized in the income statement:		
Cost of goods sold	206	216
Sales and marketing costs	4	4
Administrative expenses	9	13
Special items	56	-
Total amortization, depreciation, and impairment losses	**275**	**233**

2.5 Special items

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

Impairment of asset comprise impairment of the Soeborg headquarter building and impairment of developed assets. Please refer to note 3.2.

Redundancy cost related to Group Management mainly relates to Per Kogut.

Restructuring costs mainly comprise redundancies.

2.6 Income taxes

DKK million	2021	2020
Current tax	8	33
Deferred tax	(17)	(10)
Adjustments recognized for current tax of prior periods	(29)	(11)
Adjustments recognized for deferred tax of prior periods	20	12
Withholding tax not deductible	-	2
Income taxes in the income statement	**(18)**	**26**
Computation of effective tax rate:		
Statutory corporate income tax rate in Denmark	22.0%	22.0%
Deviation in foreign subsidiaries' tax rates compared to Danish tax rate (net)	21.0%	(0.1%)
Other adjustments to taxable income	(6.0%)	1.4%
Adjustment of current and deferred tax regarding previous years	36.0%	0.4%
Withholding tax not deductible	(1,0%)	1.8%
Effective tax rate	**72.0%**	**25.5%**
Tax on other comprehensive income for the year	**8**	**6**

Tax on other comprehensive income for the year relates to tax on exchange rate adjustments and deferred tax of cash flow hedges.

Tax on equity relates to deferred tax on share-based payments.

DKK million	2021	2020
Tax payable/receivable		
Tax payable/receivable at the beginning of the year	22	2
Income tax paid during the year	39	46
Tax paid related to previous years	(44)	(6)
Withholding taxes paid during the year	1	2
Current tax on profit for the year	(8)	(33)
Adjustments related to previous years	29	11
Tax payable/receivable at the end of the year	39	22
Tax payable/receivables are recognized in the balance sheet as follows:		
Tax receivables	36	30
Tax payable	(2)	(4)
Tax on other comprehensive income	5	(4)
Total tax	**39**	**22**

2.6 Income taxes – continued

Deferred taxes

DKK million	Intangible assets	Tangible assets	Current assets	Lease receivables and liabilities	Share based programs	Cash flow hedges	Provisions	Total
2021								
Deferred tax asset								
At the beginning of the year	**(19)**	**52**	**(44)**	**8**	**(3)**	**1**	**37**	**32**
Adjustments related to previous years	(1)	(8)	6	-	-	-	(17)	(20)
Adjustments related to previous years booked on equity[1]	-	-	(10)	(3)	-	-	-	(13)
Movements within the year	(8)	(4)	18	5	2	-	4	17
Movements in other comprehensive income	-	-	-	-	-	(3)	-	(3)
At the end of the year	**(28)**	**40**	**(30)**	**10**	**(1)**	**(2)**	**24**	**13**

[1] Adjustments related to previous years is regarding an adjustment of the opening balance in connection with the implementation of IFRS 15 and IFRS 16. The adjustment regarding IFRS 15 is regarding pre-payments for transition cost. The adjustment regarding IFRS 16 is regarding the refurbishment obligation. Both were overstated.

DKK million	Intangible assets	Tangible assets	Current assets	Lease receivables and liabilities	Share based programs	Cash flow hedges	Provisions	Total
2020								
Deferred tax asset								
At the beginning of the year	**(14)**	**44**	**(30)**	**14**	**(4)**	**(1)**	**23**	**32**
Adjustments related to previous years	-	7	(11)	(7)	-	-	(1)	(12)
Movements within the year	(5)	1	(3)	1	1	-	15	10
Movements in other comprehensive income	-	-	-	-	-	2	-	2
At the end of the year	**(19)**	**52**	**(44)**	**8**	**(3)**	**1**	**37**	**32**

3. Operating assets and liabilities

3.1 Intangible assets

DKK million	Goodwill	Other intangible assets	IT development projects	IT development projects under construction	**2021**
2021					
Cost at the beginning of the year	690	33	95	62	880
Additions	120	1	7	27	155
Transfer	-	-	62	(62)	-
Exchange rate adjustment	32	3	-	-	35
Cost at the end of the year	**842**	**37**	**164**	**27**	**1,070**
Amortization and impairment losses at the beginning of the year	-	31	68	-	99
Amortization	-	3	22	-	25
Exchange rate adjustment	-	1	-	-	1
Amortization and impairment losses at the end of the year	**-**	**35**	**90**	**-**	**125**
Carrying amount at the end of the year	**842**	**2**	**74**	**27**	**945**
Amortization period		2-5 years	3-10 years		

IT development projects includes NNIT's ERP system which is used as the basis for the Group's day-to-day operations and internal IT-systems and developed applications for customer services.
IT development projects under construction consists of both internal IT-systems and developed applications for customer services.

3.1 Intangible assets – continued

DKK million	Goodwill	Other intangible assets	IT development projects	IT development projects under construction	**2020**
2020					
Cost at the beginning of the year	448	34	105	28	615
Additions from business combinations	266	2	-	-	268
Additions	-	-	-	40	40
Transfer	-	-	6	(6)	-
Disposals	-	-	(16)	-	(16)
Exchange rate adjustment	(24)	(3)	-	-	(27)
Cost at the end of the year	**690**	**33**	**95**	**62**	**880**
Amortization and impairment losses at the beginning of the year	-	21	70	-	91
Amortization	-	12	14	-	26
Amortization reversed on disposals	-	-	(16)	-	(16)
Exchange rate adjustment	-	(2)	-	-	(2)
Amortization and impairment losses at the end of the year	**-**	**31**	**68**	**-**	**99**
Carrying amount at the end of the year	**690**	**2**	**27**	**62**	**781**
Amortization period		2-5 years	5-10 years		

IT development projects mainly include NNIT's ERP system which is used as the basis for the Group's day-to-day operations.
IT development projects under construction consist of both internal IT-systems and developed applications for customer services.

3.2 Impairment test

Goodwill

The carrying amount of goodwill is impairment tested by comparison to the recoverable amount. The recoverable amount is determined based on value in use. Discounted cash flow models have been applied to determine the value in use for the cash-generating units, based on the most recent financial forecasts approved by management. The five CGU's are in all material aspects subject to the same presumptions hence below is applicable for all CGU's. When determining value in use the post-tax discount rate has been used. The pre-tax discount rate is for information purposes only.

Net cash flows for the year 2022-2026 are determined based on key assumptions and expectations and estimates based on growth and profit margin expectations based on past experience and in accordance with NNIT business plans. From 2026 onwards, NNIT expects the growth rate to remain in line with the expected long-term average growth rate for the industry. The uncertainty associated with these expectations is reflected in the discount rate used.

Goodwill has been tested for impairment at December 31, 2021. The tests did not result in any impairment of carrying amounts. The key assumptions used are stated in the following:

DKK million	CGU	Business unit	Carrying amount	Annual revenue growth rate	Discount rate pre-tax	Discount rate post-tax	Terminal period growth rate
2021							
SCALES	SCALES	P&P	168	10-20%	10.9%	8.5%	2%
Valiance Partners	Valiance Partners	LS	193	10-20%	11.4%	8.5%	2%
HGP Group	LS EU outside DK ex. Valiance	LS	85	7-20%	10.9%	8.5%	2%
Excellis	Excellis	LS	277	10-15%	11.4%	8.5%	2%
SL Controls	SL Controls	LS	119	10-20%	10.3%	9.0%	2%
2020							
SCALES	SCALES	P&P	168	10-20%	10.9%	8.5%	2%
Valiance Partners	Valiance Partners	LS	182	10-20%	11.4%	8.5%	2%
HGP Group	LS EU outside DK ex. Valiance	LS	85	5-20%	10.9%	8.5%	2%
Excellis	Excellis	LS	255	10-32%	12.1%	9.0%	2%

The expected growth in revenue is based on historical performance, expected development in the market in which the entity operates and assumptions in terms of development in market share. The growth rates applied in the explicit forecast period converge from its current level experienced over the last few years to the long-term growth level in the market where the entity operates. The growth rates used to extrapolate cash flow projections beyond the explicit forecast period are not higher than the average expected long-term growth in the markets in which the entities operate.

