Annual Report 2023

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

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The Bigger Picture

The NNIT Group at a Glance

NNIT is a leading provider of IT solutions to life sciences internationally, and to the public and private sectors in Denmark. We focus on high complexity industries and thrive in environments where regulatory demands and complexity are high. We advise on and build sustainable digital solutions that work for end-users, customers and employees.

NNIT Group consists of parent company NNIT A/S, NNIT subsidiaries, SCALES, Excellis Health Solutions and SL Controls. Together, these companies employ more than 1,700 people in Europe, Asia and the US.

OUR BUSINESS FOCUS

Life Sciences

Building a strong, international position; helping life sciences customers digitalize key parts of their value chain.

Region:

EUROPE | US | ASIA

Public and Private

Developing our position in the Danish market; first and foremost within the public sector.

Region:

DENMARK

Revenue Growth	Organic Growth	Operating Profit Margin before Special Items	Employees	Customer Satisfaction Score
15.2%	10.8%	6.7%	1,773	4.4 (out of 5)

WORDS FROM THE CHAIRMAN AND CEO

A Highly Focused IT Consulting Company

Carsten Dilling
Chairman of the Board of Directors

Pär Fors
Chief Executive Officer

2023 was a transformative year for NNIT as we relaunched our company as a pure-play IT consulting business highly specialized in global life sciences and the public sector in Denmark and completed the divestment of the infrastructure operations. We reported improved business and financial performance throughout the year and exceeded our initial guidance.

As a highly specialized IT consulting business, strategically focused on life sciences internationally and the public sector in Denmark, NNIT has emerged as a less complex business with one operating model and a sharp focus on solidifying our leading position offering IT solutions for the entire life sciences value chain.

We launched our New Beginning strategy in May with an ambition to continuously increase market share within our preferred industries and a clear commitment to continually increase revenue and lift profitability through organic and acquisitive growth combined with efficiency enhancements.

A Truly International Company

With a new organizational setup headed by a truly international management team of our four regions – Europe, US, Asia and Denmark – our global enablement functions and our Global Delivery Centers, we have established a clear international focus and provided our regions with autonomy, P&L accountability and a strong go-to-market approach. On the back of this, we are expecting to create further growth into 2024 despite the continued macroeconomic uncertainty.

We also strive to further build our international profile focusing on making a mark in society – with a more streamlined and global approach to our sustainability efforts, continuing our commitment to UN Global Compact and aligning our select Sustainable Development Goals more closely with our strategy: adding new supportive initiatives, and taking the next step with the Science Based Targets initiative to set targets towards net-zero.

> We are acutely aware of the role we play for our customers, and we aspire to become the best possible digitalization partner by creating an attractive workplace that delivers strong business and financial results.

Solutions Developed for People by People

As a pure IT consulting business, more than ever, our primary resource is our people who advise on and develop digital solutions for people operating in industries where quality of life is at play. In other words, people – their surrounding societies and well-being – are absolutely central to our business.

With our new, regionally empowered organization, we made it a priority to be close to our customers while also leveraging our global enablement units, and we are proud to have maintained a high customer satisfaction score (4.4 out of 5) throughout our transformative year.

Onboarding our People to a New Beginning

Following the launch of our new strategy, a string of roadshows and summits were held across our new regions to kick-start our New Beginning and onboard all employees to our future state as an industry-leading employer and solution provider specialized in international life sciences and the public sector in Denmark.

In the second half of 2023, we aligned business plans across the new regions and took steps to launch our new employer value proposition and supporting materials to be implemented during 2024 with a view to become the employer of choice.

Delivering on our Promise in 2023 and Beyond

Following solid performance in the first half of the year, we upgraded our 2023 full-year outlook in August, announcing an expectation of revenue growth around 15% and an operating profit margin before special items around 6% (against previous expectations of 10% and 5%, respectively).

We subsequently hosted a Capital Markets Day in September, where we presented the New NNIT to investors and analysts, introducing our financial aspirations of realizing a compound annual organic growth rate of around 10% and an annual average Group operating profit margin of around 10-13% before special items in 2024-2026.

We continued the positive trajectory in the second half of the year, confirming our confidence in the strategic roadmap and enabling us to deliver on the promise of increased revenue and profitability. Propelled by solid performance on existing engagements and onboarding of new customers, we grew revenue by 15.2% to DKK 1,728 million and improved the profit margin before special items substantially to 6.7% as a result of higher capacity utilization and efficiency enhancements. We generated a significant uptick in operating profit to DKK 116 million before special items of DKK 69 million relating mainly to contingent consideration payments connected to acquisitions and restructuring costs to right-size the organization after completion of the divestment of the infrastructure operations.

Looking into 2024, we see ample opportunities for growth within the life sciences space and a solid pipeline within the public sector in Denmark, enabling us to guide for organic revenue growth of around 10% with a profit margin before special items of 8-9% this year.

In the longer run, we expect to grow throughout the strategy period by capitalizing on our leading position in attractive markets and utilizing our core skills while increasing profitability. After completing the divestment of the infrastructure operations, we have reduced our assets by 28% to DKK 2 billion, enabling us to leverage our proven M&A and integration skills to pursue attractive acquisition opportunities backed by a robust balance sheet.

Invested in the New NNIT

After meeting with investors, customers and employees during an exciting 2023, we would like to end by expressing our joy in the overwhelmingly positive reactions we have met across all regions.

Hearing from our customers and teams in Europe, the US, Asia and Denmark, as well as investors and analysts, we are assured of the widespread belief and investment in NNIT's New Beginning. And we are pleased to report on a year of improved performance, exceeding our initial expectations and paving the way for further progress.

Highlights

NNIT reached several milestones in 2023 and emerged as a highly specialized IT consultancy with a clearly defined strategy and great prospects in attractive core markets.

Strategy

New Beginning

New strategy launched to ensure profitable growth in industries where regulatory demands, high complexity and quality of life are at play.

Divestment

Infrastructure Operations

Transformative divestment completed to reshape NNIT and emerge as a highly specialized IT services provider.

Outlook upgraded

Profitable Growth

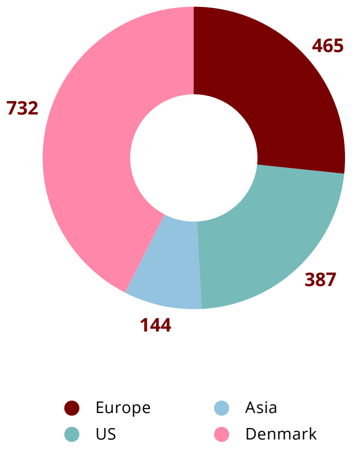
Revenue and profit margin guidance lifted after improved performance in the first half of 2023.

Capital Markets Day

2026 Aspirations

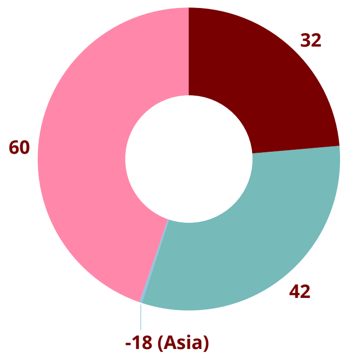
Hosted Capital Markets Day elaborating on the new strategic direction and financial aspirations towards 2026.

Revenue



1,728
DKK million

Group Operating Profit before Special Items



116
DKK million

Key Figures

Financial key figures for 2021-2023 exclude discontinued operations, while 2019-2020 include discontinued operations.

DKK million	**2023**	2022	2021	2020	2019
Financial performance					
Total revenue	**1,728**	**1,500**	**1,369**	**2,830**	**3,058**
EBITDA before special items	144	61	114	401	501
Depreciation, amortization and impairment	28	68	129	234	259
Operating profit (EBIT) before special items	116	(7)	(15)	167	242
Special items, costs[1]	69	278	208	90	68
Operating profit (EBIT)	47	(285)	(223)	77	174
Net financials	(30)	(9)	(12)	(7)	7
Net profit/loss for the year	**6**	**(258)**	**(175)**	**47**	**138**
Earn-out restatement impact[2]	-	(40)	(42)	(29)	(45)
Net profit/loss for the year before restatement	**6**	**(218)**	**(133)**	**76**	**183**
Investment in tangible assets	(4)	(8)	-	(95)	(134)
Investment in intangible assets incl. acquisition of subsidiary	(18)	(78)	(40)	(159)	(67)
Total assets	1,977	2,748	2,574	2,468	2,485
Equity	827	814	993	1,030	1,092
Dividends proposed/paid	-	-	-	(74)	(98)
Free cash flow	(109)	(292)	(102)	143	242
Interest-bearing debt, net	77	805	473	377	438

	2023	2022	2021	2020	2019
Earnings per share (DKK)	0.24	(10.39)	(7.05)	1.90	5.60
Diluted earnings per share (DKK)	0.24	(10.39)	(7.05)	1.89	5.55
Employees					
Average number of full-time employees, total	1,974	3,169	3,162	3,083	3,237
Average number of full-time employees, continuing	1,773	1,809			
Financial ratios					
Revenue growth	15.2%	9.6%	N/A	(7.5)%	1.7%
Gross profit margin[3]	25.8%	27.2%	9.3%	13.7%	15.6%
EBITDA before special items margin	8.3%	4.1%	8.3%	14.2%	16.4%
Operating profit margin before special items	6.7%	(0.5)%	(1.1)%	5.9%	7.9%
Operating profit margin	2.7%	(19.0)%	(16.3)%	2.7%	5.7%
Effective tax rate	64.7%	12.2%	12.2%	32.9%	23.8%
Return on equity	0.7%	(28.6)%	(17.3)%	4.4%	12.9%
Solvency ratio	41.8%	29.6%	38.6%	41.7%	43.9%
Return on invested capital (ROIC)	2.9%	(19.2)%	(13.6)%	3.6%	8.4%

1 Special items comprise costs that cannot be attributed directly to NNIT's ordinary activities and are non-recurring in nature.
2 The Danish Business Authority has required NNIT to change the applied accounting treatment of the earn-out payment, cf. Accounting policy.
3 The principles for allocation of cost by function was changed in 2023, and comparative figures for 2022 have been adjusted accordingly.

