

Company announcement 10/2018 October 25, 2018

Financial report for the first nine months of 2018

NNIT delivers revenue growth of 5.4% and an operating profit margin of 9.2% in 9M 2018 supporting the recent increase in revenue growth outlook after the acquisition of Valiance Partners

Performance highlights for the first nine months of 2018

- Revenue from the international life sciences, public and enterprise customers all increased by more than 20%. However, due to a decline in revenue from the Novo Nordisk Group of 7.6% and finance customer group of 4.9% total revenue increased by 5.4% in reported currencies
- The share of revenue from the life sciences (excl. Novo Nordisk Group), enterprise, public and finance customer groups increased from 58% in 9M 2017 to 63% in 9M 2018, thereby reducing the dependency on the Novo Nordisk Group
- Operating profit margin was 9.2% in 9M 2018 in reported currencies compared to 7.9% in 9M 2017, which was impacted by a one-off settlement of DKK 33m in the public customer group
- Net profit of DKK 151m in 9M 2018 compared to DKK 126m in 9M 2017
- Free cash flow for 9M 2018 was DKK 116m compared to negative DKK 14m in 9M 2017
- Order backlog for 2018 at the beginning of Q4 2018 was DKK 2,846m, an increase of 5.0% compared to the same time last year. The backlog for the following two years increased by 9.8%
- Outlook for 2018:
 - Expected revenue growth of 4-7% in constant currencies (changed with the company announcement 9/2018 on October 9, 2018 regarding the acquisition of Valiance Partners)
 - Expected operating profit margin of 10-10.5% in constant currencies is maintained
 - The expected level of investments in 2018 is 5-7% of total revenue (previously 6-8%)

Per Kogut, CEO at NNIT comments: *"I am pleased to see continued strong revenue growth from the international life sciences, enterprise and public customer groups, all growing with more than 20% in 9M 2018. With the acquisition of the fast-growing IT-service provider to the international life sciences industry, Valiance Partners, and the solid 9M 2018 revenue development we have recently been able to increase our full year revenue guidance to 4-7% from previously 3-6%."*

Financial Overview

DKK million	Q3 2018 (reported)	Q3 2018 (constant)*	Q3 2017*	Pct./pp Change (reported)	Pct./pp Change (constant)
Revenue	733	732	661	10.8%	10.7%
Gross margin	16.6%	16.5%	13.7%	2.9pp	2.8pp
Operating profit	66	65	28	135.4%	132.9%
Operating profit margin	9.0%	8.9%	4.2%	4.8pp	4.7pp
Net profit	48	n.a.	23	108.9%	n.a.
Investments	9	n.a.	97	-90.4%	n.a.
Free cash flow	58	n.a.	-33	n.a.	n.a.

*Constant currencies measured using average exchange rates for Q3 2017

DKK million	9M 2018 (reported)	9M 2018 (constant)*	9M 2017*	Pct./pp Change (reported)	Pct./pp Change (constant)
Revenue	2,184	2,194	2,072	5.4%	5.9%
Gross margin	17.2%	16.9%	16.8%	0.4pp	0.1pp
Operating profit	201	195	164	22.7%	18.8%
Operating profit margin	9.2%	8.9%	7.9%	1.3pp	1pp
Net profit	151	n.a.	126	19.8%	n.a.
Investments	91	n.a.	325	-72.0%	n.a.
Free cash flow	116	n.a.	-14	n.a.	n.a.

*Constant currencies measured using average exchange rates for 9M 2017

NNIT has implemented IFRS 15 and IFRS 16 which impact both reported and comparison figures. All figures, both 2018 and 2017, have been restated to IFRS 15 and IFRS 16. Please see note 1 for further details.

Guidance 2018

The order backlog for 2018 at the beginning of Q4 2018 increased by DKK 136.4m, or by 5.0%, to DKK 2,846m compared to the order backlog for 2017 at the beginning of Q4 2017. The order backlog for 2018 at the beginning of Q4 2018 does not include an order backlog for the acquired company, Valiance Partners. This acquisition is expected to generate additional revenue in the last two months of 2018 of around DKK 15 million corresponding to approximately 0.5pp growth in 2018.

The guidance for 2018 revenue growth is 4-7% in constant currencies including the acquisition of Valiance Partners. The growth is based on IFRS 15 restated 2017 revenue of DKK 2,851m.

The operating profit margin in constant currencies is maintained in the interval 10-10.5% for 2018.

Investments / revenue are decreased to 5-7% from previously 6-8% due to lower investments in the new data center as well as lower maintenance investments in hardware. Please note that the acquisition of Valiance Partners is not included as part of our investment guidance below.

	Guidance for 2018	Guidance at Q2 2018	Long-term targets
Revenue growth In constant currencies* as reported**	4-7% Around 0.3pp lower	3-6% Around 0.3pp lower	≥ 5%
Operating profit margin In constant currencies* as reported**	10-10.5% Around 0.3pp higher	10-10.5% Around 0.2pp higher	≥ 10%
Investments / Revenue***	5-7%	6-8%	

*Constant currencies measured using average exchange rates for 9M 2017

**Based on exchange rates as of October 18, 2018 as illustrated under key currency assumptions on page 24

*** Investments and data center investments are in 2018 expected to be between 5-7 percent of total revenue. Around 0.5pp relates to the data center. The total data center investment is expected to be around DKK 250m in the period 2016 to 2018. The up-front payment for Valiance Partners of USD 25.0m or 5-6% of expected NNIT revenue is not included.

The expectations are based on a number of important assumptions especially that the buying pattern of our customers in the fourth quarter follows the trend that we normally see in this high revenue quarter.

About NNIT

NNIT A/S is one of Denmark's leading IT service providers and consultancies. NNIT A/S offers a wide range of IT services and solutions to its customers, primarily in the life sciences sector in Denmark and internationally and to customers in the public, enterprise and finance sectors in Denmark. As of September 30, 2018 NNIT A/S had 3,155 employees. NNIT has approximately 400 clients of which around 150 are located outside Denmark. Some 20% are international life sciences clients (September, 2018). For more information please visit www.nnit.com.

Conference call details

NNIT will host a teleconference October 25, 2018 at 10:30 CET about the financial report for the first nine months of 2018. Please visit the NNIT webpage at www.nnit.com to access the teleconference, which can be found under 'Investors – Events & presentations'. Presentation material will be available on the website approximately one hour prior to the start of the presentation.

Conference call details

<https://nnit.eventcdn.net/20181025>

Participant telephone numbers:

Denmark:	+45 3544 5583
United Kingdom:	+44 20 3194 0544
Sweden:	+46 8 5664 2661
United States:	+1 855 269 2604

Financial Calendar 2019

January 24, 2019	Deadline for NNIT shareholders to submit resolutions to be considered by the Annual General Meeting
January 30, 2019	Full year report for 2018
March 7, 2019	Annual General Meeting
May 14, 2019	Interim report for the first three months of 2019
August 14, 2019	Interim report for the first six months of 2019
October 24, 2019	Interim report for the first nine months of 2019

Forward-looking statements

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

Please also refer to the overview of risk factors in the 'risk management' section on page 29-32 in the Annual Report 2017.

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Financial figures and highlights