A sensitivity analysis has not been carried out, as negative changes in the fundamental assumption that will result in impairment of goodwill, are considered unlikely to become a reality.

Lease assets

In June 2021 it was decided to optimize the use of the Soeborg headquarter building enabling sublease of the unused square meters. As this space should now be seen as a separate right-of-use asset an impairment test has been performed. Based on a value-in-use calculation, applying expected sublease rates, timing of subleasing the full area, building preparation costs and a discounting impact, an impairment of DKK 27 million has been recognized.

Developed assets

In December 2021 it was decided to terminate the development of an application and terminate the program initiated to target customers. All costs related to the program was impaired and a total cost of DKK 29 million has been recognized, please refer to note 3.4.

The impairment loss for lease assets and developed assets are both included in special items, please refer to note 2.5.

3.3 Tangible assets

DKK million	Land and buildings	Other equipment	Leasehold improvements	Payments on account and assets under construction	**2021**
2021					
Cost at the beginning of the year	386	734	55	26	1,201
Additions	4	33	4	6	47
Disposals	-	(99)	-	(1)	(100)
Transfer	-	25	-	(25)	-
Exchange rate adjustment	-	2	1	-	3
Cost at the end of the year	**390**	**695**	**60**	**6**	**1,151**
Depreciation and impairment losses at the beginning of the year	108	494	47	-	649
Depreciation	17	95	5	-	117
Depreciation reversed on disposals	-	(99)	-	-	(99)
Exchange rate adjustment	-	-	1	-	1
Depreciation and impairment losses at the end of the year	**125**	**490**	**53**	**-**	**668**
Carrying amount at the end of the year	**265**	**205**	**7**	**6**	**483**
Depreciation period	10-50 years	3-10 years	5-10 years		

NNIT's fixed assets register is inspected on a regular basis to identify assets, which are no longer in use. Such assets are scrapped.

3.3 Tangible assets – continued

DKK million	Land and buildings	Other equipment	Leasehold improvements	Payments on account and assets under construction	**2020**
2020					
Cost at the beginning of the year	373	781	55	46	1,255
Additions	13	56	-	26	95
Disposals	-	(148)	-	-	(148)
Transfer	-	46	-	(46)	-
Exchange rate adjustment	-	(1)	-	-	(1)
Cost at the end of the year	**386**	**734**	**55**	**26**	**1,201**
Depreciation and impairment losses at the beginning of the year	92	544	43	-	679
Depreciation	16	95	5	-	116
Depreciation reversed on disposals	-	(146)	-	-	(146)
Exchange rate adjustment	-	1	(1)	-	-
Depreciation and impairment losses at the end of the year	**108**	**494**	**47**	**-**	**649**
Carrying amount at the end of the year	**278**	**240**	**8**	**26**	**552**
Depreciation period	10-50 years	3-10 years	5-10 years		

NNIT's fixed assets register is inspected on a regular basis to identify assets, which are no longer in use. Such assets are scrapped.

3.4 Contract balances

Contract assets and liabilities

DKK million	2021	2020
Trade receivables as specified in note 3.6	578	499
Contract assets comprise:		
Work in progress (projects)	107	145
Transformation projects (included in trade receivables, note 3.6)	124	85
Contract liabilities comprise:		
Prepayments received, work in progress	(116)	(111)
Prepayments received, transition cost	(30)	(16)

Work in progress relates to projects where the recognized revenue from work performed exceeds progress billings. Prepayments received, work in progress relates to projects where the progress billing exceeds work performed. Prepayments received transition cost relates to prepayments received regarding transition projects. As such the balances of these accounts vary and depend on the number of new projects at the end of the year.

DKK million	Opening balance	Additions	Revenue recognized from opening balance	Revenue recognized regarding additions	Closing balance
2021					
Prepayments received, work in progress	(111)	(83)	78	0	(116)
Prepayments received, transition cost	(16)	(29)	10	5	(30)

DKK million	Opening balance	Additions	Revenue recognized from opening balance	Revenue recognized regarding additions	Closing balance
2020					
Prepayments received, work in progress	(98)	(100)	87	-	(111)
Prepayments received, transition cost	(42)	(9)	31	4	(16)

Besides above balances we have also capitalized cost to fulfill a contract as transition cost.

Transition cost relates to capitalized cost incurred for preparatory projects in relation to transition or set-up activities required to enable delivery of the service. The cost will be amortized over the operation period which generally is between 3-6 years.

As such the balance for transition cost vary depending on the number of new outsourcing contracts requiring a transition project or set-up activities.

DKK million	Opening balance	Additions	Amortized cost from opening balance	Amortized cost from additions	Impairment loss	Closing balance
2021						
Transition cost	111	28	(40)	-	(29)	70

DKK million	Opening balance	Additions	Revenue recognized from opening balance	Revenue recognized regarding additions	Impairment loss	Closing balance
2020						
Transition cost	122	44	(52)	(3)	-	111

Transition cost is recognized in the balance sheet as follows:

DKK million	2021	2020
Transition cost, non-current	39	75
Transition cost, current	31	36
Total transition cost	**70**	**111**

Future contract obligations

Below table shows performance obligations resulting from contracts which will be satisfied in the future:

DKK million	2021	2020
Aggregated amount of transaction price allocated to contracts that will be satisfied in the future as at December 31	3,977	4,061

Management expects that DKK 2,017 million (2020: DKK 1,999 million) of the transaction price allocated to the future contract obligations as of December 31, 2021 will be recognized during 2022. The remaining part will be recognized as revenue within 2-3 years. The amount disclosed above includes both fixed and variable consideration.

3.5 Deposits

DKK million	**2021**	2020
Cost at the beginning of the year	33	34
Additions	1	-
Disposal	-	(1)
Carrying amount at the end of the year	**34**	**33**

3.6 Trade receivables

DKK million	**2021**	2020
Total trade receivables (gross)	579	499
Allowances for bad debt in the year	(1)	(2)
Total trade receivables (net)	**578**	**497**

In 2021 NNIT has continued the commercial use of factoring where a financial institution purchases outstanding invoices on some of NNIT's largest customers with a strong credit profile. The benefits of this program include improved liquidity and improved financial ratios. NNIT is less sensitive on long payment terms while the cost of factoring is less than the current revolving credit facility. The effect as of December 31, 2021 is DKK 186 million (2020: DKK 194 million). NNIT still carries an immaterial risk in relation to late payments as a result of performance.

NNIT applies the IFRS 9 simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. NNIT has assessed historical realized losses adjusted by a forward-looking estimate related to the probability of a significant change in the economic environment. Historically NNIT has not realized any losses on trade receivables due to the economic environment. Losses have been due to claim settlement with customers.

To minimize credit losses NNIT makes a credit evaluation before entering into a contract with a new customer. NNIT customer portfolio primarily consists of large national and international companies. The credit quality of trade receivables as of December 31, 2021 is considered satisfactory.

Further NNIT continuously conduct individual assessments of bad debts. If this leads to an assessment that NNIT will not be able to collect all outstanding payments, an allowance for bad debt is made. Based on historical data, the allowance for bad debt as of December 31, 2021 was DKK 1.1 million (2020: DKK 1.8 million).