Outlook 2024

NNIT expects to maintain the momentum from 2023 and continue to deliver organic revenue growth and profitability improvements in 2024, driven by good traction with customers and positive effects of efficiency measures.

The four regions' successful expansion of engagements with existing customers and onboarding of new customers are expected to continue and drive organic revenue growth of around 10% in 2024. The outlook is supported by a strong pipeline of tenders for large public projects in Region Denmark.

The Group will continue to pursue higher profitability and expects to increase the operating profit margin before special items to 8-9% in 2024 from the 2023 level of 6.7%. Progress will be based on improved capacity utilization, driven by higher activity and revenue. NNIT also expects a positive effect of increased use of nearshore and offshore capabilities following the introduction of global delivery centers in Poland, Czech Republic and the Philippines. In addition, the introduction of the new regional structure and implementation of new internal financial steering in 2023 entail efficiency gains and reduced overhead and corporate costs.

The ongoing implementation of a new ERP system and new global platforms is expected to have a moderate detrimental impact on profitability during implementation in 2024 and deliver efficiency gains through reduced manual and duplicate work going forward. In addition, NNIT expects to book costs of up to DKK 15 million for contingent consideration relating to completed acquisitions as special items in 2024.

The outlook for 2024 is in line with NNIT's 2026 aspirations of generating a compound annual organic growth rate of around 10% from the 2023 base year and delivering a yearly average Group operating profit margin of around 10-13% before special items in 2024-2026.

The outlook and financial aspirations are based on assumptions of relatively stable market conditions, no further deterioration of the global economy and stable exchange rates for key currencies versus DKK.

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 pages 28-30.

Outlook and Performance

	2023			2024
	Outlook	Updated outlook	Realized	Outlook
Revenue growth	~10%	~15%	15.2%	-
Organic revenue growth	-	-	10.8%	~10%
Operating profit margin before special items	~5%	~6%	6.7%	8-9%
Special items	Up to DKK 70m	Up to DKK 70m	DKK 69m	-

* DKK 102 million special costs reclassified as part of discontinued activities.

Our Business

Strategy

NNIT has relaunched the Group strategy with a view to become a more focused consultancy and solutions company with an asset-light business model.

In the relaunched NNIT, addressing the targeted markets requires a combination of NNIT's deep IT solutions expertise and strong process and domain knowledge, which will be deployed internationally through a regional approach and focus on leveraging specific market strongholds in highly regulated industries where NNIT has a clear competitive edge.

Business Model

Deploying strategic assets to address business potential and pains

Value creation

Customer Satisfaction is Key

NNIT is rigorously keeping customer satisfaction a key priority by measuring, analyzing, and acting on key findings from various customer satisfaction data points. Overall, customer satisfaction remains high and stable – as evidenced by various customer satisfaction scores encompassing both end users and key decision makers. Our services are well-received by customers, and we continually monitor satisfaction based on an extensive Customer Feedback Program and daily interactions with customers and partners, providing a solid base for continued improvement.

Industry Focus

NNIT tuned in on two core industries – life sciences globally and the public sector in Denmark. In these areas, NNIT aims to pursue industry excellence, building on deep domain expertise coupled with market leading technologies and partnerships led by the best talent.

Additionally, the private sector in Denmark remains an important market for Region Denmark. Across our industry focus, we see several trends affecting customers' future buying patterns but with an industry flavor. These trends are centered around AI and data enablement, cybersecurity and compliance, and accelerated digital transformation.

Life Sciences

The life sciences market is recession-proof and less vulnerable to global disturbances and economic fluctuations. Based on external analyses, NNIT expects the life sciences market to maintain a healthy growth momentum in the high single digit range with local and regional variations. The life sciences industry is increasingly exploring the potential of new technologies, such as generative AI where NNIT sees a number of strong and innovative business cases. Continued regulatory scrutiny is expected as new advances in core business processes, clinical trials, drug development, etc. are being reinvented as new and existing life sciences organizations rethink their operating models.

Life Sciences Global

Solution portfolio

- R&D
- Manufacturing & Supply Chain
- Commercial IT
- Quality & Compliance
- Data & Digital

Region:

EUROPE | US | ASIA

Public & Private in Denmark

Solution portfolio

- Custom Applications Development
- Microsoft Solutions (incl. Scales)
- SAP
- DevOps
- Advisory & Cybersec

Region:

DENMARK

Public in Denmark

Within the Danish public sector, NNIT will continue to build its presence within core technology areas, such as custom applications development and maintenance as well as the standard applications Microsoft and SAP, coupled with advisory services within compliance and cybersecurity. The exclusive focus on these business areas will establish NNIT as a specialized IT services provider, enabling higher growth and profitability in the years ahead. The Danish public sector is expected to show a decent growth rate going forward, and its recession-proof character makes it attractive for NNIT to counter the impact of economic fluctuations on corporate customers in Denmark. Key industry trends in the Danish public sector include cybersecurity and compliance following a continuous stream of new regulatory frameworks such as NIS2 as well as ESG-related frameworks, requiring a diligent approach to the IT setup to stay compliant. With the continued ambitious digital aspirations for the Danish society, NNIT expects a healthy pipeline of new application centric opportunities in this market.

Private in Denmark

NNIT also focuses on the market outside life sciences and the public sector in Denmark in selected industries. This includes Utility, Manufacturing and Retail where Region Denmark deploys its solutions portfolio to accelerate digital transformation, develop and maintain critical applications and secure compliant and safe operations.

Global Focus - Regional Execution

NNIT is organized in four regions with individual profit & loss responsibility. Three of these regions – Europe, US and Asia – are focused entirely on life sciences, whereas Region Denmark focuses on the Danish market except for the life sciences industry addressed by Region Europe.

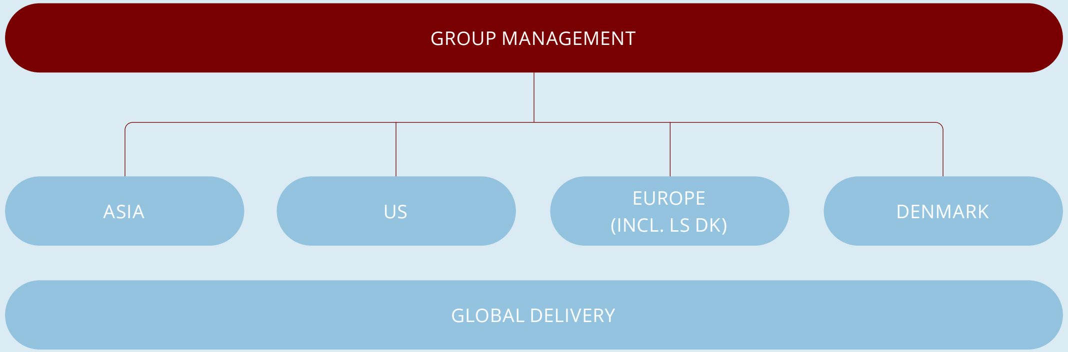
In each region, NNIT builds repeatable solutions with global potential to improve Group profitability. NNIT expects to grow faster than the market and take market share in all regions.