DKK million, reported currencies	Q3 2018	Q3 2017 ¹	9M 2018	9M 2017	Change 9M	Total 2017 ¹
Financial performance						
Revenue						
Novo Nordisk Group	266.6	278.9	801.1	866.9	-7.6%	1,185.4
Other Life Sciences	99.6	93.2	300.6	279.2	7.7%	374.6
Enterprise	198.3	177.5	591.7	493.0	20.0%	684.3
Public	103.3	57.1	306.6	238.9	28.4%	353.9
Finance	65.4	54.8	184.2	193.7	-4.9%	253.2
Revenue by customer group	733.2	661.5	2,184.3	2,071.7	5.4%	2,851.4
IT Operation Services	455.3	438.3	1,339.2	1,351.4	-0.9%	1,831.9
IT Solution Services	278.0	223.2	845.1	720.2	17.3%	1,019.5
Revenue by business area	733.2	661.5	2,184.3	2,071.7	5.4%	2,851.4
EBITDA	128.7	85.7	384.3	338.9	13.4%	495.5
Depreciations and amortizations	62.6	57.6	183.1	174.8	4.7%	231.9
Operating profit (EBIT)	66.0	28.0	201.2	164.1	22.7%	263.6
Net financials	-0.3	1.3	-3.7	-5.8	-35.5%	-10.0
Net profit	48.4	23.2	150.8	125.9	19.8%	199.5
Investments in tangible assets	2.4	95.4	80.6	224.1	-64.1%	326.6
Investments in intangible assets and acquisition in subsidiaries	6.9	1.4	10.4	101.0	-89.7%	108.3
Total assets	2,285.4	2,231.0	2,285.4	2,231.0	2.4%	2,319.7
Equity	990.4	889.2	990.4	889.2	11.4%	974.0
Dividends paid	49.1	48.7	105.5	102.0	3.4%	102.0
Free cash flow	58.0	-33.3	116.0	-14.2	n.a.	-4.4
Earnings per share						
Earnings per share (DKK)	1.97	0.95	6.15	5.17	19.0%	8.20
Diluted earnings per share (DKK)	1.96	0.93	6.10	5.06	20.6%	8.00
Employees						
Average number of full-time employees	3,138	2,982	3,104	2,913	6.6%	2,937
Financial ratios						
Gross profit margin	16.6%	13.7%	17.2%	16.8%	0.4pp	18.1%
EBITDA margin	17.5%	13.0%	17.6%	16.4%	1.2pp	17.4%
Effective tax rate	26.3%	21.0%	23.6%	20.5%	3.2pp	21.3%
Investments/Revenue	1.3%	14.6%	4.2%	15.7%	-11.5pp	15.3%
Return on equity ²	23.9%	24.1%	23.9%	24.1%	-0.2pp	21.9%
Solvency ratio	43.3%	39.9%	43.3%	39.9%	3.5pp	42.0%
Return on invested capital (ROIC) ^{2,3}	17.0%	21.6%	17.0%	21.6%	-4.6pp	20.9%
Cash to earnings ²	56.0%	28.2%	56.0%	28.2%	27.8pp	-2.2%
Cash to earnings (three-year average) ²	61.2%	69.4%	61.2%	69.4%	-8.2pp	62.9%
Long-term financial metrics						
Revenue growth	10.8%	-1.9%	5.4%	3.8%	1.6pp	3.1%
Operating profit margin	9.0%	4.2%	9.2%	7.9%	1.3pp	9.2%
Additional numbers⁴						
Order entry backlog for the current year	2,846.1	2,709.7	2,846.1	2,709.7	5.0%	-
Order entry backlog for the following years 2+3 ⁵	3,102.2	2,824.4	3,102.2	2,824.4	9.8%	-

1) Numbers includes the effect of the implementation of IFRS 15 and IFRS 16 (please see note 1 for further information)

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

3) Net profit/Average invested capital.

4) Order entry backlog figures in the 2017 column have been restated to reflect the implementation of IFRS15. Please see note 1 for further information. Backlog represents anticipated revenue from contracts or orders executed but not yet completed or performed in full, and the revenue that is expected to be recognized in the future.

5) Year 2+3 represents 2019 and 2020 in the 2018 column and 2018 and 2019 in the 2017 column etc.

Highlights

Below are the key highlights for Q3 2018.

Key wins in Q3 2018:

- Extension and expansion of IT infrastructure collaboration with PFA representing around half a billion DKK over a five-year period. The contract is effective as of January 2019 and runs until end of 2023, replacing the existing agreement, see press release October 3, 2018. After the extension of the agreement with Arla and Vestas within the last ten months, this marks the extension of three large contracts which were set to expire in 2018 and 2019
- New Enterprise Hybrid Cloud frame agreement covering IT operation with the Novo Nordisk Group
- New security service pack with an existing enterprise customer representing a minor double-digit DKK million amount over a five-year period

NNIT acquires Valiance Partners, LLC

- October 9, 2018 NNIT signed an agreement to acquire 100% of the shares in Valiance Partners, a computer software and services data migration company primarily for the life sciences industry. The acquisition price consists of an upfront payment of USD 25.0m and an earn-out payment of USD 10.7m at target, depending on performance. As a result of the acquisition the revenue outlook for 2018 in constant currencies was increased. Valiance will be included in the NNIT's accounts from November 1, 2018, see company announcement 9/2018 October 9, 2018

Other news

- NNIT A/S has achieved the final part of the operational certification for its data center situated in Ejby, Denmark. The tier III certification from UptimeInstitute is an important proof of quality and security documenting that NNIT data centers match the highest market standards. NNIT is now able to offer customers access to three state-of-the-art data centers being the only IT supplier in Denmark with a complete certification of all data centers, see press release October 1, 2018
- NNIT is solidly positioned as a major Contender in the digital service provider landscape for life sciences companies, by the internationally acknowledged consulting and research firm Everest Group, see press release September 12, 2018

New offerings

- NNIT has built a framework for helping our customers embark on their Regulatory Affairs transformation journey which essentially is a move away from individual applications which each support an individual process and each has its own data and separate governance. Instead, Regulatory Affairs transformation envisions bringing the processes and data together in unified platforms. NNIT has a deep insight into the area based on more than 20 years' experience and more than 30 implementations followed by hosting and support
- NNIT has launched its new Cyber Defense Center (CDC) service. The service is delivered by a 24/7 global team that predicts, prevents, detects and responds to security alerts and incidents. The service can also be used for the EU GDPR 72 hours breach rule - where the NNIT CDC delivers breach analysis, investigation and communication. The service is relevant for all customers – including those that are not customers in NNIT's data centers

Performance overview

DKK million (reported currencies)	Q3 2018	Q3 2017	Change (reported)
Revenue	733.2	661.5	10.8%
Cost of goods sold	611.7	571.0	7.1%
Gross profit	121.5	90.4	34.4%
<i>Gross profit margin</i>	16.6%	13.7%	2.9pp
Sales and marketing costs	30.5	33.8	-9.8%
Administrative expenses	25.0	28.6	-12.5%
Operating profit	66.0	28.0	135.4%
<i>Operating profit margin</i>	9.0%	4.2%	4.8pp
Net financials	-0.3	1.3	-120.7%
Profit before tax	65.7	29.4	123.9%
Tax	17.3	6.2	180.4%
<i>Effective tax rate</i>	26.3%	21.0%	5.3pp
Net profit	48.4	23.2	108.9%

DKK million (reported currencies)	9M 2018	9M 2017	Change (reported)
Revenue	2,184.3	2,071.7	5.4%
Cost of goods sold	1,808.4	1,723.5	4.9%
Gross profit	375.9	348.2	8.0%
<i>Gross profit margin</i>	17.2%	16.8%	0.4pp
Sales and marketing costs	97.1	99.4	-2.2%
Administrative expenses	77.5	84.8	-8.5%
Operating profit	201.2	164.1	22.7%
<i>Operating profit margin</i>	9.2%	7.9%	1.3pp
Net financials	-3.7	-5.8	35.5%
Profit before tax	197.5	158.3	24.8%
Tax	46.7	32.4	44.1%
<i>Effective tax rate</i>	23.6%	20.5%	3.2pp
Net profit	150.8	125.9	19.8%

As expected revenue growth was in Q3 2018 extraordinarily impacted by the one-off settlement with a customer within IT Solution Services of DKK 33m in Q3 2017. Thus, revenue in reported currencies increased by 11% in Q3 2018 (11% in constant currencies) and 5.6% adjusted for the one-off settlement. In 9M 2018 revenue in reported currencies increased by 5.4% (5.9% in constant currencies) driven by the international life sciences, enterprise and public customer groups. The organic revenue growth (i.e. excluding SCALES) in reported currencies was 2.5% in 9M 2018 compared to 9M 2017.

Operating profit margin in reported currencies was 9.0% in Q3 2018 (9.4% in constant currencies) and 9.2% in 9M 2018 (8.9% in constant currencies) compared to 4.2% in Q3 2017 and 7.9% in 9M 2017.

For a detailed performance overview in both reported and constant currencies please see note 7 on page 25. Comparisons in this financial report are hereafter in reported currencies. NNIT's major currencies have depreciated giving operating profit margin in 9M 2018 a tailwind of 0.3pp mainly due to the depreciation of CNY which lowers the cost of NNIT's offshore center in DKK. Revenue growth was impacted negatively by 0.5pp mainly due to depreciation of USD.

Cost of goods sold increased by 7.1% in Q3 2018 and 4.9% in 9M 2018 compared to the same periods last year. The gross profit margin was 16.6% in Q3 2018 (13.7% in Q3 2017) and 17.2% in 9M 2018 (16.8% in 9M 2017). The increase in gross profit

margin for Q3 and 9M 2018 was driven by the one-off settlement of DKK 33m in 2017. This was partly countered by costs from the newly established data center which are not yet covered by revenue due to low utilization which is to be expected in the first years of the investment period. Further, the decline in revenue from the Novo Nordisk Group and price reductions in major service level agreements also impacted gross profit margin negatively.

Sales and marketing costs decreased by 9.8% in Q3 2018 and 2.2% in 9M 2018 compared to the same periods last year mainly due to cost efficiencies and timing of expenses, which are partly countered by the opening of a new sales office in Shanghai earlier in 2018.