3.6 Trade receivables – continued

DKK million	**2021**	2020
Aging of non-impaired trade receivables:		
Non-invoiced trade receivables	238	136
Not due at balance sheet date	256	295
Overdue between 1 and 30 days	56	44
Overdue between 31 and 60 days	9	12
Overdue by more than 60 days	19	12
Total trade receivables	**578**	**499**

Trade receivables include receivables from related parties amounting to DKK 124 million gross of factoring (2020: DKK 130 million).

Part of the non-invoiced trade receivables are regarding finished transformation projects and other long-term projects, where the amount will be invoiced to the customer over the operation period which is more than one year. The long-term project amount to DKK 124 million as of December 31, 2021 (2020: DKK 85 million), of these DKK 30 million will be invoiced in 2022.

3.7 Employee benefit obligations

Defined benefit pension obligations

DKK million	Pension liability	Plan asset	Net liability
2021			
At the beginning of the year	79	56	23
Current service costs	4	-	4
Employer contributions	-	4	(4)
Benefits paid from plan asset	1	1	-
Remeasurement gains/(losses) recognized in other comprehensive income	(4)	(1)	(3)
Plan participant contribution etc.	2	2	-
Past service cost - plan amendments	(3)	-	(3)
At the end of the year	**79**	**62**	**17**

DKK million	Pension liability	Plan asset	Net liability
2020			
At the beginning of the year	73	54	19
Current service costs	4	-	4
Employer contributions	-	3	(3)
Benefits paid from plan asset	(4)	(4)	-
Remeasurement gains/(losses) recognized in other comprehensive income	6	1	5
Plan participant contribution etc.	-	2	(2)
At the end of the year	**79**	**56**	**23**

The defined benefit plans are usually funded by payments from Group companies and by employees to funds independent of NNIT. Where a plan is unfunded, a liability for the retirement obligation is recognized in the balance sheet. NNIT does not expect the contributions over the next five years to differ significantly from current contributions. The weighted average duration of the defined benefit obligation is 13.9 years (2020: 14.2 years).

3.7 Employee benefit obligations – continued

	2021	2020
Assumptions used for valuation[1]		
Discount rate	0.61%	0.37%
Price inflation	0.91%	0.91%
Projected future remuneration increases	1.78%	1.78%
Interest crediting rate	0.23%	0.00%

[1] Assumptions are calculated and presented as a weighted average of the Defined Benefit Plans in NNIT Switzerland AG and NNIT Philippines Inc.

Actuarial valuations are performed annually. The most recent actuarial valuation is dated November 2021.

DKK million	**2021**	2020
Defined benefit pension obligations	17	23
Jubilee benefit obligations	-	2
Long-term bonus plan	1	4
Total employee benefit obligations, non-current	**18**	**29**

3.8 Contingent consideration

DKK million	**2021**	2020
Contingent consideration		
At the beginning of the year	140	124
Additions from business combinations	30	77
Payout cash	(34)	(62)
Payout shares	-	(4)
Fair value adjustment	10	5
At the end of the year	**146**	**140**

Contingent consideration relates to acquisition of subsidiaries.

Contingent consideration is recognized in the balance sheet as follows:		
Non-current liabilities (1-5 years)	82	112
Current liabilities	64	28
Total liability	**146**	**140**

3.8 Contingent consideration – continued

The contingent consideration is reassessed at least once a year in connection with the approval of the budgets for the coming year. Overperformance compared to the targets will increase the payout linear. Each KPI has a cap for overperformance. On average overperformance is capped at 121-136%.

When assessing the valuation of the contingent consideration a discount rate of 1.2% has been applied. The discount rate is commensurate with the cost of debt as opposed to the higher WACC rate which reflects the business risk as Management is highly confident that the KPI's will be achieved.

Valiance Partner
The earn-out period for Valiance Partners ends 2021 and the last earn-out payment will be settled after approval of the annual report for 2021.

In February 2021 the second payment was settled at an amount of DKK 24.7 million.

The last expected earn-out payment is DKK 24.8 million with an earn-out range of 0 – 135% (DKK 0 – 34.1 million) depending on performance on five KPI's: EBITDA in Valiance Partners, additional revenue derived for NNIT, R&D investments, 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.

As of December 31, 2021 the carrying amount is DKK 24.8 million based on the expected earn-out payment. Based on a sensitivity range of +/- 10% for each of the five KPI's, the earn-out payment will change within a range of DKK –1.8 million to DKK 1.1 million.

HGP Group
The earn-out period for HGP ends March 31, 2022 and the last earn-out payment will be settled after approval of profit during April/May 2022.

In May 2021 the second payment was settled at an amount of DKK 9.1 million.

The last expected earn-out payment is DKK 9.6 million with an earn-out range of DKK 0 - 11.7 million dependent upon one KPI based on gross profit for the European life sciences business as well as business from HGP units in Singapore and Indonesia.

As of December 31, 2021 the carrying amount is DKK 9.6 million, based on the expected earn-out payment. Based on a sensitivity range of +/- 10% of the one KPI the earn-out payment will change within a range of DKK -2.5 million to DKK 0.5 million.

Excellis
The earn-out period for Excellis ends in 2023 and the yearly earn-out payments are settled after approval of the financial statement for the given year. The estimated earn-out target is DKK 82.7 million with an earn-out range of 0-136% (DKK 0 – 108.9 million) of target depending upon performance on five KPI's: 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.

As of December 31, 2021 the carrying amount is DKK 84.5 million, based on the expected earn-out payment. Based on a sensitivity range of +/- 10% for each of the five KPI's, the earn-out payment will change within a range of DKK -29.9 million to DKK 7.3 million.

3.8 Contingent consideration – continued

SL Controls
The earn-out period for SL Controls ends in 2023 and the yearly earn-out payments are settled after approval of the financial statement for the given year. The estimated earn-out target is DKK 31.4 million (EUR 4.2 million) with an earn-out range of 0-121% (DKK 0 – 38.1 million) of target depending upon performance on three KPI's: EBITDA in SL Controls, revenue in SL Controls and unmanaged attrition. The KPI's are weighted with EBITDA having the highest weight and with revenue having the second highest weight.

As of December 31, 2021 the carrying amount is DKK 26.6 million, based on the expected earn-out payment. Based on a sensitivity range of +/- 10% for each of the three KPI's the earn-out payment will change within a range of DKK -26.6 million to DKK 29.0 million.

3.9 Provisions

DKK million	**2021**	2020
Provision for onerous contracts/projects		
At the beginning of the year	1	4
Utilized	(1)	(3)
At the end of the year	**-**	**1**

Provision for onerous contracts/projects relates to projects that NNIT is obligated to finalize and where the total project costs exceed the total project income. The provision is based on historical data and an individual evaluation of ongoing projects. Provision for onerous projects amounting to DKK 0 million has been offset in work in progress (2020: DKK 0.2 million).

Provision for refurbishment obligation		
At the beginning of the year	24	25
Additions	1	-
Exchange rate adjustment	-	(1)
At the end of the year	**25**	**24**

Provision for refurbishment obligation, included under non-current liabilities, relates to the leasehold agreements in the Group with a refurbishment obligation.

Provisions are recognized in the balance sheet as follows:		
Non-current liabilities	25	24
Current liabilities	-	1
Total liability	**25**	**25**

4. Capital structure and financing items

4.1 Financial income and expenses

DKK million	2021	2020
Financial income		
Fair value adjustments of cash flow hedges (net) recycled from other comprehensive income	11	10
Realized/unrealized loss on currency	3	
Tax related interests	1	-
Other financial income	-	1
Total financial income	**15**	**11**
Financial expenses		
Realized/unrealized loss on currency	-	10
Interest expenses lease liability	6	7
Interest expenses - other external	4	3
Bank charges and other fees	4	4
Guarantee commission	1	1
Value adjustment contingent consideration	10	5
Other financial expenses	4	1
Total financial expenses	**29**	**31**

4.2 Share capital, distribution to shareholder and earnings per share

DKK million	2021	2020
Net profit for the year	**(7)**	**76**
Number '000		
Average number of shares outstanding	24,779	24,694
Dilutive effect of share-based payments	158	236
Average number of shares outstanding, including dilutive effect of share-based payments	24,937	24,930
Earnings per share DKK	**(0.30)**	**3.07**
Diluted earnings per share DKK	**(0.30)**	**3.04**

4.2 Share capital, distribution to shareholder and earnings per share – continued

Earnings per share and diluted earnings per share are calculated in accordance with IAS 33. Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. RSUs are only included when performance requirements have been met.