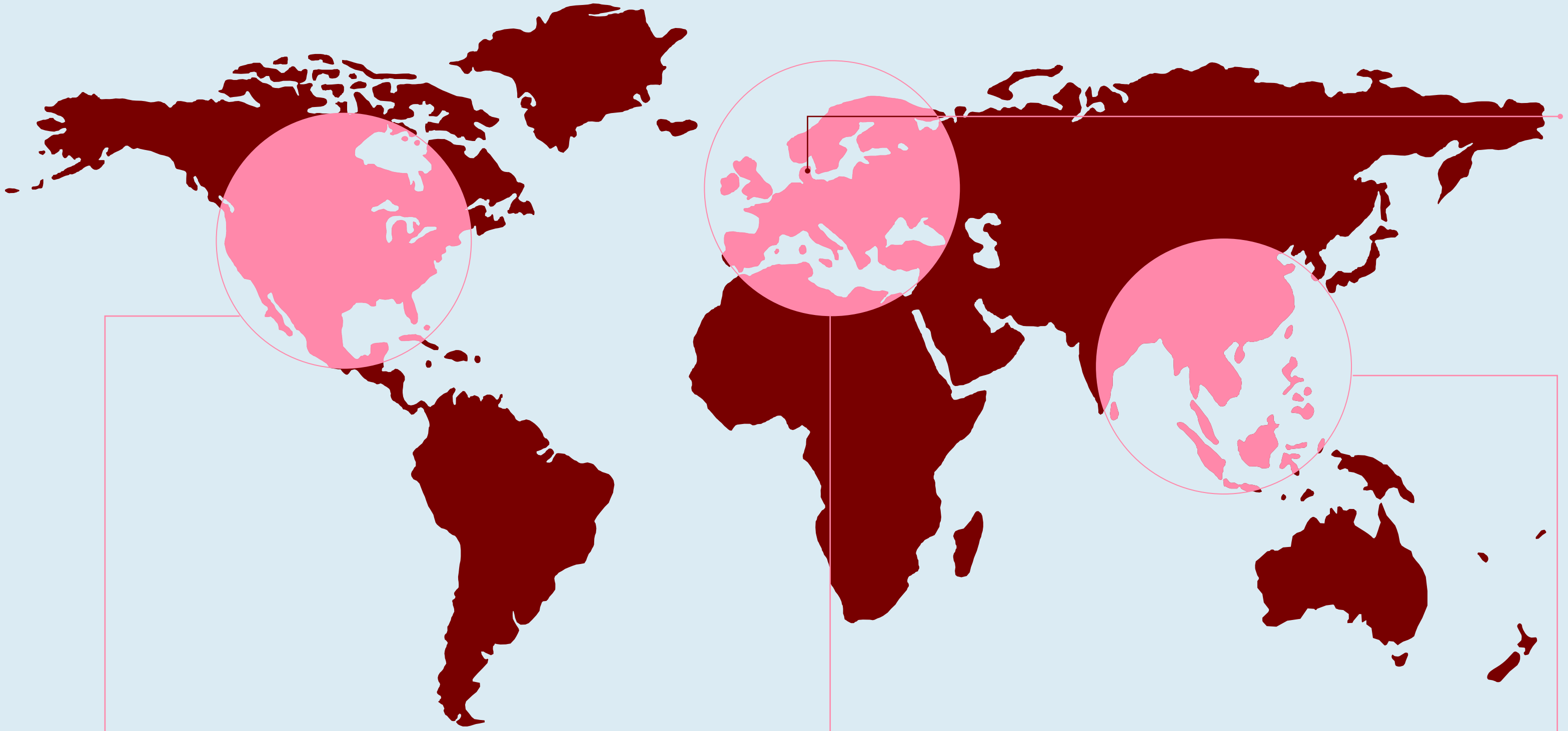
The Group has established global delivery centers located nearshore (Poland and Czech Republic) and offshore (the Philippines) servicing each region with critical capabilities at attractive cost rates. Further, the four regions are supported by enabling units including staff functions and globally focused units aiming to harvest global synergies.

Organization

Principles

· Regional autonomy and P&L
· Customer proximity
· Global coordination
· Sales responsibility in delivery functions
· Solution repeatability





Region Denmark

Focused on building industry mastery in the public sector as well as maintaining and expanding presence with corporate customers through an offering of core solutions within Custom Application Development, Microsoft solutions including Scales and SAP solutions. In the public sector, Region Denmark mainly targets central government opportunities within governmental agencies and companies with a private/public foundation such as Sund & Bælt and Danmarks Apotekerforening. For the public sector, CAD is a core service as most central government applications require customized and tailored development services. Having strong technical competencies coupled with domain knowledge is a core differentiator for NNIT in this space.

Region US

Focused on life sciences domains within R&D, Manufacturing & Supply Chain and Quality & Compliance. Group company Excellis Health Solutions was acquired in 2020 and focuses on Manufacturing & Supply Chain, aiming to be fully integrated in NNIT during 2024. The region has physical locations in New Jersey and Princeton close to the life sciences industry hubs of the USA.

Region Europe

Focused on core life sciences domains within R&D, Manufacturing & Supply Chain, Quality & Compliance and Data & Digital. Group company SL Controls was acquired in 2021 and focuses on Manufacturing & Supply Chain, aiming to be fully integrated in NNIT during 2024. The region targets growth in midsize corporations and aims to maintain a stronghold with multi-national corporations. The region is present in a number of locations throughout Europe to cater for local customer needs.

Region Asia

Comprises NNIT's operations in China and Singapore with a strong presence in Commercial IT, Manufacturing & Supply Chain and Quality & Compliance and aims to grow in Manufacturing & Supply Chain and the Data & Digital area. The region focuses on multi-national corporations with regional offices in Asia and regional biotech as well as local larger corporations in the life sciences industry.

LIFE SCIENCES SOLUTIONS

Europe

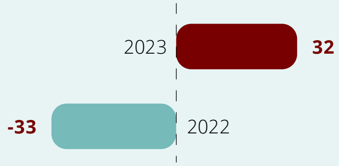
The activity level in Region Europe was impacted by macroeconomic uncertainty in 2023, but new engagements and high customer satisfaction resulted in significantly improved profitability and solid prospects for continued revenue and earnings growth on the back of good traction in the market, higher capacity utilization and enhanced efficiency.

Revenue

DKK
465
million

Group Operating Profit

DKK
32
million



Region Europe delivered stable sales performance in 2023 despite lower activity due to challenging macroeconomic conditions and customers taking a cautious investment approach. Full-year revenue of DKK 465 million was stable compared to last year (2022: DKK 468 million) with positive traction from extensions and expansion of several long-term engagements with existing customers as well as onboarding of new customers. Performance was particularly strong within Veeva and Manufacturing Solutions for the life sciences industry.

The business unit improved capacity utilization and reduced costs during 2023 resulting in significantly increased Group operating profit of DKK 32 million (2022: DKK -33 million) and a Group operating profit margin of 6.9% (2022: -7.1%). Region Europe is expected to continue the positive trajectory in the coming quarters.

During the fourth quarter, Region Europe continued the full-year trend of solidifying its leading position within especially R&D supported by new engagements within Veeva and other digital transformation solutions totaling a higher-range double digit DKK million order entry for new as well as existing customers. The business unit also strengthened its position within Manufacturing for life sciences, totaling a mid-range double digit DKK million order entry.

NNIT was recognized by leading analyst companies such as Gens & Associates and Everest Consulting Group for its leading position within the life sciences digital solutions space – and maintained its leading position as Premier Services Partner for the Veeva Development Cloud. Region Europe delivered a high customer satisfaction score of 4.6 out of 5.

Customer Satisfaction Score

4.6
(out of 5)

LIFE SCIENCES SOLUTIONS

US

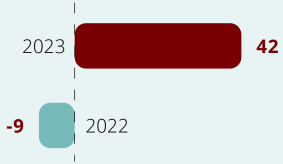
NNIT's US operations delivered strong and profitable growth in 2023 driven by a high activity level among existing and new customers combined with improved capacity utilization and targeted efforts to reduce cost. The Group has a solid market position and good prospects for a continuation of the high activity level.

Revenue

DKK 387 million

Group Operating Profit

DKK 42 million



Customer Satisfaction Score

4.4
(out of 5)

The US business reported continuous growth throughout 2023 based on expansion of engagements and new projects with existing customers as well as onboarding of several new blue-chip customers.

The region's full-year revenue increased by 24% to DKK 387 million (2022: DKK 311 million) with strong contributions from the NNIT business, Group company Excellis Health Solutions and Group company Valiance Partners, which was fully integrated into NNIT in Q4 2023.

The strong performance and successful integration of acquired Group companies is expected to continue, and leadership of all activities in the US market will be assumed by Senior Vice President Greg Cathcart during 2024.

Higher activity with existing and new customers during the year entailed an increase in capacity utilization and efficiency across the US business. Combined with a sharp focus on leveraging and reducing the existing cost base, the US Region generated significant progress in Group operating profit to DKK 42 million (2022: DKK -9 million) and delivered a Group operating profit margin of 10.9% (2022: -2.9%).

The positive development in 2023 outperformed initial expectations and is expected to continue in the coming period as NNIT is well-positioned to leverage the expanded customer base on the back of high customer satisfaction (4.4 out of 5) and the strong growth fundamentals in the US life sciences market.

LIFE SCIENCES SOLUTIONS

Asia

The Group's Asian business was impacted by low activity in the Chinese market in 2023 with positive developments with existing large customers in China and good traction in Singapore partly offsetting the decline. Mitigating actions were taken to adjust capacity and reduce costs.