Administrative expenses decreased by 12.5% in Q3 2018 and 8.5% in 9M 2018 compared to the same periods last year mainly due to cost efficiencies and layoffs in staff functions in Q4 2017.

Operating profit in Q3 2018 increased by DKK 38.0m corresponding to an operating profit margin of 9.0% compared to 4.2% in Q3 2017, which was impacted by the one-off settlement. This led to an operating profit in 9M 2018 of DKK 201.2m up by 23% compared to 9M 2017. This corresponds to an operating profit margin of 9.2% compared to 7.9% in 9M 2017.

Net financials in Q3 2018 were negative DKK 0.3m corresponding to a negative development of DKK 1.6m compared to Q3 2017. Net financials improved by DKK 2.1m in 9M 2018 compared to 9M 2017. The improvement was mainly due to a gain on cash flow hedges of DKK 4.6m in 9M 2018 compared to a gain of DKK 1.4m in 9M 2017 equivalent to a net improvement of DKK 3.2m. This is partly countered by a tax related interest expense.

The effective tax rate in Q3 2018 was 26.3% representing an increase of 5.3pp compared to Q3 2017 due to one-off adjustments regarding previous years made in Q3 2018. The effective tax rate in 9M 2018 was 23.6% representing an increase of 3.2pp compared to 9M 2017. The increase was due to these Q3 2018 adjustments.

Net profit in Q3 2018 was DKK 48.4m corresponding to an increase of 109% compared to Q3 2017 due to the one-off settlement. Net profit in 9M 2018 was DKK 150.8m compared to DKK 125.9m in 9M 2017.

Revenue

Revenue distribution:

DKKm (reported currencies)	Q3 2018	Q3 2017	Pct Change (reported)
Novo Nordisk Group	266.6	278.9	-4.4%
Other Life Sciences	99.6	93.2	6.9%
Enterprise	198.3	177.5	11.7%
Public	103.3	57.1	80.9%
Finance	65.4	54.8	19.2%
Total	733.2	661.5	10.8%

DKKm (reported currencies)	9M 2018	9M 2017	Pct Change (reported)
Novo Nordisk Group	801.1	866.9	-7.6%
Other Life Sciences	300.6	279.2	7.7%
Enterprise	591.7	493.0	20.0%
Public	306.6	238.9	28.4%
Finance	184.2	193.7	-4.9%
Total	2,184.3	2,071.7	5.4%

Novo Nordisk:

NNIT's revenue from the Novo Nordisk Group revenue decreased by 4.4% in Q3 2018 and by 7.6% in 9M 2017 compared to the same periods last year mainly due to lower project activity, price reductions in major service level agreements and a high comparison base in Q1 2017, which was impacted by large infrastructure projects.

As a consequence of the decline in revenue from the Novo Nordisk Group and growth from other customers, the share of NNIT's revenue from customers outside the Novo Nordisk Group increased to 63% in 9M 2018 compared to 58% in 9M 2017.

Other life sciences customers:

Revenue from other life sciences customers increased 6.9% in Q3 2018 and 7.7% in 9M 2018 compared to the same periods last year driven by strong growth from international life sciences customers of more than 20% continuing the development from recent quarters. Revenue from Danish life sciences customers was unchanged due to the finalization of several larger projects.

Enterprise customers:

Revenue in Q3 2018 increased by 12% and 20% in Q3 2018 and 9M 2018, respectively, compared to the same periods last year. Revenue growth was driven by a number of IT Solution Services' customers, PANDORA and STARK. The impact on financials from STARK started in March 2018.

Public customers:

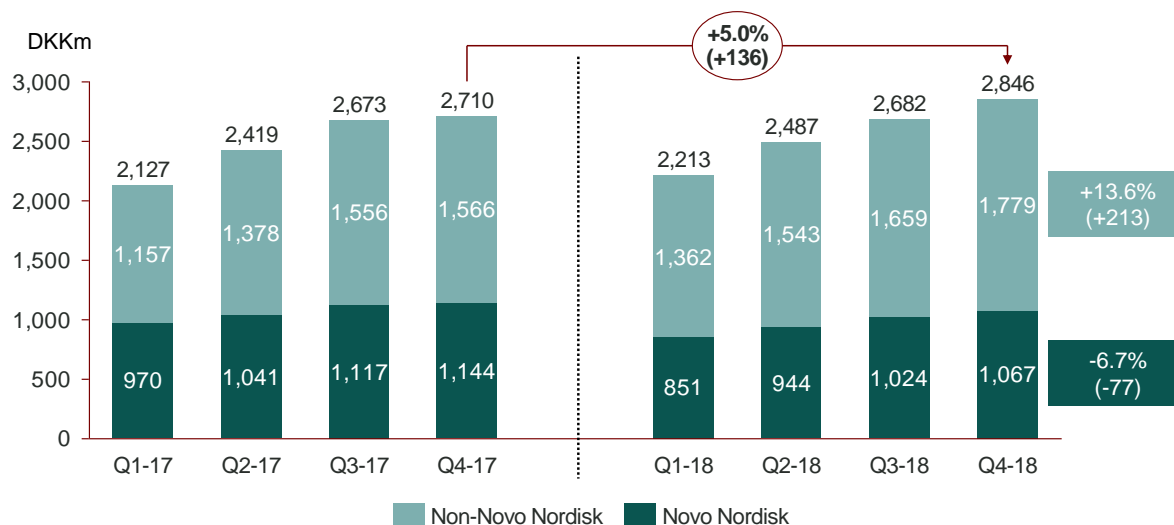
Revenue increased by DKK 46.2m or 81% in Q3 2018 compared to Q3 2017 mainly due to a one-off settlement with a customer within IT Solution Services of DKK 33m in Q3 2017. Adjusted for the one-off settlement revenue growth was 15%. In 9M 2018 revenue increased by 28% compared to 9M 2017 due to the one-off settlement and growth from the Danish Tax Agency, the Agency for Digitisation as well as a positive contribution from a number of IT Solution Services' customers in this segment. Adjusted for the one-off settlement revenue growth was 13% in 9M 2018.

Finance customers:

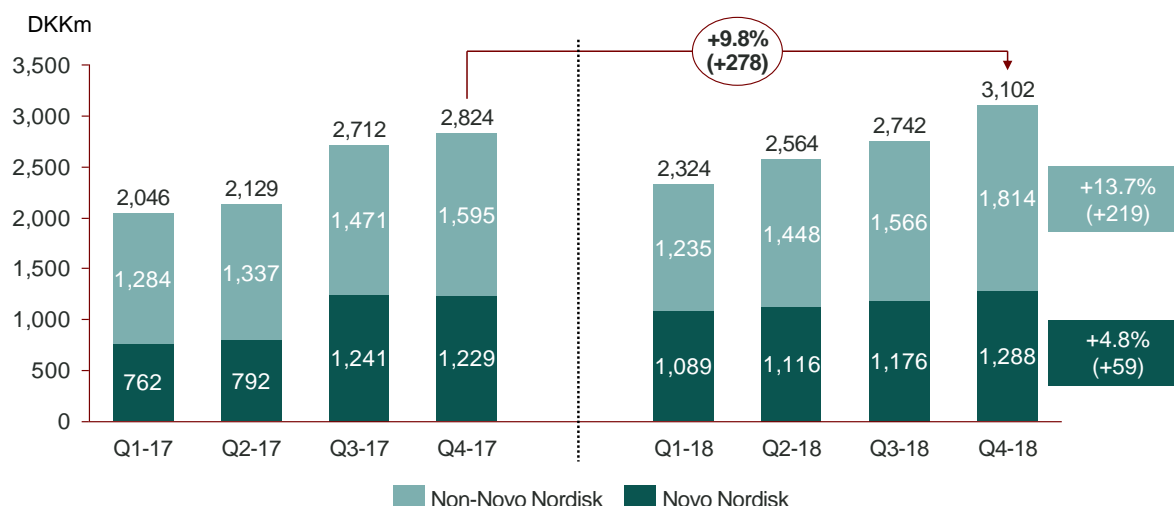
Revenue in Q3 2018 increased by 19% mainly due to expansion of operation agreements with existing customers and an increase in number of projects. In 9M 2018 revenue decreased by 4.9% compared to 9M 2017 due to a customer contract within IT Operation Services, which was not extended when it expired in June 2017 partly offset by expansion of existing customers and an increased number of projects.