The share capital has a nominal value of DKK 250 million divided into 25 million shares with a nominal value of DKK 10 each. No shares carry special rights.

DKK	Nominal value	Market value (million)	As % of share capital	Number of shares (thousand)
2021				
Treasury shares				
Holding at the beginning of the year	10	37	1.2%	306
Purchase	10	8	0.3%	77
Disposal	(10)	(17)	(0.6)%	(162)
Value adjustments	-	(3)	-	-
Holding at the end of the year	**10**	**25**	0.9%	**221**

Treasury shares held relates to the long-term incentive program.

Retained earnings are accumulated earnings.

Exchange rate adjustments are the difference between average exchange rates in the year and exchange rates at the balance sheet date when consolidating subsidiaries.

Proposed dividends are the dividends proposed by the Board of Directors for the financial year.

DKK million	2021	2020
Net cash distribution to shareholders		
Ordinary dividends	-	25
Interim dividends	-	49
Total	**-**	**74**

The proposed dividend at the end of 2020 was DKK 25 million (DKK 1.0 per share). No interim dividend was declared in 2021 and no dividend will be declared at the end of 2021.

4.3 Leases

Lease assets

DKK million	Rental of premises	IT-equipment	Company cars	2021
2021				
Costs at the beginning of the year	692	28	21	741
Additions	46	-	7	53
Disposals	(9)	(11)	(9)	(29)
Exchange rate adjustment	7	-	-	7
Costs at the end of the year	**736**	**17**	**19**	**772**
Depreciation and impairment loss at the beginning of the year	478	28	8	514
Depreciation	70	-	7	77
Impairment loss [1]	27	-	-	27
Depreciation reversed on disposals	(4)	(11)	(8)	(23)
Exchange rate adjustment	3	-	1	4
Depreciation and impairment loss at the end of the year	**574**	**17**	**8**	**599**
Carrying amount at the end of the year	**162**	**-**	**11**	**173**

[1] Please refer to note 3.2 for further details

DKK million	Rental of premises	IT-equipment	Company cars	2020
2020				
Costs at the beginning of the year	711	40	20	771
Additions	2	-	8	10
Disposals	(17)	(12)	(7)	(36)
Exchange rate adjustment	(4)	-	-	(4)
Costs at the end of the year	**692**	**28**	**21**	**741**
Depreciation and impairment loss at the beginning of the year	411	35	9	455
Depreciation	80	5	6	91
Depreciation reversed on disposals	(11)	(12)	(7)	(30)
Exchange rate adjustment	(2)	-	-	(2)
Depreciation and impairment loss at the end of the year	**478**	**28**	**8**	**514**
Carrying amount at the end of the year	**214**	**-**	**13**	**227**

4.3 Leases – continued

Lease liabilities

Lease liabilities expiring within the following periods from the balance sheet date:

DKK million	**2021**	2020
After 5 years	-	4
Between 1 and 5 years	133	182
Within 1 year	86	76
Total lease liability, non-discounted	**219**	**262**
Lease liabilities are recognized in the balance sheet as follows:		
Non-current liabilities	123	171
Current liabilities	84	70
Total lease liabilities	**207**	**241**
Recognized in the profit and loss statement		
Interest expenses related to lease liabilities	6	7
Expense relating to leases of low-value assets, not capitalized	-	1
	6	**8**

In 2021 the Group has paid DKK 88 million (2020: DKK 96 million) regarding lease agreements where of interest expenses related to lease liabilities amount to DKK 6 million (2020: DKK 7 million) and repayment of lease liability amount to DKK 82 million (2020: DKK 89 million).

As of 31 December 2021, the lease liability excludes DKK 193 million (undiscounted) of potential lease payments related to lease term extension rights on properties, which were not considered reasonably certain to be exercised.

4.4 Financial assets and liabilities

Depending on the purpose of each asset and liability, NNIT classifies these into the following categories:
- Cash and cash equivalents
- Cash flow hedging instruments at fair value
- Financial assets at amortized cost
- Financial liabilities at fair value through comprehensive income
- Financial liabilities measured at amortized cost

DKK million	Cash and cash equivalents	Cash flow hedging instruments at fair value	Financial assets at amortized cost	Total
2021				
Financial assets by category				
Deposits	-	-	34	34
Trade receivables	-	-	578	578
Work in progress	-	-	107	107
Other receivables	-	-	11	11
Pre-payments	-	-	101	101
Derivative financial instruments	-	13	-	13
Cash and cash equivalents	230	-	-	230
Total financial assets at the end of the year	**230**	**13**	**831**	**1,074**

DKK million	Cash and cash equivalents	Cash flow hedging instruments at fair value	Financial assets at amortized cost	Total
2020				
Financial assets by category				
Deposits	-	-	33	33
Trade receivables	-	-	497	497
Work in progress	-	-	145	145
Other receivables	-	-	21	21
Pre-payments	-	-	87	87
Derivative financial instruments	-	1	-	1
Cash and cash equivalents	143	-	-	143
Total financial assets at the end of the year	**143**	**1**	**783**	**927**

4.4 Financial assets and liabilities – continued

DKK million	Financial liabilities at fair value through Profit and loss	Financial liabilities measured at amortized cost	Total
2021			
Financial liabilities by category			
Lease liability	-	207	207
Bank overdraft	-	496	496
Trade payables	-	86	86
Other current liabilities	-	281	281
Contingent consideration	146	-	146
Total financial liabilities at the end of the year	**146**	**1,070**	**1,216**

DKK million	Financial liabilities at fair value through Profit and loss	Financial liabilities measured at amortized cost	Total
2020			
Financial liabilities by category			
Lease liability	-	241	241
Bank overdraft	-	304	304
Trade payables	-	108	108
Derivative financial instruments	5	-	5
Other current liabilities	-	247	247
Contingent consideration	140	-	140
Total financial liabilities at the end of the year	**145**	**900**	**1,045**

4.4 Financial assets and liabilities – continued

DKK million	Bank overdraft[1]	Lease liability	Long-term loan	Total
2021				
Financial liabilities included in finance activities				
Financing liabilities included in finance activities at the beginning of the year	304	241	21	566
Cash flows:				
Instalments	-	(82)	(23)	(105)
Ingoing/outgoing payments during the year	192	-	-	192
Non-cash flows:				
Additions from business combination	-	-	10	10
Addition	-	52	32	84
Disposals	-	(6)	-	(6)
Value adjustment	-	2	-	2
Exchange rate adjustment				
Total financial liabilities included in finance activities at the end of the year	**496**	**207**	**40**	**743**

DKK million	Bank overdraft[1]	Lease liability	Long-term loan	Total
2020				
Financial liabilities included in finance activities				
Financing liabilities included in finance activities at the beginning of the year	231	329	28	588
Cash flows:				
Instalments on lease	-	(89)	-	(89)
Ingoing/outgoing payments during the year	73	-	-	73
Payout in cash	-	-	(8)	(8)
Non-cash flows:				
Addition from business combination	-	-	1	1
Addition	-	10	-	10
Disposals	-	(6)	-	(6)
Exchange rate adjustment	-	(3)		(3)
Total financial liabilities included in finance activities at the end of the year	**304**	**241**	**21**	**566**

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[1] Bank overdraft is the drawn amount on the credit facility of DKK 900 million. The facility matures January 31, 2024.