Revenue

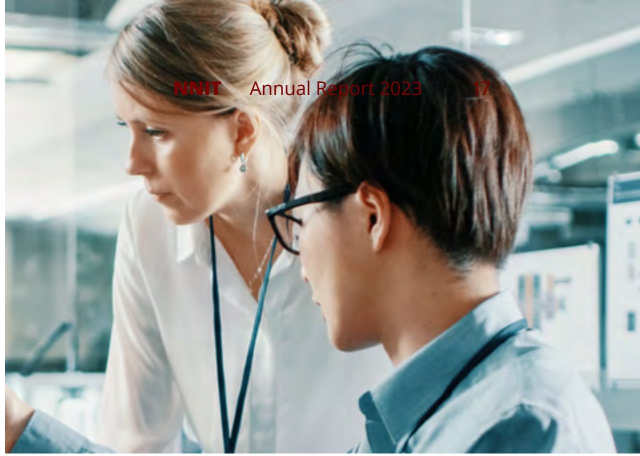
DKK 144 million

2023	144
2022	157

Group Operating Profit

DKK -18 million

2023	-18
2022	-14



Customer Satisfaction Score

4.8 (out of 5)

2023 was a transformative year for Region Asia as continued macroeconomic challenges in China entailed a continuation of the low activity level leading to mitigating actions by NNIT and adjustment of the business in China and Singapore.

Region Asia generated lower revenue of DKK 144 million (2022: DKK 157 million) in 2023 in this contect, even though the business unit delivered stellar customer satisfaction (4.8 out of 5) and maintained a solid foothold in its core business areas, e.g. Commercial IT, Manufacturing & Supply Chain, and Quality & Compliance.

While demand for external support for IT-related projects remained low in China, Region Asia expanded its engagements with large existing customers in China and grew the business in Singapore, which accounted for approximately 20% of revenue.

Region Asia took mitigating actions earlier in the year to accommodate lower demand in China, and these initiatives limited the impact towards the end of 2023.

For the full-year, Region Asia generated Group operating profit of DKK -18 million (2022: DKK -14 million) corresponding to a Group operating profit margin of -12.5% (2022: -8.9%). The full effect of the adjustment of capacity was realized in Q4 2023 and will continue to have a positive impact on earnings in the coming period. Market developments in China are carefully monitored with a view to take further mitigating action if necessary.

PUBLIC & PRIVATE IN DENMARK

Denmark

Region Denmark delivered strong growth across the public and enterprise customer segments in 2023 and continued to invest in capabilities to maintain the growth momentum and build a stronger business. Profitability increased on the back of overhead cost reductions and despite investments in continued growth entailing higher production costs and lower capacity utilization.

Revenue

DKK
732
million

2023	**732**
2022	**564**

Group Operating Profit

DKK
60
million

2023	**60**
2022	**49**

Customer Satisfaction Score

4.3
(out of 5)

The activity level in Region Denmark increased markedly during 2023 through new engagements and ongoing high customer satisfaction resulting in solid revenue growth of 30% to DKK 732 million (2022: DKK 564 million) in 2023. The development was driven by organic growth of 17.0% as well as revenue generated towards the divested business in Aeven. The solid performance was generated across public and enterprise customers and driven by double-digit growth within Custom Application Development and Microsoft Advisory and Technology. Growth was generated across existing customers, new small and mid-sized customers as well as a full-year effect from the Danish National Bank engagement. SCALES Group delivered 20% organic growth, contributing strongly to Group performance.

Region Denmark generated a Group operating profit of DKK 60 million (2022: DKK 49 million) corresponding to a Group operating profit margin of 8.2% (2022: 8.7%).

The increase in earnings was driven by overhead cost reductions, which more than compensated for higher production cost. Production cost increased, and the gross margin declined to 22.7% from a high level in 2022, which was inflated by a cost reimbursement of DKK 22 million for work performed for the infrastructure business before completion of the divestment. Profitability was also impacted by lower capacity utilization due to investments in building new capabilities within SAP Business Services, Cloud Services and Microsoft Advisory and Technology with a view to fueling growth in 2024.

Sustainability and People

Sustainability in NNIT

NNIT's overall aspiration is to make a mark in business and society; bringing digital transformation to life. In other words, while building a successful business, we also want to contribute our expertise and capabilities towards creating a sustainable future.

As responsible corporate citizens, we have long-since committed to the UN Global Compact (UNGC), supporting and communicating on our progress in adhering to the ten UNGC principles. This remains a key pillar in our sustainability and ESG work. As part of our commitment to the UNGC, we also fully support UN's 17 Sustainable Development Goals (SDGs) with special focus on driving awareness and activities in support of SDG 4 Quality Education, SDG 5 Gender Equality, SDG 9 Industry, Innovation and Infrastructure and SDG 12 Responsible Consumption and Production.

Continuing our Efforts in 2023

In addition to this, we disclose our environmental impact via the Carbon Disclosure Project (CDP); and in August 2022, we committed to the Science Based Targets initiative (SBTi), joining over 3,000 other businesses and institutions in reducing our CO_2 emissions in line with climate science. Throughout 2023, we continually collaborated with relevant partners, including SBTi, to set targets towards net zero, consistent with limiting the global temperature rise to 1.5°C. These targets will be agreed with SBTi and published no later than August 2024.

Driving Engagement Internationally in 2024

In May, we launched and implemented our New Beginning strategy, which, among other things, highlighted NNIT as a truly international company consisting of four regions – Europe, US, Asia and Denmark.

To align our sustainability profile closer to our strategy, during 2023, we focused on adopting a more streamlined and international approach. This included a widening of our Sustainability Committee to include representation from all regions as well as the appointment of regional Sustainability Ambassadors to help drive and create awareness about our sustainability work across our entire organization.

Double Materiality Assessment and ESRS Reporting

As part of EU's CSRD and ESRS, to come into effect in 2024, publicly listed companies with more than 500 employees are required to perform a double materiality assessment ahead of sustainability reporting for 2024. NNIT will initiate and complete its double materiality assessment in the first half of 2024. This, of course, will heavily influence our ESG profile, work and reporting in 2024 and the years to come.

EU Taxonomy Regulation Reporting

We refer to our Sustainability Report 2023 for details and reporting tables in relation to EU Taxonomy regulation reporting.

Sustainability Report 2023

https://www.nnit.com/about-us/sustainability-esg/sustainability-reports/

	Unit	**2023**	2022	2021	Target
Environment data[1]					
Global electricity consumption	kWh	10,764,548	19,657,000	19,264,000	TBD
Renewable electricity share	%	95	97	96	TBD
Scope 1 emissions	tCO_2e	106	119	89	TBD
Scope 2 emissions	tCO_2e	1,593	3,123	2,934	TBD
Scope 3 emissions[2]	tCO_2e	7,974	20,373	463	TBD
Social data[3]					
Full-time workforce[4]	Number	1,773	1,809	3,130	N/A
Gender diversity (male/female)	%	66/34	70/30	68/32	30
Employee turnover rate	%	21.6	34	24.1	N/A
Unmanaged employee turnover rate	%	13.6	19	18.1	19
Absence due to illness	%	2.6	3.5	2.3	N/A
Employee satisfaction score[6]	1 to 5	4.0	N/A	4.3	N/A
Governance data[7]					
Gender split, Board (male/female)[8]	%	67/33	67/33	67/33	30
Gender split, Other Management Levels (male/female)[9]	%	87.5/12.5	N/A	N/A	30

1 Data collected from locations with >100 employees (China, Czech Republic, Denmark, the Philippines) for the full year (including the divested infrastructure operations January-April 2023). Data in Scope 1-3 is collected internally in NNIT and based on information from third parties/suppliers. Data is processed in CEMAsys. See method description on p. 20 in the Sustainability Report.
2 In 2023, we expanded our Scope 3 reporting, now covering seven categories. See overview on p. 21 in the Sustainability Report.
3 Data collected for all employees, including Group companies.
4 Average number of full-time employees continuing after the divestment of the infrastructure operations on April 28, 2023. Please note that the 2021 number has not been adjusted to reflect the divestment.
6 Survey not conducted in 2022 due to divestment of infrastructure business.
7 Data collected internally in NNIT from HR and Legal departments.
8 Gender diversity on the Board in 2023 excl. the three employee-elected members.
9 CEO and CFO (Executive Management) and leaders who report to Executive Management. This is a new management category compared to 2022 and 2021, which is why the splits for 2022 and 2021 have been omitted.

NNIT is a People Business

Working in NNIT means being part of an international team of talented colleagues who all work towards a common goal: Making a mark on business and society by bringing digital transformation to life – in industries where quality of life is at play.

We focus on a good working environment where personal development for all individuals is as important as developing our business.

The employee satisfaction survey for 2023 showed a stable and high satisfaction score of 4.0 (out of 5) even in a year of transformation, including the launch of our New Beginning strategy and the successful divestment of our infrastructure business.

Achieving Better Results through Diversity and Inclusion

Our Diversity and Inclusion Policy is the baseline for all our work in this area, and we are continuously introducing different initiatives to support the implementation of the policy as a supplement to mandatory annual training.