Order backlog

Backlog for the year, beginning of quarter



Backlog for the following two calendar years, beginning of quarter

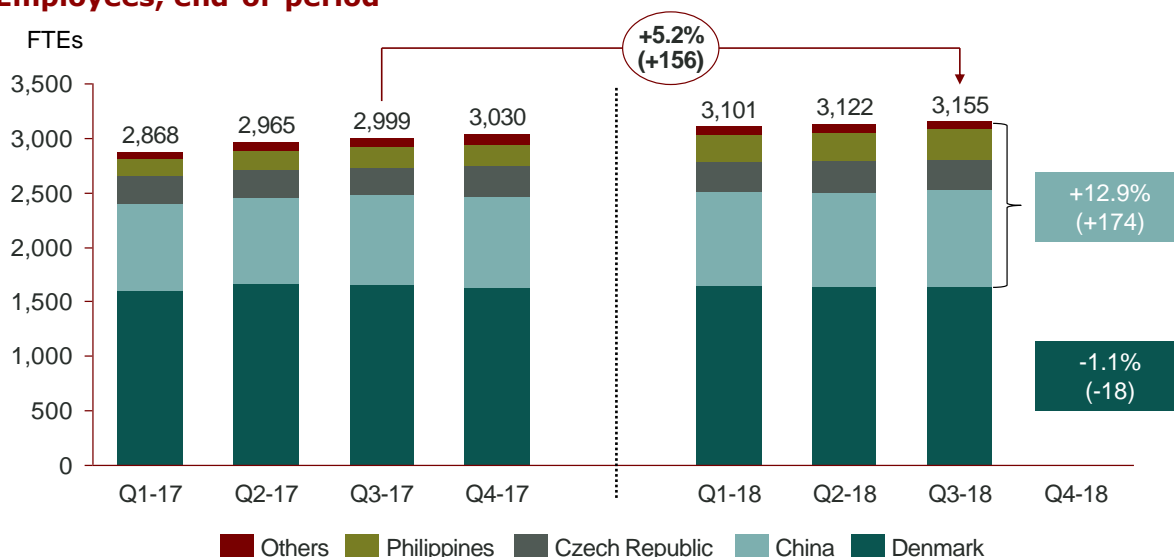


The order backlog for 2018 at the beginning of Q4 2018 increased by DKK 136.4m, or by 5.0%, to DKK 2,846m compared to the order backlog for 2017 at the beginning of Q4 2017.

Order backlog from the Novo Nordisk Group declined 6.7%, while other customers increased 13.6%. The increase from other customers is mainly driven by a number of IT Solution Services' customers, PANDORA, STARK and international life sciences customers. The decrease in the order backlog from the Novo Nordisk Group is explained by price reductions and lower project activity in the Novo Nordisk Group.

At the beginning of Q4 2018 the order backlog for 2019 and 2020 was 9.8% higher than the order backlog for 2018 and 2019 at the beginning of Q4 2017. The Novo Nordisk Group backlog increased 4.8% while other customers increased 13.7%. The increase in the order entry backlog is due to the contract extension with Arla, Vestas, PFA and the new contract with STARK.

Employees, end-of-period



At the end of Q3 2018, the number of employees increased by 156 FTE corresponding to 5.2% compared to the same period last year. The increase was driven by the Philippines (92 FTEs), China (66 FTEs) and Czech Republic (23 FTEs) in-line with the long-term offshoring strategy. Employees in Denmark declined by 1.1% despite the inclusion of around 50 employees taken over from STARK. Excluding the employees from STARK the underlying decline in Denmark was 4.1% and total employee growth was only 3.5%. Switzerland, Germany, United Kingdom, United States and Norway combined declined by 7 FTEs.

Balance sheet

Total assets at September 30, 2018 increased by DKK 54.4m to DKK 2,285.4m compared to DKK 2,231.0m at September 30, 2017 primarily due to an increase in tangible assets and work in progress.

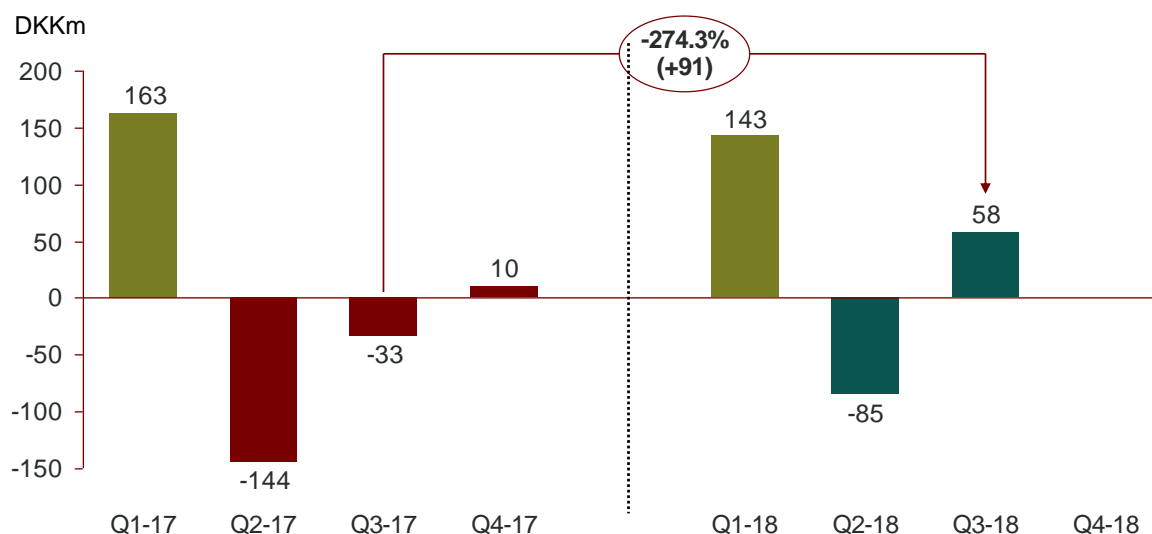
The net of Cash and cash equivalents amounted to DKK -117.5m at September 30, 2018, a decrease of DKK 111.3m compared to September 30, 2017. The decrease was due to increased investments in a new data center (DKK 64.1m), acquisition of treasury shares (DKK 37.3m) and the payment of and ordinary dividend for 2017 (DKK 56.4m) and interim dividend for 2018 (DKK 49.1m) partly countered by net profits from operating activities.

Equity at September 30, 2018 amounted to DKK 990.4m, an increase of DKK 101.2m compared to September 30, 2017. The improvement was mainly due to net profits for the period offset by acquisition of treasury shares (DKK 37.3m), paid ordinary dividends for 2017 (DKK 56.4m) and interim dividend for 2018 (DKK 49.1m).

Investments

Investments amounted to DKK 9.3m (hereof DKK 1.2m related to the new data center) in Q3 2018 compared to DKK 96.8m (hereof DKK 55.5m related to the new data center) in Q3 2017. The decrease in investments is mainly related to last year's investments in the data center and timing of investments. Investments amounted to DKK 90.9m in 9M 2018 (hereof DKK 18.5m related to the new data center) compared to DKK 325.1m in 9M 2017 (hereof DKK 135.5m related to the new data center and DKK 98.0m related to SCALES).

Free cash flow



The free cash flow for Q3 2018 was DKK 58.0m which was DKK 91.3m above Q3 2017 mainly due to lower investments in data center and a higher net profit for the period. In 9M 2018, the free cash flow was DKK 116.0m which was DKK 130.2m higher than in 9M 2017. The increase was mainly due to the acquisition of SCALES in Q2 2017 and lower investments related to the new data center. The increase is partly countered by a negative change in working capital.

Business areas

IT Operation Services

DKK million (reported currencies)	Q3 2018	Q3 2017	Change
Revenue			
Novo Nordisk Group	181.5	192.6	-5.8%
Non-Novo Nordisk Group	273.8	245.7	11.4%
Total	455.3	438.3	3.9%
Costs	413.9	391.1	5.8%
Operating profit	41.3	47.2	-12.4%
<i>Operating profit margin</i>	<i>9.1%</i>	<i>10.8%</i>	<i>-1.7pp</i>

DKK million (reported currencies)	9M 2018	9M 2017	Change
Revenue			
Novo Nordisk Group	540.6	597.8	-9.6%
Non-Novo Nordisk Group	798.6	753.6	6.0%
Total	1,339.2	1,351.4	-0.9%
Costs	1,222.9	1,209.0	1.2%
Operating profit	116.3	142.4	-18.3%
<i>Operating profit margin</i>	<i>8.7%</i>	<i>10.5%</i>	<i>-1.9pp</i>

IT Operation Services revenue increased by 3.9% in Q3 2018 compared to Q3 2017 mainly due to PANDORA, STARK and Danske Bank. The decrease in 9M 2018 of 0.9% compared to 9M 2017 was driven by a 9.6% decline in revenue from the Novo Nordisk Group mainly due to lower project activity, price reductions in major service level agreements and a high comparison base in Q1 2017 which was impacted by large infrastructure projects. In 9M 2018, revenue from non-Novo Nordisk Group increased by 6.0% driven by PANDORA, STARK and a settlement with a customer within the

public customer group in Q1 2017 partly countered by a customer within the finance customer group which was not extended when it expired in June 2017.