4.4 Financial assets and liabilities – continued

Fair value measurement hierarchy

Financial assets and liabilities at fair value through comprehensive income are categorized in the fair value hierarchy as level 2 (directly or indirectly observable market data). The fair value is measured according to generally accepted valuation techniques. Market-based parameters are used to measure the fair value.

The remaining categories of financial assets and liabilities are measured at amortized cost.

Financial risks

NNIT's objective is to limit the Company's financial risks.

The interest-bearing liabilities relate to overdrafts made on NNIT's DKK 900 million revolving credit facility, which bears interest according to movements in the CIBOR rate, and cash balances which bear negative interest due to the current environment of low interest rates. The bank overdraft is expected to be reduced through future cash inflow from operating activities.

NNIT is exposed to exchange rate risks in the countries where NNIT has its main activities. Exchange rate risk arise from intercompany transactions. The majority of NNIT's sales is 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.

Most of the foreign exchange risk in the Chinese yuan and all of the foreign exchange risk in the Czech koruna and the Philippine peso are due to intercompany transactions.

Foreign exchange sensitivity analysis

NNIT estimates that, all other variables being constant, a 10% depreciation of the average 2021 exchange rate of the Danish kroner against the following currencies would have had the indicated impact (in Danish kroner) on our operating profit (EBIT) for 2021. The following sensitivity analysis addresses hypothetical situations and is provided for illustrative purposes only:

DKK million	**2021**	2020
CNY	(15)	(14)
CZK	(11)	(9)
USD	12	10
CHF	1	-
PHP	(7)	(7)

A corresponding appreciation of the Danish kroner against the above currencies would have had the opposite impact.

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

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

4.4 Financial assets and liabilities – continued

As of December 31, 2021 NNIT A/S' net balance position (trade receivables minus trade payables) divided on currency amounted to a short term outflow primarily in Chinese yuan, Czech koruna, Swiss franc and US dollars and a short term inflow in the Euro. A 10% depreciation of the exchange rate of the Danish kroner against NNIT A/S' transaction exposures (net balance position less hedging contracts) will have the below illustrated impact (in Danish kroner) on the net profit before tax for the year ended December 31, 2021.

DKK million	Trade Receivables	Trade Payables	Net balance position	Transaction exposure [1]	10% sensitivity [2]
December 31, 2021					
CNY	-	4.4	(4.4)	(4.4)	(0.4)
CZK	-	17.9	(17.9)	(17.9)	(1.8)
CHF	-	4.5	(4.5)	(4.5)	(0.5)
USD	1.6	4.3	(2.7)	(2.7)	(0.3)
EUR [3]	8.0	1.3	6.7	6.7	0.7

[1] Including hedge contracts to be settled in January 2022

[2] The sensitivity for EUR is based on 2.25% due to the EMR2 agreement stating that DKK cannot deviate more than +/- 2.25% from the EUR/DKK central rate.

[3] PHP is hedged with EUR denominated contracts

DKK million	Trade Receivables	Trade Payables	Net balance position	Transaction exposure [1]	10% sensitivity [2]
December 31, 2020					
CNY	-	6.8	(6.8)	(6.8)	(0.7)
CZK	-	15.9	(15.9)	(15.8)	(1.6)
CHF	-	5.0	(5.0)	(5.0)	(0.5)
USD	2.1	7.0	(4.9)	(4.9)	(0.5)
EUR [3]	6.1	1.9	4.2	4.2	0.4

[1] Including hedge contracts to be settled in January 2021

[2] The sensitivity for EUR is based on 2.25% due to the EMR2 agreement stating that DKK cannot deviate more than +/- 2.25% from the EUR/DKK central rate.

[3] PHP is hedged with EUR denominated contracts

4.4 Financial assets and liabilities – continued

As of December 31, 2021 NNIT A/S' hedge contracts covered the period from January 2022 to November 2022. Taking into account contracts affecting other comprehensive income (equity) (contracts expiring between February 2022 and November 2022), a 10% depreciation of the exchange rate of the Danish kroner, will result in an unrealized hedge gain as illustrated below.

DKK million	Contract amount [1]	Of which hedging of balance sheet items	Transaction exposure	10% sensitivity
December 31, 2021				
CNY	98	9	89	9
CZK	100	9	91	9
PHP	58	5	53	5

[1] Only purchase of foreign currencies

DKK million	Contract amount [1]	Of which hedging of balance sheet items	Transaction exposure	10% sensitivity
December 31, 2020				
CNY	117	11	106	11
CZK	92	7	85	8
PHP	62	5	57	6

[1] Only purchase of foreign currencies

Credit risk

NNIT's credit risk principally arises from trade receivables, which amounted to DKK 578 million as of December 31, 2021 (December 31, 2020: DKK 497 million). NNIT's single largest concentration of credit risk is with the Novo Nordisk Group. As of December 31, 2021, our trade receivables from the Novo Nordisk Group amounted to DKK 114 million (December 31, 2020: DKK 112 million). The classification of trade receivables according to maturity date is set out in the note 3.6.

Cash management

NNIT is committed to maintaining a flexible capital structure. As of December 31, 2021, NNIT had undrawn committed credit facilities in the amount of DKK 404 million (2020: DKK 596 million). The credit facility includes financial covenants with reference to the ratio between net debt and EBITDA. The facility matures on January 31, 2024. The debt is classified as long-term debt, as the maturity of the debt is beyond one year from reporting date. As of December 31, 2021, NNIT had 'cash and cash equivalents' and 'bank overdraft', net of DKK 496 million in Denmark and DKK 230 million outside Denmark.

4.4 Financial assets and liabilities – continued

Capital management

NNIT monitors capital on the basis of the solvency ratio, which is calculated on the basis of the total equity as a percentage of the total equity and liabilities. At the end of the year, the solvency ratio was 40.3% (2020: 42.6%).

4.5 Derivative financial instruments

DKK million	Contract amount, net [3]	Average price	Positive fair value at year-end [4]	Negative fair value at year-end [4]	Current hedge duration (month)
2021					
Cash flow hedges					
CNH [1]	105	0.93	9.1	-	14
CZK	109	0.29	2.7	-	14
PHP [2]	61	60.33	1.3	-	14
	275		**13.1**		

[1] CNY is hedged via CNH.
[2] PHP is hedged with EUR denominated contracts.
[3] Only purchase of foreign currencies.
[4] Of the net fair value as of December 31, 2021 DKK 2 million has been transferred to the P/L and DKK 11 million to equity.

DKK million	Contract amount, net [3]	Average price	Positive fair value at year-end [4]	Negative fair value at year-end [4]	Current hedge duration (month)
2020					
Cash flow hedges					
CNH [1]	127	0.92	0.6	(2.3)	14
CZK	101	0.28	0.8	(0.7)	14
PHP [2]	66	58.16	-	(1.7)	14
	294		**1.4**	**(4.7)**	

[1] CNY is hedged via CNH.
[2] PHP is hedged with EUR denominated contracts.
[3] Only purchase of foreign currencies.
[4] Of the net fair value as of December 31, 2020 DKK 0 million has been transferred to the P/L and DKK 3 million to equity.

5. Other disclosures

5.1 Long-term incentives

Long-term share-based incentive program

Group Management and the Vice Presidents are included in a long-term share-based incentive program.
For more information regarding the long-term share-based incentive program, please refer to note 2.2 'Employee costs'

Share-based payments are recognized at the following amounts:

DKK million	**2021**	2020
Long-term incentive program (LTIP) in NNIT shares - share based	7	6
Retention Program (RP) in NNIT shares - shares based	1	7
Incentive program charged to income statement	**8**	**13**
Recognized in the income statement:		
Cost of goods sold	2	7
Sales and marketing costs	-	1
Administrative expenses	1	5
Special items	5	-
Total	**8**	**13**

Shares are recognized over the four-year vesting period at the market value at the grant date. Value adjustments are recognized as financial items.