All NNIT employees, incl. all leaders, are trained in the policy annually, and in 2024 we plan to review and update the Diversity and Inclusion Policy based on recommendations from our Diversity and Inclusion Community formed by employees representing all our four regions (Europe, US, Asia and Denmark) in 2023.

Making Progress on Gender Balance

In the IT industry, women have traditionally been the under-represented gender, and it remains a fairly male-dominated industry, although certain countries are taking the lead in achieving gender parity. Globally, the gender split among IT professionals is 70/30[1].

In 2023, we were pleased to report that we reached a great milestone with an overall gender split of 66% men and 34% women. This result will be considered as part of the review of our Diversity and Inclusion Policy in 2024.

We also succeeded in attracting more women to our graduate programs and Young Professionals positions, where we have a gender balance of 56% men and 44% women. We make sure that women are nominated to our leadership program Discover Your Leadership Potential and other leadership training, and we seek to promote female as well as male role models whenever possible.

Always Focusing on Qualifications

Despite these great developments, we acknowledge that we have some distance to cover when it comes to achieving our 30% target in 2025 and a more equal gender split for our upper management levels[2].

1 World Economic Forum: The Business Case For Diversity is Now Overwhelming. Here's Why | World Economic Forum (weforum.org)

NNIT's diversity policy for management levels is to employ the best candidates and, as such, the decisive factor in external as well as internal recruitment processes is the candidate's qualifications.

While progress will initially be slow, we remain confident that we will achieve a better gender balance before the end of 2025 by continuing to focus first and foremost on qualifications.

At the managerial level, in 2023, we continuously focused on eliminating barriers that may prevent women from applying or being appointed to a management position. This focus applied to all steps of the employment process: job descriptions, job advertisements, screening of applicants and job interviews.

We will adjust our targets accordingly year by year and introduce new actions informed by the work done by the new Diversity and Inclusion Community.

Increasing diversity is not only about creating a more balanced gender distribution among our management and employees,, and we continue to strive for broad representation among our employees.

Diversity in the Board and Management

As of December 31, 2023, four out of six shareholder-elected board members were male, and two were female (67/33%) after re-elections at the annual general meeting in 2023.

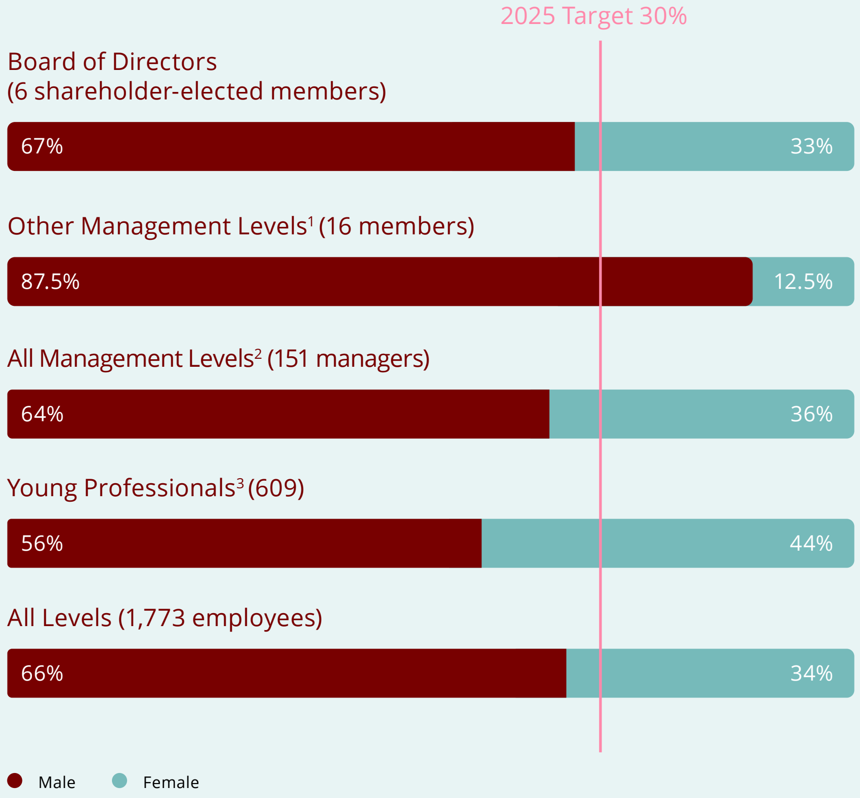
For all management levels, 97 out of 151 employees were male, and 54 were female (64/36%), which means we have fulfilled the 2025 target of having at least 30% of the underrepresented gender on the Board of Directors as well as in management levels. New targets willl be set in 2024.

The Board of Directors remains committed to having international members of the Board. Currently, two shareholder-elected board members are non-Danish.

Sustainability Report 2023
https://www.nnit.com/about-us/sustainability-esg/sustainability-reports/

2 In 2023, with the introduction of our New Beginning strategy, on our journey to becoming a truly international company, we expanded our Group Management to also include the heads of our US and Asia regions as well as the global delivery and enablement units, increasing the total number and ratio of men significantly. At the same time, one (female) member left NNIT in late 2023.

Gender Split (male/female)



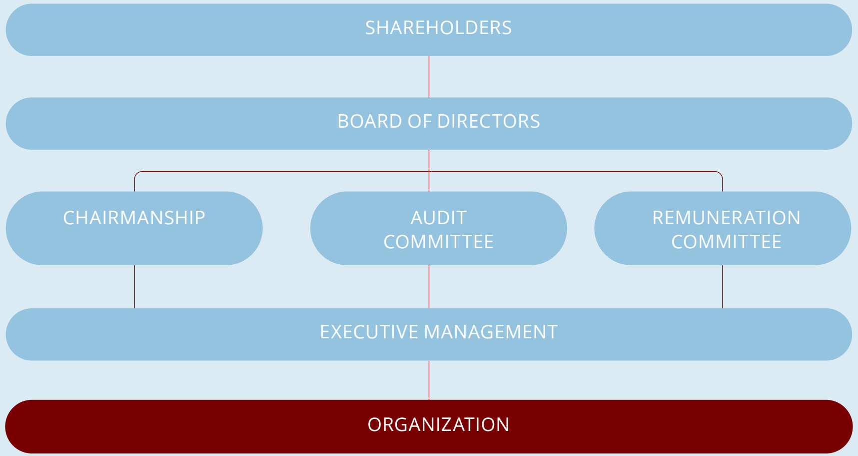
1 CEO and CFO (Executive Management) and leaders who report to Executive Management.
2 All managers on all levels (CEO to Line Manager).
3 All employees under the age of 35.

Governance

Corporate Governance

The Board of Directors of NNIT has a continued focus on good governance practices and complies with all suggested recommendations except for a separate nomination committee, the role of which is handled by the Chairman.

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 Meeting, 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.

The Board of Directors and Executive Management operate under a two-tier management structure. The Board of Directors supervises the work of Executive Management and is responsible for the overall management and strategic direction, while Executive Management is in charge of the day-to-day management. Executive Management has established a Group Management consisting of the chief executive officer, the chief financial officer, the chief strategy and transformation officer and senior vice presidents.

As of 31 December 2023, 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 regarded as 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.

In 2023, the Board of Directors held seven ordinary meetings and two extraordinary meetings.

On March 23, 2023, Kim Høyer and Dorte Broch Pedersen were elected by the employees to the Board of Directors, replacing Kenn K. Jensen and Trine Io Bjerregaard, respectively. Anders Vidstrup was re-elected, but left NNIT on December 12, 2023, and was succeeded by Frederik Sparre Willumsen. Read more about the members of the Board of Directors on pages 31-33.

The Chairman

At the Annual General Meeting, the Chairman and Deputy Chairman of the Board of Directors are elected directly. The Chairman 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 April 2023 Annual General Meeting, the shareholders re-elected the Chairman, Carsten Dilling (independent) and Deputy Chairman, Eivind Kolding (independent).

For a detailed view of the Chairman'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 and sustainability 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 2023, the Audit Committee conducted four ordinary meetings; all members of the committee participated in all meetings.

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 remuner-

	Board & committees			**Meeting attendance 2023**		
Name	Board	Audit	Remuneration	Board of Directors	Audit Committee	Remuneration Committee
Carsten Dilling	Chairman		Member	● ● ● ● ● ● ● ◼ ◼		● ● ●
Eivind Kolding	Deputy Chairman		Chairman	● ● ● ● ● ● ● ◼ ◼		● ● ●
Anne Broeng	Member	Chairman		● ● ● ● ● ● ● ◻ ◻	● ● ● ●	
Christian Kanstrup	Member	Member	Member	● ● ● ● ● ● ● ◼ ◻	● ● ● ●	● ● ●
Nigel Govett	Member	Member		● ● ● ● ● ● ● ◼ ◼	● ● ● ●	
Caroline Serfass	Member			● ● ● ● ● ● ● ◼ ◼		
Anders Vidstrup/Frederik Sparre Willumsen*	Member			● ● ● ● ● ● ● ◼ ◼		
Kenn K. Jensen/Dorte Broch Petersen*	Member			● ● ● ● ● ● ● ◼ ◼		
Trine Io Bjerregaard/Kim Høyer*	Member			● ● ● ● ● ● ● ◼ ◼		

* Employee-elected representative ● Attended ordinary meeting ○ Absent ordinary meeting ◼ Attended extraordinary meeting ◻ Absent extraordinary meeting

ation report. In 2023, the Remuneration Committee conducted two meetings. All members of the Remuneration Committee participated in all meetings in 2023.