Operating profit in Q3 2018 decreased by 12% in Q3 2018 compared to Q3 2017 mainly due to costs from the newly established data center impacting operating profit margin with around 1pp. This is due to low utilization which is to be expected in the first years of the investment period. Operating profit in 9M 2018 decreased by 18% compared to 9M 2017 due to the additional data center costs, price reductions in major service level agreements, the declining revenue from the Novo Nordisk Group and a customer within the finance customer group which was not extended. Operating profit margin in Q3 2018 was 9.1% compared to 10.8% in Q3 2017 while operating profit margin in 9M 2018 was 8.7% compared to 10.5% in 9M 2017.

IT Solution Services

DKK million (reported currencies)	Q3 2018	Q3 2017	Change
Revenue			
Novo Nordisk Group	85.1	86.2	-1.3%
Non-Novo Nordisk Group	192.9	136.9	40.8%
Total	278.0	223.2	24.6%
Costs	253.3	242.3	4.5%
Operating profit	24.7	-19.1	n.a.
<i>Operating profit margin</i>	<i>8.9%</i>	<i>-8.6%</i>	<i>17.5pp</i>

DKK million (reported currencies)	9M 2018	9M 2017	Change
Revenue			
Novo Nordisk Group	260.5	269.1	-3.2%
Non-Novo Nordisk Group	584.5	451.1	29.6%
Total	845.1	720.2	17.3%
Costs	760.1	698.6	8.8%
Operating profit	84.9	21.6	292.6%
<i>Operating profit margin</i>	<i>10.1%</i>	<i>3.0%</i>	<i>7pp</i>

IT Solution Services revenue increased by 25% in Q3 2018 and 17% in 9M 2018 compared to the same periods last year driven by non-Novo Nordisk Group customers growing respectively 41% and 30% in Q3 2018 and 9M 2018. The increase in Q3 2018 was impacted by a one-off settlement with a customer of DKK 33m in Q3 2017. Revenue from the Novo Nordisk Group decreased by 1.3% in Q3 2018 and by 3.2% in 9M 2018 compared the same periods last year due to a decline in project activities. The increase in non-Novo Nordisk Group revenue was due to STARK, Danish Tax Agency, international life sciences customers and a number of new customers.

Operating profit increased by DKK 43.8m in Q3 2018 and by DKK 63.3m in 9M 2018 compared to the same periods last year mainly due to the one-off settlement, increased revenue and higher utilization of billable resources. Operating profit margin in Q3 2018 was 8.9% compared to -8.6% in Q3 2017. 9M 2018 operating profit margin was 10.1% compared to 3.0% in 9M 2017, an increase of 7.0pp due to the above mentioned reasons.

Events after balance sheet date

October 3, 2018 NNIT entered into a five-year-agreement with PFA, replacing the existing agreement. The contract is effective as of January 2019 and runs until end 2023, see press release October 3, 2018.

On October 9, 2018 NNIT signed an Equity Interest Purchase Agreement to acquire full ownership and control of Valiance Partners, US with effect from November 1, 2018.

Valiance Partners is a computer software and services data migration company primarily in the life sciences industry. The acquisition price consists of an upfront cash payment of USD 25.0m and an earn-out cash payment in the range of USD 0 to 14.6m, where USD 10.7m is target. The earn-out depends on performance on five KPIs: EBITDA in Valiance Partners, additional revenue derived for NNIT A/S, R&D investments, unmanaged attrition as well as successful integration with the NNIT Group. The KPIs are weighted with EBITDA having the highest weight and with additional NNIT revenue having the second highest weight. The earn-out period ends 2021 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 fair value of net assets acquired and goodwill at the date of acquisition will be assessed during Q4 2018. The allocation of the purchase price is expected to relate to goodwill and other intangible assets.

Goodwill relates to future revenue in Valiance Partners and expected revenue synergies in NNIT.

Recognized goodwill in the US entity is deductible for tax purposes.

Valiance Partners will be included in NNIT's accounts from November 1, 2018, see company announcement 9/2018 October 9, 2018. This acquisition is expected to generate additional revenue in the last two months of 2018 of around DKK 15 million corresponding to approximately 0.5pp growth in 2018.

As a result of the acquisition the revenue outlook for 2018 in constant currencies was increased to 4-7% (previously 3-6%).

Management statement

Statement by the Board of Directors and the Executive Management on the unaudited interim consolidated financial statements of NNIT A/S as at and for the nine months ended September 30, 2018

The Board of Directors and Executive Management ("Management") have reviewed and approved the interim consolidated financial statements of NNIT A/S (NNIT A/S, together with its subsidiaries, the "Group") for the first nine months of 2018 with comparative figures for the first nine months of 2017. The interim consolidated financial statements have not been audited or reviewed by the company's independent auditors.

The interim consolidated financial statements for the first nine months of 2018 have been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the European Union and accounting policies set out in the annual report for 2017 of NNIT A/S. Furthermore, the interim consolidated financial statement for the first nine months of 2018 and Management's review are prepared in accordance with additional Danish disclosure requirements for interim reports of listed companies.

In our opinion, the accounting policies used are appropriate and the overall presentation of the interim consolidated financial statements for the first nine months of 2018 are adequate and give a true and fair view of the Group's assets, liabilities and financial position as at September 30, 2018 and of the results of the Group's operations and cash flow for the nine months ended September 30, 2018. Furthermore, in our opinion, Management's review includes a true and fair account of the development in the operations and financial circumstances, of the results for the period and of the financial position of the Group as well as a description of the most significant risks and elements of uncertainty facing the Group in accordance with Danish disclosure requirements for listed companies.

Since the disclosure of the Group's most significant risks and uncertainties in the Annual Report for 2017 of NNIT A/S the risk of a larger decline in revenue from the Novo Nordisk Group has increased. Besides this no changes in the Group's most significant risks and uncertainties have occurred.

Søborg, October 25, 2018

Executive management

Per Kogut
CEO

Board of Directors

Carsten Krogsgaard Thomsen
CFO

Carsten Dilling
Chairman

Peter H. J. Haahr
Deputy Chairman

Anne Broeng

Eivind Kolding

Christian Kanstrup

Caroline Serfass

Anders Vidstrup

Henrik Vienberg Andersen

Consolidated financial statements

Income statement and Statement of comprehensive income

	Note	Q3 2018 ²⁾	Q3 2017 ¹⁾	9M 2018	9M 2017	12M 2017 ¹⁾
		DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Income statement						
	1					
Revenue	2	733,226	661,464	2,184,284	2,071,665	2,851,387
Cost of goods sold		611,717	571,043	1,808,383	1,723,492	2,336,296
Gross profit		121,509	90,421	375,901	348,173	515,091
Sales and marketing costs		30,483	33,783	97,133	99,353	135,226
Administrative expenses		25,023	28,600	77,529	84,751	116,301
Operating profit		66,003	28,038	201,239	164,069	263,564
Financial income		4,059	1,902	6,761	3,647	5,059
Financial expenses		4,333	578	10,489	9,423	15,105
Profit before income taxes		65,729	29,362	197,511	158,293	253,518
Income taxes		17,290	6,166	46,680	32,392	53,993
Net profit for the period		48,439	23,196	150,831	125,901	199,525

Earnings per share

	DKK	DKK	DKK	DKK	DKK
Earnings per share	1.97	0.95	6.15	5.17	8.20
Diluted earnings per share	1.96	0.93	6.10	5.06	8.00

Statement of comprehensive income

	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Net profit for the period	48,439	23,196	150,831	125,901	199,525
Other comprehensive income:					
<i>Items that will not be reclassified subsequently to the Income statement:</i>					
Remeasurement related to pension obligations	77	414	0	1,198	4,798
Tax on other comprehensive income	-18	-84	0	-755	-1,314
<i>Items that will be reclassified subsequently to the Income statement, when specific conditions are met:</i>					
Currency revaluation related to subsidiaries (net)	-1,178	-2,378	-85	-3,406	-1,594
Recycled to financial items	2,009	-19	4,630	1,421	2,799
Unrealized value adjustments	-6,022	226	-5,791	33	2,043
Cash flow hedges	-4,013	207	-1,161	1,454	4,842
Tax on other comprehensive income related to cash flow hedges	882	-45	255	-29	-1,065
Other comprehensive income, net of tax	-4,250	-1,886	-991	-1,538	5,667
Total comprehensive income	44,189	21,310	149,840	124,363	205,192

¹⁾ The numbers includes the effect of the implementation of IFRS 15 and IFRS 16. Please refer to note 1 for a bridge between 2017 previous practice and 2017 adjusted.