Outstanding restricted stock units (in NNIT shares):

Number '000	**2021**	2020
Outstanding at the beginning of the year	319	296
Long-term incentive program (LTIP)	64	51
Retention Program (RP)	-	44
Transfer to employees	(162)	(56)
Forfeiture	(31)	(16)
Outstanding at the end of the year (in NNIT shares)	**190**	**319**
Fairvalue of the RSU's end of period (DKK million) [1]	**22**	39

[1] The share price as of December 31, 2021 has been used when calculating the fair value of the RSU's.

5.2 Fee to statutory auditors

DKK million	**2021**	2020
Statutory audit	2.2	1.9
Audit-related services	0.1	0.2
Tax advisory services	0.1	0.2
Other services	0.8	-
Total fee to statutory auditors	**3.2**	**2.3**

Fees for services other than statutory audit of the financial statements provided by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab to the Group consists of M&A services and other accounting and tax services.

5.3 Reversal of non-cash items

DKK million	**2021**	2020
Income taxes	(18)	26
Amortization, depreciation and impairment losses	275	234
Gain/loss from sale of tangible assets	(1)	2
Increase/(decrease) in provisions, non-current transition cost and employee benefits	(2)	(63)
Value adjustment contingent consideration	10	13
Provision share-based payments NNIT shares	8	13
Allowances for bad debt	1	2
Third party financing agreement	32	-
Interest paid/received	17	16
Other adjustments for non-cash items	13	(15)
Total	**335**	**228**

5.4 Statement of cash flows - specifications

DKK million	**2021**	2020
Changes in working capital		
Increase/(decrease) in current receivables less tax receivables	(33)	156
Increase/(decrease) in current liabilities less provisions and tax payables	(54)	126
- hereof change in trade payables related to investments	15	-
Total	**(72)**	**282**
Purchase of tangible assets		
Purchase of tangible assets	(47)	(95)
Change in trade payables related to purchase of tangible assets	(15)	-
Total	**(62)**	**(95)**
Additional cash flow information [1]		
Cash and equivalents, assets	230	143
Bank overdraft	(496)	(304)
Undrawn committed credit facilities	900	900
Financial resources at the end of the year	**634**	**739**
Cash flow from operating activities	243	528
Cash flow from investing activities	(209)	(385)
Free cash flow	**34**	**143**

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

NNIT has a revolving credit facility of DKK 900 million with Danske Bank A/S (commitment of DKK 600 million) and SEB (commitment of DKK 300 million).

5.5 Acquisition of subsidiaries

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

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

[1] All contractual receivables are expected to be collected.

Acquisitions during 2021

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

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

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

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

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

Earnings impact

Revenue and EBITDA comprise DKK 39 million and DKK 7.5 million, respectively, reported by SLC since the date of acquisition July 5, 2021.
On a pro forma basis, if the acquisition had been effective from January 1, 2021 SLC would have contributed DKK 78 million to revenue and DKK 9.1 million to EBITDA.

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. For further details regarding the acquisition please refer to note 5.6 in the Consolidated Financial Statement for 2020.

5.6 Contingent liabilities, other contractual obligations and legal proceedings

NNIT has entered into short-term and low-value lease agreement for printers, coffee makers, watercoolers and storage. The total value of these agreements are immaterial.

Other contractual obligations expiring within the following periods from balance sheet date

DKK million	2021	2020
Within 1 year	15	17
Between 1 and 5 years	6	-
Total	**21**	**17**
Other contractual obligations recognized as an expense	20	20

Other contractual obligations include service and construction agreements.

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.

NNIT and its Danish subsidiary SCALES A/S are jointly taxed with the Danish companies in the Novo Group. The Danish companies are jointly and individually liable for the joint taxation. Any subsequent adjustments to income taxes and withholding taxes may lead to a larger liability. The tax for the individual companies is allocated in full on the basis of the expected taxable income.

5.7 Related party transactions and ownership

Ownership

NNIT A/S is controlled by Novo Holdings A/S, of which the Novo Nordisk Foundation is the ultimate owner.

The consolidated financial statements of the parent company, Novo Holdings A/S, and the ultimate parent company, the Novo Nordisk Foundation, may be obtained from the Novo Nordisk Foundation, Tuborg Havnevej 19, DK-2900 Hellerup, Denmark.

Related party transactions

NNIT has engaged in related party transactions with Novo Holdings A/S, the Novo Nordisk Group, the Novozymes Group and Xellia Pharmaceuticals Group. All agreements, of which most are for one year, have been negotiated on arm's length basis.

There have been no transactions other than the payment of remuneration with the Group Management of NNIT A/S and the NNIT Board of Directors. For information on remuneration to the Group Management of NNIT, please refer to note 2.2 'Employee costs'.

DKK million	2021	2020
Net sales		
Novo Nordisk Group	586	713
Novo Holdings A/S	19	18
Novo Nordisk Foundation	-	1
Total Novo Nordisk Group	**605**	**732**
Novozymes Group	39	35
Total Novo Group	**644**	**767**
Net purchases		
Novo Nordisk Group	-	1
Total	**-**	**1**
Trade receivables		
Novo Nordisk Group	114	112
Novozymes Group	9	14
Novo Holding A/S	1	3
Novo Nordisk Foundation	-	1
Total	**124**	**130**
Work in progress		
Novo Nordisk Group	17	55
Total	**17**	**55**

5.7 Related party transactions and ownership – continued

DKK million	**2021**	2020
Liabilities to related parties		
Novo Nordisk Group	-	2
Total	**-**	**2**
Prepayments from related parties		
Novo Nordisk Group	43	45
Total	**43**	**45**
Dividends		
Novo Holdings A/S	8	33
Novo Nordisk A/S	4	17
Total	**12**	**50**

5.7 Related party transactions and ownership – continued

Companies in the NNIT Group:

	Country	Year of incorporation/ acquisition	Share capital	Percentage of shares owned
NNIT (Tianjin) Technology Co.Ltd.	China	2007	CNY 10,804,229	100
NNIT Philippines Inc.	Philippines	2009	PHP 24,000,002	100
NNIT Switzerland AG	Switzerland	2010	CHF 500,000	100
NNIT Germany GmbH	Germany	2011	EUR 25,000	100
NNIT Inc.	USA	2011	USD 250,000	100
NNIT Czech Republic s.r.o.	Czech Republic	2014	CZK 2,000,000	100
NNIT UK Ltd.[1]	UK	2015	GBP 50,000	100
SCALES A/S	Denmark	2017	DKK 600,000	100
NNIT IT-Services (Thailand) Limited	Thailand	2017	THB 3,000,000	100
Valiance Partners LLC	USA	2018	USD 1,000	100
Valiance Partners Ltd	Ireland	2018	EUR 100	100
NNIT Poland Sp. Z o.o.	Poland	2019	PLN 5,000	100
NNIT Singapore Holdings Pte.Ltd.	Singapore	2019	SGD 546,278	100
NNIT Singapore Pte. Ltd.	Singapore	2019	SGD 66,700	100
PT. Halfmann Goetsch Partner	Indonesia	2019	IDR 10,500,000,000	100
Excellis Health Solutions LLC	USA	2020	USD 250,000	100
Excellis Europe Ltd. [2]	UK	2020	GBP 100	100
SL Controls Ltd.	Ireland	2021	EUR 100	100
SL Controls USA Inc.	USA	2021	USD 60,000	100

[1] NNIT UK Limited, registration number 09399926, is exempt from the UK requirements relating to the audit of financial statements under section 479A of the Companies Act 2006.