Annual Evaluation

Every year, the Board of Directors 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.

In 2023, the evaluation process, based on a questionnaire, was carried out by an external consultant.

In both 2022 and 2023, the annual self-assessment was less comprehensive than in 2021, but 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:

1) The workload for top management was very high in 2023. A new strategy as an IT consulting service partner was successfully formed and launched,

2) The closing process of the transaction around carving out the infrastructure business was comprehensive and complex,

3) More focus on operational elements, like attrition, financial control and risk management, is needed. Actions for this were initiated and have made good progress, and the first early results are already materializing.

Tax Policy

NNIT's Tax Policy outlines the Group's stance on tax and describes the governing principles for tax management. The policy is available from the company's website at: nnit.com/about-us/sustainability-esg/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 embodies 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 them. In that regard, NNIT considers whether the use of personal information is justified and whether 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 it uses personal data

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
- Sustainability and ESG Policy
- Diversity Policy for Management Levels

In NNIT, the type of 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 dialogue when advising about software development, ensuring 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 2023 at nnit.com/about-us/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 Chairman. For more information, please refer to the Statutory Corporate Governance Statement 2023.

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 28-30.

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 Sustainability and ESG pursuant to section 99a and section 107d of the Danish Financial Statements Act for the financial year 2023 is available from the company's website at: nnit.com/about-us/sustainability-esg/sustainability-reports

Corporate Governance Report 2023

nnit.com/about-us/leadership/corporate-governance

Remuneration Report 2023

nnit.com/about-us/leadership/corporate-governance

Risk Management

NNIT's 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. As part of its risk management, NNIT has 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 considers the risk related to climate and environmental impact to be limited as our direct impact is limited to electricity consumption in our offices. We do, however, seek to limit our footprint indirectly via our supply chain as we are increasingly becoming aware of the extent to which we are responsible for CO_2 emissions via Scope 3 of the GHG Protocol.

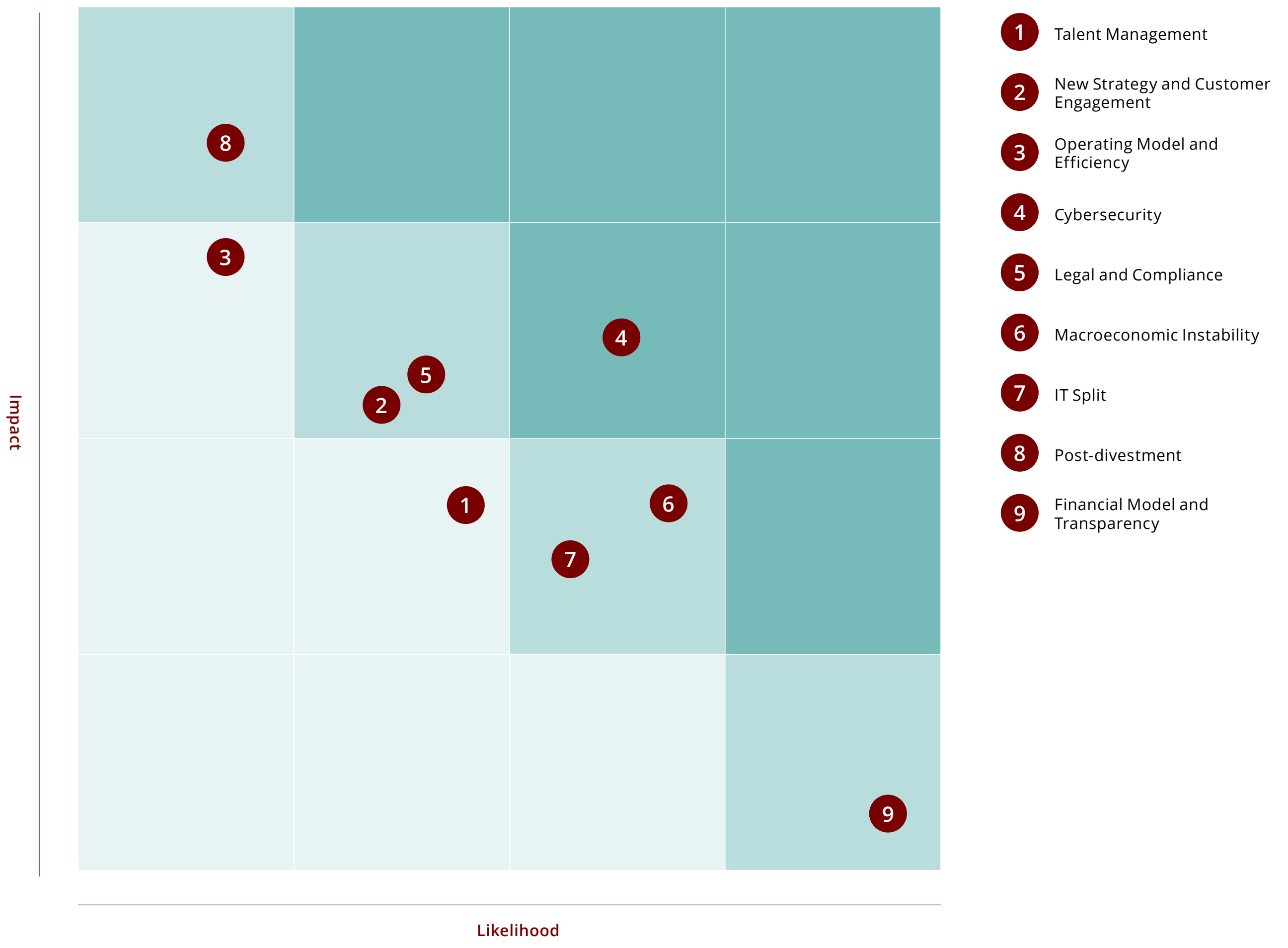
NNIT is operating in a highly competitive market, which is also exposed to significant internal and external events. Mitigating the potential negative impact of these events requires a structured and holistic approach to risk management. Key identified risks are described below.

1. Talent Management

NNIT's ability to maintain and win new business depends on NNIT's ability to attract, retain and develop qualified IT professionals in a current market characterized by shortage of talent in select areas. One of the key focus areas in the new strategy is to become employer of choice by building further on the current strong people foundation across NNIT's international presence. This includes activities such as:

- Attracting talent by offering employees to work on the latest technologies.
- Building engagement through strong leadership and investing in training.
- Incentivizing through a new bonus model.

The Key Risks are Assessed for Likelihood and Impact



2. New Strategy and Customer Engagement

The new strategy, with increased focus on fewer services and a relatively higher number of smaller customer engagements, requires NNIT to transform business processes and deliveries to a more agile set-up reflecting this. As part of the new strategy, a Global Solution Development unit has been established with the responsibility to:

- Ensure solution portfolio relevance and strength in alignment with market trends and customer demands.
- Drive repeatability of key solutions across regions and secure global partnerships with global anchoring.

Business plans are developed for each region with a direct link to financial budgets to support continuous monitoring of the strategy execution and progress.

3. Operating Model and Efficiency

The new strategy introduced a simplified operating model establishing a strong regional ownership and accountability to improve utilization and lower overhead cost, supported by more standardized global processes and leveraging of the global delivery centers. Capacity increases must be diligently balanced with revenue development to ensure satisfactory margins. Increased transparency and continuous performance management with targeted goals on utilization and margins, in combination with better and ERP-supported processes, will improve efficiency. Efficiency improvements are linked to the budget and monitored in monthly Business Reviews.

4. Cybersecurity

NNIT is exposed to cybersecurity related risk, which can potentially harm or damage computer systems, networks, or digital environments. An Information Security function (led by the CISO) was established with the purpose of monitoring and addressing prioritized risk by advising on relevant mitigating activities. A Security Steering Committee (StC) was established with responsibility for reviewing discovered security risks, and for prioritizing and endorsing security initiatives suggested by the CISO to reduce information security risks to NNIT. The Security StC addresses corporate level information security risks and approves related risk treatment initiatives and plans.

5. Legal and Compliance

Increasing complexity and intensified regulatory compliance, e.g. EU legislation on geo-restrictions, and significant GDPR regulation changes and increasing ESG requirements, pose a risk of NNIT being in breach of compliance requirements. The DPO function and Legal department monitor and assess new legal and regulatory requirements and advise on relevant activities to be initiated.