Balance sheet

Assets

	Note	Sep 30, 2018 DKK '000	Sep 30, 2017 ¹⁾ DKK '000	Dec 31, 2017 ¹⁾ DKK '000
Intangible assets	3	213,017	207,230	212,057
Tangible assets		928,045	914,941	940,697
Contract assets		120,744	94,857	100,084
Deferred tax		53,097	61,933	65,017
Deposits		32,623	32,532	32,637
Total non-current assets		1,347,526	1,311,493	1,350,492
Inventories		1,567	1,748	1,566
Trade receivables	4	488,873	496,511	574,808
Work in progress	4	144,301	95,487	56,069
Contract assets		52,892	67,105	79,246
Other receivables and pre-payments		161,975	181,330	164,432
Shares		0	12,916	13,950
Derivative financial instruments		4,687	2,956	4,598
Cash and cash equivalents		83,620	61,448	74,577
Total current assets		937,915	919,501	969,246
Total assets		2,285,441	2,230,994	2,319,738

Equity and liabilities

		Sep 30, 2018 DKK '000	Sep 30, 2017 ¹⁾ DKK '000	Dec 31, 2017 ¹⁾ DKK '000
Share capital		250,000	250,000	250,000
Treasury shares		-4,647	-6,567	-6,567
Retained earnings		737,422	640,738	665,914
Other reserves		7,663	5,049	8,654
Proposed dividends		0	0	55,990
Total equity		990,438	889,220	973,991
Lease liability		276,351	313,978	295,950
Deferred tax		0	301	0
Employee benefit obligation		17,083	18,704	15,397
Contingent consideration (earn out)		54,345	54,345	54,345
Provisions	3	24,700	24,722	24,722
Total non-current liabilities		372,479	412,050	390,414
Prepayments received	4	206,469	283,599	293,653
Lease liability		77,789	79,927	80,920
Bank overdraft		201,118	67,677	93,194
Trade payables		98,484	74,838	58,948
Employee cost payable		216,125	250,822	255,421
Tax payables		13,534	20,012	18,096
Other current liabilities	4	105,620	135,221	132,083
Derivative financial instruments		3,165	3,129	1,164
Employee benefit obligation		0	14,499	21,694
Provisions		220	0	160
Total current liabilities		922,524	929,724	955,333
Total equity and liabilities		2,285,441	2,230,994	2,319,738
Contingent liabilities and legal proceedings	5			
Currency hedging	6			

¹⁾ The numbers includes the effect of the implementation of IFRS 15 and IFRS 16. Please refer to note 1 for a bridge between 2017 previous practice and 2017 adjusted.

Statement of cash flow

		Q3 2018	Q3 2017 ¹⁾	9M 2018	9M 2017	12 M 2017 ¹⁾
		DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Net profit for the period	Note	48,439	23,196	150,831	125,901	199,525
Reversal of non-cash items		71,465	66,662	249,001	212,409	328,308
Interest received		713	20	794	123	171
Interest paid		-2,348	-133	-4,212	-2,321	-3,750
Income taxes paid		-5,472	-2,090	-42,170	-49,354	-80,220
Cash flow before change in working capital		112,797	87,655	354,244	286,758	444,034
Changes in working capital		-45,736	-23,859	-147,422	26,755	-10,753
Cash flow from operating activities		67,061	63,796	206,822	313,513	433,281
Capitalization of intangible assets		-6,905	-1,410	-10,390	-2,989	-10,279
Purchase of tangible assets		-32,212	-93,580	-115,342	-227,166	-323,710
Change in trade payables related to investments		29,849	-1,797	34,786	3,052	-2,887
Sale of tangible assets		0	0	0	0	0
Dividends received		0	125	0	317	317
Sale/(purchase) of shares (net)		0	0	89	0	0
Payment/refund of deposits		211	-406	13	-2,936	-3,142
Acquisition of subsidiary	3	0	0	0	-97,991	-97,991
Cash flow from investing activities		-9,057	-97,068	-90,844	-327,713	-437,692
Dividends paid		-49,070	-48,687	-105,488	-102,037	-102,037
Purchase of treasury shares		0	0	-37,345	0	0
Repayments of lease liability		-25,194	-21,852	-72,026	-63,904	-86,081
Cash flow from financing activities		-74,264	-70,539	-214,859	-165,941	-188,118
Net cash flow		-16,260	-103,811	-98,881	-180,141	-192,529
Cash and cash equivalents at the beginning of the period		-101,238	97,582	-18,617	173,912	173,912
Cash and cash equivalents at the end of the period		-117,498	-6,229	-117,498	-6,229	-18,617
Additional information²:						
Cash and cash equivalents, assets		83,620	-6,229	83,620	61,448	74,577
Bank overdraft		-201,118		-201,118	-67,677	-93,194
Cash and cash equivalents at the end of the period		-117,498	-6,229	-117,498	-6,229	-18,617
Committed credit facilities		400,000	400,000	400,000	400,000	400,000
Financial resources at the end of the period		282,502	393,771	282,502	393,771	381,383
Cash flow from operating activities		67,061	63,796	206,822	313,513	433,281
Cash flow from investing activities		-9,057	-97,068	-90,844	-327,713	-437,692
Free cash flow		58,004	-33,272	115,978	-14,200	-4,411

¹⁾ The numbers includes the effect of the implementation of IFRS 15 and IFRS 16.

²⁾ Additional non-IFRS measures. 'Financial resources at the end of the period' is defined as the sum of cash and cash equivalents at the end of the period and undrawn committed credit facilities. Free cash flow is defined as 'cash flow from operating activities' less 'cash flow from investing activities'.

Statement of changes in equity

DKK '000	Share capital	Treasury shares	Retained earnings	Other reserves			Total other reserves	Proposed dividends	Total
				Currency revaluation	Cash flow hedges	Tax			
Sep 30, 2018									
Balance at the beginning of the period	250,000	-6,567	665,914	5,190	3,521	-57	8,654	55,990	973,991
Net profit for the period	0	0	150,831	0	0	0	0	0	150,831
Other comprehensive income for the period	0	0	0	-85	-1,161	255	-991	0	-991
Total comprehensive income for the period	0	0	150,831	-85	-1,161	255	-991	0	149,840
Transactions with owners:									
Purchase of treasury shares	0	-2,030	-35,315	0	0	0	0	0	-37,345
Transfer of treasury shares	0	3,950	-3,123	0	0	0	0	0	827
Share-based payments	0	0	12,332	0	0	0	0	0	12,332
Deferred tax on share-based payments	0	0	-3,719	0	0	0	0	0	-3,719
Adjustment to proposed dividend	0	0	-428	0	0	0	0	428	0
Dividends paid	0	0	0	0	0	0	0	-105,488	-105,488
Interim dividend for 2018	0	0	-49,070	0	0	0	0	49,070	0
Balance at the end of the period	250,000	-4,647	737,422	5,105	2,360	198	7,663	0	990,438

DKK '000	Share capital	Treasury shares	Retained earnings	Other reserves			Total other reserves	Proposed dividends	Total
				Currency revaluation	Cash flow hedges	Tax			
December 31, 2017									
Balance at the beginning of the period	250,000	-7,500	542,833	6,784	-1,321	2,322	7,785	53,350	846,468
Effect of IFRS 15 and IFRS 16			-21,509						-21,509
Tax effect of IFRS 15 and 16			6,979						6,979
Adjusted balance at the beginning of the period			528,303						831,938
Net profit for the period	0	0	199,525	0	0	0	0	0	199,525
Other comprehensive income for the period	0	0	4,798	-1,594	4,842	-2,379	869	0	5,667
Total comprehensive income for the period	0	0	204,323	-1,594	4,842	-2,379	869	0	205,192
Transactions with owners:									
Transfer of treasury shares	0	933	18,190	0	0	0	0	0	19,123
Share-based payments	0	0	21,342	0	0	0	0	0	21,342
Deferred tax on share-based payments	0	0	-1,567	0	0	0	0	0	-1,567
Dividends paid	0	0	0	0	0	0	0	-102,037	-102,037
Interim dividend for 2017	0	0	-48,687	0	0	0	0	48,687	0
Proposed dividend for 2017	0	0	-55,990	0	0	0	0	55,990	0
Total dividends for 2017	0	0	-104,677	0	0	0	0	104,677	0
Balance at the end of the period	250,000	-6,567	665,914	5,190	3,521	-57	8,654	55,990	973,991