[2] Excellis Europe Ltd., registration number 09184253, is exempt from the UK requirements relating to the audit of financial statements under section 479A of the Companies Act 2006.

5.8 Events after the balance sheet date

There have been no other events after the balance sheet date which would have a significant impact on an assessment of NNIT's financial position as of December 31, 2021.

Parent Company Financial Statements

Income Statement

for the year ended December 31

DKK million	Note	**2021**	2020
Revenue		**2,039**	**2,255**
Cost of goods sold	2.1	1,969	2,014
Gross profit		**70**	**241**
Sales and marketing costs	2.1	95	127
Administrative expenses	2.1	62	99
Operating profit before special items		**(87)**	**15**
Special items	2.2	143	31
Operating profit		**(230)**	**(16)**
Financial income	4.1	88	94
Financial expenses	4.1	20	33
Profit before income taxes		**(162)**	**45**
Income taxes		(46)	(4)
Net profit for the year	**4.2**	**(116)**	**49**

Balance Sheet

as of December 31

ASSETS

DKK million	Note	2021	2020
Intangible assets	3.1	101	89
Tangible assets	3.2	477	548
Lease assets	4.3	136	182
Transition cost		39	76
Financial assets	3.3	555	432
Financial assets - related parties	3.3	305	281
Total fixed assets		**1,613**	**1,608**
Inventories		3	2
Trade receivables		254	252
Trade receivables - related parties		146	97
Work in progress		49	68
Work in progress - related parties		16	54
Contract assets		31	36
Other receivables		1	14
Pre-payments		86	76
Deferred taxes		11	31
Tax receivables		36	30
Financial assets - related parties		17	1
Derivative financial instruments	4.4	13	1
Total current assets		**663**	**662**
Total assets		**2,276**	**2,270**

EQUITY AND LIABILITIES

DKK million	Note	2021	2020
Share capital		250	250
Retained earnings		515	643
Reserve IT-development projects		79	69
Proposed dividends		-	25
Total equity		**844**	**987**
Lease liabilities	4.3	102	143
Employee benefit obligations		-	4
Contingent consideration		25	18
Provisions	3.4	23	23
Loan external party		37	18
Bank overdraft		496	304
Total non-current liabilities		**683**	**510**
Prepayments received		58	34
Prepayments received - related parties		32	34
Lease liabilities		65	50
Trade payables		69	85
Trade payables - related parties		114	115
Employee costs payable		148	226
Other current liabilities		241	213
Derivative financial instruments	4.4	-	5
Contingent consideration		22	10
Provisions	3.4	-	1
Total current liabilities		**749**	**773**
Total equity and liabilities		**2,276**	**2,270**

Statement of Changes in Equity

as of December 31

DKK million

2021	Share capital	Treasury share	Retained earnings	Reserve IT-development projects	Reserve cash flow hedges	Proposed dividends	Total
Balance at the beginning of the year	**250**	(3)	**649**	**69**	**(3)**	**25**	**987**
Net profit for the year	-	-	(116)	-	-	-	(116)
Capitalized IT development projects	-	-	(10)	10	-	-	-
Adjustment related to previous years [1]	-	-	(13)	-	-	-	(13)
Purchase of treasury shares	-	(1)	(7)	-	-	-	(8)
Transfer of treasury shares	-	2	(2)	-	-	-	-
Share-based payments	-	-	8	-	-	-	8
Cash flow hedges	-	-	-	-	14	-	14
Tax on cash flow hedges	-	-	-	-	(3)	-	(3)
Dividends paid	-	-	-	-	-	(25)	(25)
Balance at the end of the year	**250**	**(2)**	**509**	**79**	**8**	**-**	**844**

[1] The adjustment related to previous years is regarding the opening balance for deferred tax in connection with the implementation of IFRS 15 and 16 in 2018. Please refer to note 2.6 in the consolidated financial statement for further details.

Statement of Changes in Equity

as of December 31

DKK million

2020	Share capital	Treasury share	Retained earnings	Reserve IT-development projects	Reserve cash flow hedges	Proposed dividends	Total
Balance at the beginning of the year	**250**	(4)	**675**	**46**	**7**	**49**	**1,023**
Net profit for the year	-	-	49	-	-	-	49
Capitalized IT development projects	-	-	(23)	23	-	-	-
Transfer of treasury shares	-	1	9	-	-	-	10
Share-based payments	-	-	13	-	-	-	13
Cash flow hedges	-	-	-	-	(12)	-	(12)
Tax on cash flow hedges	-	-	-	-	2	-	2
Dividends paid	-	-	-	-	-	(98)	(98)
Interim dividend	-	-	(49)	-	-	49	-
Proposed dividends for 2020	-	-	(25)	-	-	25	-
Balance at the end of the year	**250**	**(3)**	**649**	**69**	**(3)**	**25**	**987**

[1] Deferred tax on increased value on NNIT shares in relation to share-based payments.

Notes to the Parent Company Financial Statements

1. Basis of preparation

1.1 Accounting policies

The parent company financial statements are presented in accordance with The Danish Financial Statements Act (class D) and other accounting regulations for companies listed on NASDAQ Copenhagen.

Special items are shown separately in the parent company to give a true and fair presentation of the company's ordinary operations and to facilitate a better understanding of the financial statement.

The parent company financial statements are continuously presented according to the same practice as the consolidated financial statements, except for the following deviations.

Supplementary accounting policies for the parent company
Financial assets
Dividends from investments in subsidiaries.
Dividends from investments in subsidiaries are recognized as income in the Parent's income statement under financial income in the financial year in which the dividends are declared.

Investments in subsidiaries
Investments in subsidiaries are measured at cost. If there is any indication of impairment, investments are tested for impairment as described in the accounting policies applied by the Group. If the cost exceeds the recoverable amount, the investment is written down to this lower value.

Cash flow statement
A separate cash flow statement regarding the parent company is not prepared.
For the group cash flow statement, please refer to page 66.

2. Results for the year

2.1 Employee cost

DKK million	**2021**	2020
Wages and salaries	1,054	1,068
Pensions	97	99
Other employee costs	25	25
Total employee costs	**1,176**	**1,192**
Included in the income statement:		
Cost of goods sold	930	957
Capitalized under IT development projects	32	39
Sales and marketing costs	76	84
Administrative expenses	43	50
Special items	63	23
Total employee costs	**1,144**	**1,153**
Average number of full-time employees	1,333	1,400

For further information about fees to Board of Directors and salary to Group Management, please refer to note 2.2 'Employee costs', in the consolidated financial statements.

2.2 Special items

DKK million	**2021**	2020
Special items relates to:		
Impairment of assets	56	-
Redundancy cost related to Group Management	25	1
Restructuring cost	55	24
Cost regarding acquisition and disposal of subsidiaries	7	6
Total special items	**143**	**31**
If special items had been recognized in operating profit before special items, they would have been included in the following line items:		
- Cost of goods sold	108	16
- Sales and marketing costs	2	4
- Administrative expenses	33	11
Total special items	**143**	**31**

3. Operating assets and liabilities

3.1 Intangible assets

DKK million	IT development projects	IT development projects under construction	**2021**	2020
Cost at the beginning of the year	95	62	157	133
Additions	7	27	34	40
Disposals	-	-	-	(16)
Transfer	62	(62)	-	-
Cost at the end of the year	**164**	**27**	**191**	**157**
Amortization and impairment losses at the beginning of the year	68	-	68	70
Amortization	22	-	22	14
Amortization reversed on disposals	-	-	-	(16)
Amortization and impairment losses at the end of the year	**90**	-	**90**	**68**
Carrying amount at the end of the year	**74**	**27**	**101**	**89**

Amortization period	3-10 years

IT development projects mainly include NNIT's ERP system which is used as basis for the Group's day-to-day operations.
IT development projects under construction consist of both internal IT-systems and developed applications for customer services.