6. Macroeconomic Instability

Financial downturn or recession may lead to changed customer buying behavior, pressure on rates and postponement or cancellation of projects. Pipeline and capacity is closely monitored to balance the effects of macroeconomic downturns impacting NNIT markets negatively.

7. IT Split

The split of NNIT into two separate companies continues to pose an operational risk due to the potential impact on IT systems and operational procedures. The IT separation program is being closely monitored, and recurring meetings are held in the Separation Group to review progress with participation of leadership responsible for managing the IT split from the Aeven and NNIT organizations. NNIT has completed 70% of the transition.

8. Post-divestment

The divestment of the infrastructure operations entails a range of commitments and obligations that can impose financial risk post divestment. NNIT has entered into back-to-back agreements with Aeven sharing risk on customer deliveries. Obligations and commitments are being monitored in the established forums, e.g. Separation Group, Customer Group and Legal department, with potential escalation to the NNIT Group Management.

9. Financial Model and Transparency

To increase financial transparency and enable better performance management, a new financial model is being implemented. The new financial model combined with a new global ERP solution will improve efficiency.

Board of Directors

Carsten Dilling
Chairman

Eivind Kolding
Deputy Chairman

Anne Broeng
Board Member

	Carsten Dilling, Chairman	Eivind Kolding, Deputy Chairman	Anne Broeng, Board Member
Committee	Member of the Remuneration Committee	Chairman of the Remuneration Committee	Chairman of the Audit Committee
Personal and Educational Background	Born 1962. Danish citizen. Bachelor's in science and bachelor's in commerce, international marketing from Copenhagen Business School. Member of the Board of Directors since 2016.	Born 1959. Danish citizen. Master's in law from the University of Copenhagen and AMP from Wharton Business School. Member of the Board of Directors since 2015.	Born 1961. Danish citizen. Master's in economics from the University of Aarhus. Member of the Board of Directors since 2014.
Other Directorships	Chairman of the Boards of SAS AB*, MT Højgaard Holding A/S* and Terma A/S, and member of the Investment Committees of Maj Invest.	Chairman of the Board of Directors of Nordic Transport Group (NTG) A/S*, Danmarks Skibskredit A/S, Den Erhvervsdrivende Fond Gl. Strand, DAFA Holding A/S and MFT Energy A/S. Deputy Chairman of the Board of Directors of LEO Fondet. Member of the Board of Altor Fund Manager AB.	Chairman of the Board at Velliv Pension og Livsforsikring A/S, SleepCycle AB* and Julius P. Justesen Fond. Deputy Chairman of Børns Vilkår. Member of the Boards of VKR Holding A/S, Rambøll Gruppen, Energi Danmark A/S and Aquaporin A/S*.
Independence	Regarded as independent.	Regarded as independent.	Regarded as independent.
Special Competences	Strong executive background as CEO and Chair of a number of boards, and extensive experience within the IT industry.	Extensive executive background as CEO and CFO, and strong competencies within finance, IT, and general management.	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.
NNIT Shares	8,140 shares (+5,400 in 2023)	7,950 shares (+5,550 in 2023)	2,516 shares (no change in 2023)

* Listed company

Board of Directors

	 **Caroline Serfass** Board Member	 **Christian Kanstrup** Board Member	 **Nigel Govett** Board Member
Committee	N/A	Member of the Audit Committee Member of the Remuneration Committee	Member of the Audit Committee
Personal and Educational Background	Born 1961. French and British citizen. Master's in robotics from the University of Montreal, Canada, Master's in electrical and electronics engineering, École Centrale de Paris, France. Member of the Board of Directors since 2018.	Born 1972. Danish citizen. Master's in economics (cand. polit.) from the University of Copenhagen. Post graduate executive education from IMD. Member of the Board of Directors since 2018.	Born 1974. British citizen. Bachelor's (Hons) in historical studies from University of Sunderland. IMD Lausanne Global Board Education Program. Fellow Member of the Association of Chartered Certified Accountants (ACCA). Member of the Board of Directors since 2022.
Other Directorships	Non-Executive Director at NHS Blood and Transplant (UK National Health System).	CEO of Evaxion Biotech A/S.	CFO of Novo Holdings A/S. Non-Executive Member of Tanjun 1 GP Limited in Guernsey (UK).
Independence	Regarded as independent.	Not regarded as independent due to his previous relations to Novo Nordisk A/S, which is a major shareholder of NNIT A/S.	Not regarded as independent due to his CFO position in Novo Holdings A/S which is a major shareholder of NNIT A/S.
Special Competences	Extensive background as a CIO in the international life sciences industry and strong competencies in IT and regulated industries.	Extensive background in the international life sciences industry as well as strong competences in finance and investor relations.	Extensive background in corporate finance, business structuring and M&A activity, and strong competencies within international debt finance and private equity markets.
NNIT Shares	0 shares (no change in 2023)	3,000 shares (+3,000 in 2023)	0 shares (no change in 2023)

Board of Directors

	Dorte Broch Pedersen Employee-elected Representative	**Frederik Sparre Willumsen** Employee-elected Representative	**Kim Høyer** Employee-elected Representative
Committee	N/A	N/A	N/A
Personal and Educational Background	Born 1970. Danish citizen. Master's in internationalization and business administration from University of Southern Denmark. Employee Elected Board Member since 2023, joined NNIT in 2019. Director, HR Partner for Region Europe.	Born 1996. Danish citizen. Master of science in economics and business administration from Copenhagen Business School. Employee-elected member of the Board of Directors since 2023, joined NNIT in 2021. Advanced Business Consultant at NNIT.	Born 1974. Danish citizen. Export Engineer from the Technical University of Denmark (DTU). Employee-elected member of the Board of Directors since 2023, joined NNIT in 2012. Regional Head of NNIT Life Sciences Nordic European region.
Other Directorships			
Independence	N/A	N/A	N/A
Special Competences	N/A	N/A	N/A
NNIT Shares	0 shares (no change in 2023)	24 shares (no change in 2023)	168 shares (no change in 2023)

Group Management

Pär Fors
President and CEO, Member of the Executive Management

Born in 1966. Pär Fors joined NNIT in 2021. Before joining NNIT, Pär was the CEO of CGI in Scandinavia. From 2017 to 2021, Pär was Chair of the Board of the association for Swedish IT and Telecom Industries, and since moving to Denmark, he has been a member of the Board of the industry association IT Branchen. He holds an MSc in Business Administration and Economics from Linköping University.

Carsten Ringius
Executive Vice President and CFO, Member of the Executive Management

Born in 1972. Carsten Ringius joined NNIT in 2022. Before joining NNIT, he was Group CFO at K.W. Bruun Import – and before that he held a number of divisional CFO positions at TDC. He holds an MSc. in Economics & Business Administration – Finance from Aarhus School of Business, Denmark/Oregon State University.

Signe Nelsson
Senior Vice President, Head of Human Resources

Born in 1976. Signe Nelsson became a part of NNIT in June 2023. Prior to joining NNIT, Signe held senior HR leadership roles within the financial and life sciences industries. Previously, she also acted as an Executive Advisor in the realms of public affairs and community engagement. Signe holds an MSc in psychology and business from Roskilde University and an Executive MBA from Henley Business School.

Lars B. Petersen
Senior Vice President, Head of Communications, Marketing and Commercial Excellence

Born in 1971. Lars B. Petersen joined NNIT in 2007. In September 2023, to further drive and anchor commercial excellence in NNIT, he was promoted to Senior Vice President, Communications, Marketing and Commercial Excellence, thereby joining the Group Management team. Before joining NNIT, he held a number of sales manager positions in IBM, and he was a staff sergeant in the Royal Danish Airforce. He holds a graduate degree in Marketing Management from Copenhagen Business College.

Group Management

Jason Xing
Senior Vice President,
Head of Region Asia

Born in 1973. Jason Xing joined NNIT in 2007 as the first manager hired locally in China. In 2019, he was promoted to General Manger of NNIT China, and starting in 2022, he was made responsible for NNIT China and Singapore. In April 2023, he was promoted to Senior Vice President, Head of Region Asia, thereby joining the Group Management team. Before joining NNIT, he worked in OTIS Elevators as Senior Manager and Motorola as Engineer and Manager. He holds a bachelor's degree in electrical engineering from Tianjin University and an MBA from the University of Maryland.

Ricco Larsen
Senior Vice President,
Head of Region Europe and Global Solution Development

Born in 1973. Ricco Larsen joined NNIT in 1999 and has been instrumental in shaping the company in several delivery and sales management positions, including internationalization of the Life Sciences business. He has held his current position since 2016, after returning from a General Manager position in NNIT China. He holds an MSc in Business Administration and Total Quality Management from the Aarhus School of Business/ Aarhus University.

Kasper Søndergaard Andersen
Senior Vice President,
Head of Region Denmark

Born in 1978. Kasper Andersen joined NNIT in 2009 and has since held a number of different roles before advancing to his current position in 2020. He has been a central driving force in some of the largest strategic transformation projects over the years, not least the acceleration of global sourcing, implementation of companywide automation, and the shaping of some of NNIT's largest customer engagements. He holds an MSc in Business Administration – Intercultural Management from Copenhagen Business School.