DKK '000	Share capital	Treasury shares	Retained earnings	Other reserves			Total other reserves	Proposed dividends	Total
				Currency revaluation	Cash flow hedges	Tax			
Sep 30, 2017									
Balance at the beginning of the period	250,000	-7,500	542,833	6,784	-1,321	2,322	7,785	53,350	846,468
Effect of IFRS 15 and IFRS 16			-21,509						-21,509
Tax effect of IFRS 15 and 16			6,979						6,979
Adjusted balance at the beginning of the period			528,303						831,938
Net profit for the period	0	0	125,901	0	0	0	0	0	125,901
Other comprehensive income for the period	0	0	1,198	-3,406	1,454	-784	-2,736	0	-1,538
Total comprehensive income for the period	0	0	127,099	-3,406	1,454	-784	-2,736	0	124,363
Transactions with owners:									
Transfer of treasury shares	0	933	18,190	0	0	0	0	0	19,123
Share-based payments	0	0	15,599	0	0	0	0	0	15,599
Deferred tax on share-based payments	0	0	234	0	0	0	0	0	234
Dividends paid	0	0	0	0	0	0	0	-102,037	-102,037
Interim dividend for 2017	0	0	-48,687	0	0	0	0	48,687	0
Balance at the end of the period	250,000	-6,567	640,738	3,378	133	1,538	5,049	0	889,220

Notes

Note 1

Accounting policies

The consolidated financial statements for the first nine months of 2018 have been prepared in accordance with IAS 34 'Interim Financial Reporting' and on the basis of the same accounting policies for recognition and measurement as were applied in the Annual Report 2017, besides what is stated below.

The financial reporting including the consolidated financial statements for the first nine months of 2018 and Management's review have been prepared in accordance with additional Danish disclosure requirements for interim report of listed companies. See pages 57 to 63 of the Annual Report 2017 for a comprehensive description of the accounting policies applied, for recognition and measurement.

Changes in accounting policies

As of January 2018 NNIT A/S has implemented the following new [or amended and revised] accounting standards and interpretations (IFRSs):

- IFRS 9 "Financial instruments"
- IFRS 15 "Revenue from Contracts with Customers"
- IFRS 16 "Leasing" (early adoption)

It is only IFRS 15 and IFRS 16 which have affected the recognition and measurement of the consolidated financial statements for the first nine months of 2018. Both standards have been applied fully retrospectively as of January 1, 2018, thus the 2017 comparative figures have been adjusted.

IFRS 15

IFRS 15 "Revenue from Contracts with Customers" introduces a new model for recognition of revenue.

Revenue in accordance with the new standard is recognized 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 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.

The standard has impacted NNIT's outsourcing contracts. Revenue and operating profit on some phases in outsourcing contracts has been postponed to later periods other than the period during which the activities are performed.

This postponement arises from the fact that some of the activities performed in the transition phases do not transfer services to the customer under IFRS 15. In this case, the costs incurred to perform those activities are considered start-up costs, which are capitalized and amortized over the operation period.

IFRS 16

All leases have been recognized in the balance sheet with a corresponding lease debt except for short-term assets and low value assets. Leased assets are depreciated over the lease term, and payments are allocated between installments on the lease obligation and interest expense, classified as financial expenses.

IFRS 9

In relation to hedge accounting, the standard provides more opportunities for applying proxy hedges and repeals the requirement for retrospective effectiveness testing.

The implementation of IFRS 9 has not resulted in a different recognition for accounting purposes in relation to hedge accounting or other financial instruments.

The effect of IFRS 15 and IFRS 16 are shown in the table below.

DKK '000	December 31, 2017			September 30, 2017		
	Previous practice	Effect of change	New practice	Previous practice	Effect of change	New practice
Assets						
Tangible assets	573,982	366,715	940,697	530,163	384,778	914,941
Contract assets	0	179,330	179,330	0	161,962	161,962
Deferred tax	52,548	12,469	65,017	52,951	8,982	61,933
Total non-current assets	871,224	558,514	1,429,738	822,876	555,722	1,378,598
Work in progress	122,868	-66,799	56,069	128,092	-32,605	95,487
Total current assets	956,799	-66,799	890,000	885,001	-32,605	852,396
Total assets	1,828,023	491,715	2,319,738	1,707,877	523,117	2,230,994
Equity and liabilities						
Total equity	1,005,314	-31,323	973,991	907,649	-18,429	889,220
Lease liability	0	295,950	295,950	0	313,978	313,978
Provisions	13,245	11,477	24,722	13,565	11,157	24,722
Total non-current liabilities	82,987	307,427	390,414	86,915	325,135	412,050
Prepayments received	158,428	135,225	293,653	146,674	136,925	283,599
Lease liability	0	80,920	80,920	0	79,927	79,927
Other current liabilities	132,617	-534	132,083	135,662	-441	135,221
Total current liabilities	739,722	215,611	955,333	713,313	216,411	929,724
Total equity and liabilities	1,828,023	491,715	2,319,738	1,707,877	523,117	2,230,994
Income statement						
Revenue	2,891,878	-40,491	2,851,387	2,079,668	-8,003	2,071,665
Cost of goods sold	2,362,506	-26,210	2,336,296	1,731,032	-7,540	1,723,492
Gross profit	529,372	-14,281	515,091	348,636	-463	348,173
Sales and marketing costs	135,563	-337	135,226	99,646	-293	99,353
Administrative expenses	116,986	-685	116,301	85,406	-655	84,751
Operating profit	276,823	-13,259	263,564	163,584	485	164,069
Financial income	5,059	0	5,059	3,647	0	3,647
Financial expenses	5,993	9,112	15,105	2,834	6,589	9,423
Profit before income taxes	275,889	-22,371	253,518	164,397	-6,104	158,293
Income taxes	59,410	-5,417	53,993	34,322	-1,930	32,392
Net profit for the period	216,479	-16,954	199,525	130,075	-4,174	125,901
Earnings per share						
Earnings per share	8.89	-0.70	8.20	5.34	-0.17	5.17
Diluted earnings per share	8.68	-0.68	8.00	5.23	-0.17	5.06
Earnings per share, effect of IFRS 15		-0.70			-0.21	
Diluted earnings per share, effect of IFRS 15		-0.68			-0.21	
Earnings per share, effect of IFRS 16		0.00			0.04	
Diluted earnings per share, effect of IFRS 16		0.00			0.04	

Note 2 Quarterly numbers

DKK '000	2018			2017			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	733,226	752,556	698,502	779,722	661,464	695,089	715,112
Cost of goods sold	611,717	617,521	579,145	612,807	571,039	572,753	579,697
Gross profit	121,509	135,035	119,357	166,915	90,425	122,336	133,601
Sales and marketing costs	30,483	34,675	31,975	35,870	33,786	32,758	32,812
Administrative expenses	25,023	25,825	26,681	31,549	28,602	28,501	27,649
Operating profit	66,003	74,535	60,701	99,496	28,037	61,077	72,828
Net financials	-274	-1,432	-2,022	-4,270	1,324	-3,368	-3,732
Profit before income taxes	65,729	73,103	58,679	95,226	29,361	57,709	71,227
Income taxes	17,290	16,521	12,869	21,602	6,166	10,984	15,242
Net profit for the period	48,439	56,582	45,810	73,624	23,195	46,725	55,812

Segment disclosures

DKK '000	2018			2017			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue by business area							
Operations	455,261	458,344	425,611	480,475	438,310	440,405	472,703
<i>hereof Novo Nordisk Group</i>	181,508	189,197	169,884	220,909	192,634	180,207	224,993
<i>hereof non-Novo Nordisk Group</i>	273,754	269,147	255,727	259,566	245,676	260,198	247,710
Solutions	277,965	294,212	272,891	299,247	223,154	254,684	242,409
<i>hereof Novo Nordisk Group</i>	85,105	89,237	86,200	97,547	86,220	86,955	95,936
<i>hereof non-Novo Nordisk Group</i>	192,859	204,975	186,691	201,699	136,933	167,729	146,473
Total revenue	733,226	752,556	698,502	779,722	661,464	695,089	715,112
Revenue by customer group							
Life Sciences	366,253	380,161	355,321	413,866	372,063	364,527	409,548
<i>hereof Novo Nordisk Group</i>	266,613	278,434	256,084	318,457	278,854	267,162	320,928
Enterprise	198,283	206,183	187,251	191,300	177,458	164,497	151,034
Public	103,324	103,902	99,379	114,992	57,104	95,641	86,114
Finance	65,366	62,311	56,551	59,564	54,839	70,424	68,416
Total revenue	733,226	752,556	698,502	779,722	661,464	695,089	715,112
Operating profit by business area							
Operations	41,323	42,659	32,313	62,362	47,167	44,407	50,856
Solutions	24,680	31,876	28,388	37,134	-19,130	16,670	24,098
Total operating profit	66,003	74,535	60,701	99,496	28,037	61,077	72,828
Ammortization, depreciation and impairment losses							
Operations	52,839	48,475	52,790	47,773	48,764	51,288	50,967
Solutions	9,809	10,160	8,999	9,285	8,859	7,771	7,180
Total amortization, depreciation and impairment losses	62,648	58,635	61,789	57,058	57,623	59,059	58,148

The Danish operations generated 88.1% of NNIT's revenue in 9M 2018 and 91.3% in 9M 2017 based on the location of customer purchase orders. As a consequence of the predominantly Danish revenue, we will not disclose a geographical revenue split.