3.2 Tangible assets

DKK million	Land and buildings	Other equipment	Leasehold improvements	Payments on account and assets under construction	**2021**	2020
Cost at the beginning of the year	386	729	39	26	1,180	1,233
Additions	1	33	4	6	44	94
Disposals	-	(99)	-	(1)	(100)	(147)
Transfer	-	25	-	(25)	-	-
Cost at the end of the year	**387**	**688**	**43**	**6**	**1,124**	**1,180**
Depreciation and impairment losses at the beginning of the year	108	491	33	-	632	662
Depreciation	17	93	4	-	114	115
Depreciation reversed on disposals during the year	-	(99)	-	-	(99)	(145)
Depreciation and impairment losses at the end of the year	**125**	**485**	**37**	**-**	**647**	**632**
Carrying amount at the end of the year	**262**	**203**	**6**	**6**	**477**	**548**
Depreciation period	10-50 years*	3-10 years	5-10 years			

* Land is not depreciated

3.3 Financial assets

DKK million	Deposits	Investment in subsidiaries	**2021**	2020
Cost				
Cost at the beginning of the year	26	406	432	390
Additions	1	122	123	12
Adjustment	-	-	-	30
Cost at the end of the year	**27**	**528**	**555**	**432**
Carrying amount at the end of the year	**27**	**528**	**555**	**432**

Please refer to note 5.7 in the consolidated financial statements for a listing of subsidiaries in the NNIT Group.

DKK million	**2021**	2020
Long term loan beginning of the year	281	127
Additions	0	184
Installment	0	-11
Exchange rate adjustment	23	-19
Cost at the end of the year	**304**	**281**
Carrying amount at the end of the year	**304**	**281**

3.4 Provisions

DKK million	**2021**	2020
Provision for refurbishment obligation (non-current liabilities)		
At the beginning of the year	23	23
At the end of the year	**23**	**23**

Provision for refurbishment obligation relates to the leasehold agreement regarding Oestmarken 3A, DK-2860 Soeborg, Denmark.

DKK million	**2021**	2020
Provision for onerous contracts/projects (current liabilities)		
At the beginning of the year	1	4
Utilized	(1)	(3)
At the end of the year	**-**	**1**

Provision for onerous contracts/projects relates to projects that NNIT is obligated to finalize and where the total project costs exceed the total project income. The provision is based on historical data and an individual evaluation of ongoing projects. Provision for onerous projects amounting to DKK 0 million has been offset in work in progress (2020: DKK 0.2 million).

4. Capital structure and financing items

4.1 Financial income and expenses

DKK million	2021	2020
Financial income		
Dividends from subsidaries	52	81
Realized/Unrealized loss on currency	20	-
Fair value adjustments of financial instruments (net)	11	10
Interest income from related parties	4	3
Interest related to tax	1	-
Total financial income	**88**	**94**
Financial expenses		
Interest expense - other related parties	4	-
Value adjustment contingent consideration	4	1
Interest expenses lease liability	4	5
Bank charges and other fees	4	3
Realized/Unrealized gain on currency	-	18
Guarantee commission	1	1
Other financial expenses	3	5
Total financial expenses	**20**	**33**

4.2 Proposed allocation of Net profit for the year

DKK million	2021	2020
Interim dividends	0	49
Ordinary dividends	0	25
Reserve IT-development projects	10	23
Retained earnings	(126)	(48)
Total allocated Net profit	**(116)**	**49**

4.3 Leases

Lease assets

DKK million	Rental of premises	IT-equipment	Company cars	2021
2021				
Costs at the beginning of the year	579	28	16	623
Additions	33	-	6	39
Disposals	-	(11)	(7)	(18)
Costs at the end of the year	**612**	**17**	**15**	**644**
Depreciation and impairment loss at the beginning of the year	407	28	6	441
Depreciation	52	-	6	58
Impairment loss [1]	27	-	-	27
Depreciation reversed on disposals	-	(11)	(7)	(18)
Depreciation and impairment loss at the end of the year	**486**	**17**	**5**	**508**
Carrying amount at the end of the year	**126**	**-**	**10**	**136**

[1] Please refer to note 3.2 'Impairment test' in the Consolidated Financial Statements for further details.

4.3 Leases - continued

DKK million	Rental of premises	IT-equipment	Company cars	2020
2020				
Costs at the beginning of the year	579	40	16	635
Additions	-	-	6	6
Disposals	-	(12)	(6)	(18)
Costs at the end of the year	**579**	**28**	**16**	**623**
Depreciation and impairment loss at the beginning of the year	346	35	7	388
Depreciation	61	5	5	71
Depreciation reversed on disposals	-	(12)	(6)	(18)
Depreciation and impairment loss at the end of the year	**407**	**28**	**6**	**441**
Carrying amount at the end of the year	**172**	**-**	**10**	**182**

4.3 Leases

Lease liabilities
Lease liabilities expiring within the following periods from the balance sheet date:

DKK million	2021	2020
Within 1 year	66	55
Between 1 and 5 years	112	152
After 5 years	-	4
Total lease liability, non-discounted	**178**	**211**
Lease liabilities are recognized in the balance sheet as follows:		
Non-current liabilities	102	143
Current liabilities	65	50
Total lease liabilities	**167**	**193**
Recognized in the profit and loss statement		
Interest expenses related to lease liabilities	4	5
Expense relating to leases of low-value assets, not capitalized	-	1
	4	6

In 2021, NNIT has paid DKK 67 million (2020: DKK 75 million) regarding lease agreements where of interest expenses related to lease liabilities amount to DKK 4 million (2020: DKK 5 million) and repayment of lease liability amount to DKK 63 million (2020: DKK 70 million).

The lease obligation does not include extension option. The extending option amounts to DKK 193 million regarding rental of premises.

4.4 Derivative financial instruments

For information regarding derivative financial instruments, please refer to note 4.5 in the consolidated financial statements.

5. Other disclosures

5.1 Fee to statutory auditors

DKK million	2021	2020
Statutory audit	1.7	1.5
Other assurance engagements	0.1	0.1
Tax advisory services	0.1	0.2
Other services	0.8	-
Total fee to statutory auditors	**2.7**	**1.8**

Fees for services other than statutory audit of the financial statements provided by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab to the Group consists of M&A services and other accounting and tax services.

5.2 Contingent liabilities, other contractual obligations and legal proceedings

NNIT has entered into short-term and low-value lease agreement for printers, coffee makers, watercoolers and storage. The total value of these agreements are immaterial.

For information regarding contingent liabilities and legal proceedings, please refer to note 5.6 'Contingent liabilities, other contractual obligations and legal proceedings', in the consolidated financial statements.

5.2 Contingent liabilities, other contractual obligations and legal proceedings – continued

DKK million	2021	2020
Other contractual obligations expiring within the following periods from balance sheet date		
Within 1 year	15	17
Between 1 and 5 years	6	-
Total	**21**	**17**
Other contractual obligations in the income statement for the year	20	20

Other contractual obligations include service and construction agreements.

NNIT and its Danish subsidiary SCALES A/S are jointly taxed with the Danish companies in the Novo Group. The Danish companies are jointly and individually liable for the joint taxation. Any subsequent adjustments to income taxes and withholding taxes may lead to a larger liability. The tax for the individual companies is allocated in full on the basis of the expected taxable income.

5.3 Related party transactions and ownership

In accordance with the Danish Financial Statement act section 98c (7) related party transactions are not disclosed as they are carried out at an arm's length basis.

For information on remuneration to Group Management of NNIT, please refer to note 2.2 'Employee costs', in the consolidated financial statements.

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