Note 3

Related party transactions

DKK'000	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
Assets			
Receivables from related parties	146,175	126,633	216,151
Work in progress related parties	32,408	52,819	37,652
Liabilities			
Liabilities to related parties	10,760	71,191	1,264
Prepayments from related parties	14,962	72,150	48,760

Note 4

Contingent liabilities and legal proceedings

Contingent liabilities

None

Legal proceedings

None

Note 5

Currency hedging

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

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

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

Cumulative profit on derivative financial instruments regarding future cash flow per September 30, 2018 is recognized in Equity (Other comprehensive income) with an amount of DKK -1.2m before tax (DKK -0.9m after tax).

Note 6

Currency sensitivity and development

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 29 million	-
CNY	DKK -20 million	14
CZK	DKK -12 million	14
PHP	DKK -5 million	14
USD	DKK -2 million	-
CHF	DKK 0 million	-

Hedging gains and losses do not impact operating profit as they are recognized under net financials. For further details on hedging, please see note 5 above.

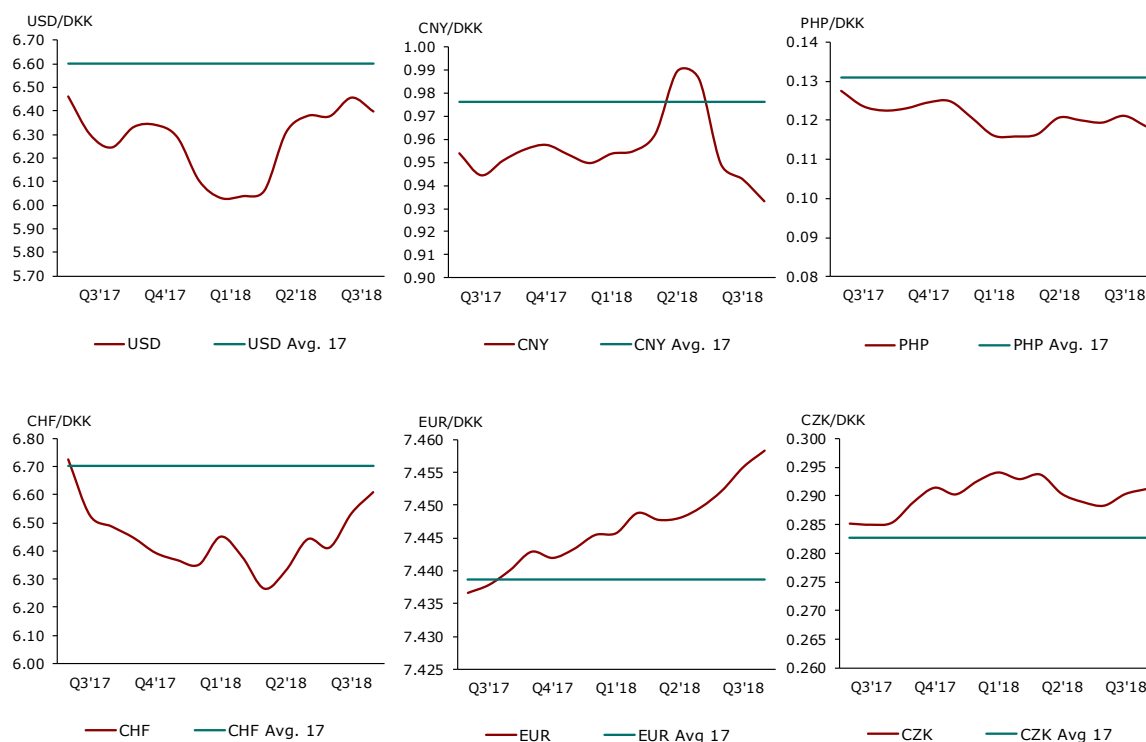
* The above sensitivities address hypothetical situations and are provided for illustrative purposes only. The sensitivities assume the business develops consistent with the current 2018 business plan.

Key currency assumptions

DKK per 100	2016 average exchange rates	2017 average exchange rates	YTD 2018 average exchange rates at October 18, 2018	Current exchange rates at October 18, 2018
CNY	101.29	97.57	95.59	95.15
EUR	744.52	743.86	745.09	745.29
CZK	27.54	28.27	29.12	29.06
PHP	14.17	13.08	11.89	11.91
CHF	683.13	669.63	642.93	644.69
USD	673.27	659.53	625.93	630.53

Currency development

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



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

Note 7

Performance in constant and reported currencies

Performance overview

DKK million (reported currencies)	Q3 2018	Q3 2018 (constant*)	Q3 2017	Change (reported)	Change (constant)
Revenue	733.2	732.3	661.5	10.8%	10.7%
Cost of goods sold	611.7	611.5	571.0	7.1%	7.1%
Gross profit	121.5	120.8	90.4	34.4%	33.6%
<i>Gross profit margin</i>	16.6%	16.5%	13.7%	2.9pp	2.8pp
Sales and marketing costs	30.5	30.5	33.8	-9.8%	-9.8%
Administrative expenses	25.0	25.0	28.6	-12.5%	-12.5%
Operating profit	66.0	65.3	28.0	135.4%	132.9%
<i>Operating profit margin</i>	9.0%	8.9%	4.2%	4.8pp	4.7pp
Net financials	-0.3	n.a.	1.3	-120.7%	n.a.
Profit before tax	65.7	n.a.	29.4	123.9%	n.a.
Tax	17.3	n.a.	6.2	180.4%	n.a.
<i>Effective tax rate</i>	26.3%	n.a.	21.0%	5.3pp	n.a.
Net profit	48.4	n.a.	23.2	108.9%	n.a.

DKK million (reported currencies)	9M 2018	9M 2018 (constant*)	9M 2017	Change (reported)	Change (constant)
Revenue	2,184.3	2,193.6	2,071.7	5.4%	5.9%
Cost of goods sold	1,808.4	1,823.1	1,723.5	4.9%	5.8%
Gross profit	375.9	370.4	348.2	8.0%	6.4%
<i>Gross profit margin</i>	17.2%	16.9%	16.8%	0.4pp	0.1pp
Sales and marketing costs	97.1	97.7	99.4	-2.2%	-1.7%
Administrative expenses	77.5	77.8	84.8	-8.5%	-8.2%
Operating profit	201.2	195.0	164.1	22.7%	18.8%
<i>Operating profit margin</i>	9.2%	8.9%	7.9%	1.3pp	1pp
Net financials	-3.7	n.a.	-5.8	35.5%	n.a.
Profit before tax	197.5	n.a.	158.3	24.8%	n.a.
Tax	46.7	n.a.	32.4	44.1%	n.a.
<i>Effective tax rate</i>	23.6%	n.a.	20.5%	3.2pp	n.a.
Net profit	150.8	n.a.	125.9	19.8%	n.a.

*Constant currencies measured using average exchange rates for 9M 2017.

Revenue distribution

DKK million (reported currencies)	Q3 2018	Q3 2018 (constant*)	Q3 2017	Pct Change (reported)	Pct Change (constant)
Novo Nordisk Group	266.6	266.1	278.9	-4.4%	-4.6%
Other Life Sciences	99.6	99.4	93.2	6.9%	6.6%
Enterprise	198.3	198.2	177.5	11.7%	11.7%
Public	103.3	103.3	57.1	80.9%	81.0%
Finance	65.4	65.4	54.8	19.2%	19.2%
Total	733.2	732.3	661.5	10.8%	10.7%

DKK million (reported currencies)	9M 2018	9M 2018 (constant*)	9M 2017	Pct Change (reported)	Pct Change (constant)
Novo Nordisk Group	801.1	804.7	866.9	-7.6%	-7.2%
Other Life Sciences	300.6	306.5	279.2	7.7%	9.8%
Enterprise	591.7	591.5	493.0	20.0%	20.0%
Public	306.6	306.6	238.9	28.4%	28.4%
Finance	184.2	184.2	193.7	-4.9%	-4.9%
Total	2,184.3	2,193.6	2,071.7	5.4%	5.9%

*Constant currencies measured using average exchange rates for 9M 2017.