Greg Cathcart
Senior Vice President,
Head of Region US

Born in 1961. Greg Cathcart joined the NNIT Group in 2020 when NNIT acquired Excellis Health Solutions. In October 2023, as part of the initial planning to integrate Excellis in NNIT, he was made Senior Vice President, Head of Region USA, thereby joining NNIT's Group Management team. In addition to his role as CEO of Excellis Health Solutions, he has comprehensive experience from various chief and sales executive roles within the life sciences industry, including several operational & supply chain roles at Johnson & Johnson (12+ years) and the role of Life Sciences Leader at SAP (3+ years). He holds a BSc in Management from Temple University.

Shareholder Information

NNIT shares were priced at DKK 84.1 per share on December 31, 2023, for a market capitalization of DKK 2,102.5 million. The share price increased 28% in 2023.

By comparison, the Nasdaq Copenhagen A/S OMXC25 CAP index increased 5%, while the Nasdaq Copenhagen MidCap index, of which NNIT is a component, was up 2% in the same period.

In 2023, the average daily turnover in the NNIT share was DKK 1.6 million.

Share Capital and Ownership

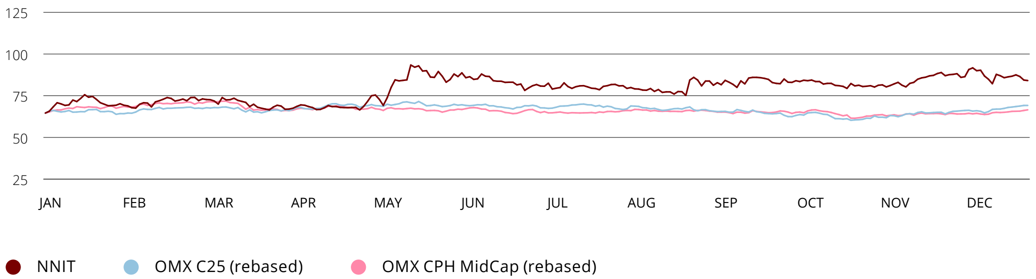
NNIT's share capital amounts to DKK 250,000,000 divided into 25,000,000 shares, each with a nominal value of DKK 10. NNIT has a single share class, each share carrying 10 votes. There are no restrictions on ownership or voting rights. NNIT had 16,600 registered shareholders on December 31, 2023.

51% of the share capital was directly or indirectly controlled by Novo Holdings A/S. The following investors reported holding 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 5.86%

NNIT Share Price Compared to Peers

DKK per share

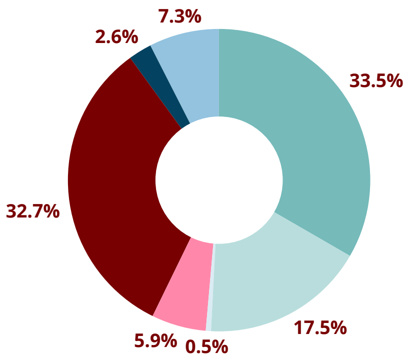


Share information

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):	84.1
Treasury shares:	131,208 (0.5%)

Shareholder overview

%



- Novo Holdings A/S
- Novo Nordisk A/S
- NNIT A/S
- Chr. Augustinus Fabrikker
- Rest of Denmark
- Not registered
- Rest of World

On December 31, 2023, approximately 90% of NNIT's shares were held by investors based in Denmark, while 7% were held by foreign investors. The outstanding 3% of shares were not registered by name.

Treasury Shares

As part of its internal incentive programs NNIT held 131,208 shares as of December 31, 2023 for a total value of DKK 11.0 million. Key Management has been granted 87,657 shares with a fair value of DKK 7.4 million as of December 31, 2023.

Dividend Policy and Capital Structure

NNIT aims to deliver a competitive return to its shareholders through a combination of share price increase and distribution of capital. The guiding principle is that excess capital after funding of NNIT's growth opportunities, including investments, should be returned to the shareholders.

NNIT is currently focused on maintaining a flexible capital structure and ensuring a leverage ratio (NIBD/EBITDA) in the 1-3x range excluding the effect of potential M&A activity. NNIT aims to continue investing in the business to drive growth and efficiency, including pursuing potential M&A opportunities within the industry. The Board of Directors thus 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 2023, equal to a dividend payout ratio of 0% of the 2023 net results.

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 dialogue with investors and analysts.

NNIT's Executive Management hosts conference calls following the release of quarterly financial results and participates in relevant seminars and meetings to ensure that investors can meet with NNIT on a regular basis.

The NNIT stock is currently covered by three 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, investor news, press releases, historical financial figures, analyst 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:

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EVP and CFO
Contact: +45 3077 8888 | carr@nnit.com
nnit.com/investors-media/investors

Financial Calendar for 2024

March 14	Annual General Meeting
May 7	Results for the first three months of 2024
August 26	Results for the first six months of 2024
November 5	Results for the first nine months of 2024

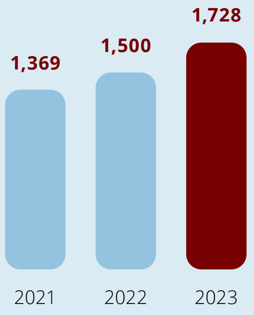
Financial Statements

Consolidated Financial Statements

Revenue and Earnings

Revenue
NNIT grew revenue by 15.2% to DKK 1,728 million (2022: DKK 1,500 million) in 2023 driven by strong growth in Region Denmark and Region US, moderate growth in the European business and a slight decline in the Group's activities in Asia. 2023 revenue was positively impacted by a moderate full-year effect of the acquisition of prime4services in March 2022.

Revenue
DKK million



Earnings
Gross profit for the Group increased to DKK 445 million (2022: DKK 408 million) for a slightly lower gross profit margin of 25.8% (2022: 27.2%) in 2023. The development was impacted by an increase in cost of goods sold to DKK 1,283 million (2022: DKK 1,092 million) in 2023 reflecting the higher revenue and activity level.

NNIT's sales and marketing costs decreased by 33% to DKK 63 million (2022: DKK 94 million), and administrative expenses were reduced by 17% to DKK 266 million (2022: DKK 321 million) in 2023.

The Group generated operating profit before special items of DKK 116 million (2022: DKK -7 million) in 2023 driven by higher activity and revenue growth combined with lower sales and marketing costs as well as the decline in administrative expenses.

Special costs amounted to DKK 69 million (2022: cost of DKK 278 million) in 2023 and related mainly to employee benefit costs as part of contingent consideration agreements and restructuring costs, cf. note 2.5.

2023 operating profit improved significantly to DKK 47 million (2022: DKK -285) due to the decline in special costs.

Financial items
The Group reported an increased net financial expense of DKK 30 million (2022: expense of DKK 9 million) in 2023 mainly due to higher interest expenses in the financial year. The higher interest expense in 2023 was driven by higher and nearly fully utilized credit facilities in the first four months of the year.

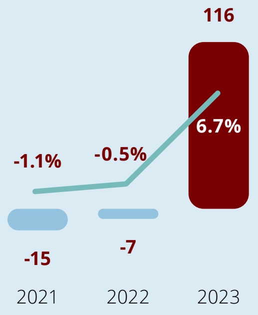
Income Tax
Income tax was an expense of DKK 11 million (2022: an income of DKK 36 million) in 2023 corresponding to an effective tax rate of 64.8% (2022: 12.2%). The tax rate level is impacted by non-deductible costs.

Profit for the year
Profit from continuing operations was DKK 6 million (2022: DKK -258 million) in 2023.

Result for discontinued operations
Profit from discontinuing operations was DKK 24 million (2022: DKK 56 million) in 2023.

Comprehensive income
Total comprehensive income came to DKK 12 million (2022: DKK -180 million) in 2023 due to the positive development in profit for the year.

Earnings
Operating profit before special items, DKKm
Profit margin, %



Income Statement

for the year ended December 31

DKK million	Note	**2023**	2022
Revenue	2.1	**1,728**	**1,500**
Cost of goods sold	2.2, 2.3, 2.4, 5.1	1,283	1,092
Gross profit		**445**	**408**
Sales and marketing costs	2.2, 2.4	63	94
Administrative expenses	2.2, 2.4	266	321
Operating profit before special items		**116**	**(7)**
Special items, costs	2.5	69	278
Operating profit/(loss)		**47**	**(285)**
Financial income	4.1	16	21
Financial expenses	4.1	46	30
Profit/(loss) before income taxes		**17**	**(294)**
Income taxes	2.6	11	(36)
Profit/(loss) from continuing operations		**6**	**(258)**
Profit/(loss) from discontinued operations	3.9	24	56
Net profit for the year		**30**	**(202)**
Earnings per share from continuing operations			
Earnings per share (DKK)	4.2	0.24	(10.39)
Diluted earnings per share (DKK)	4.2	0.24	(10.39)
Earnings per share from total operations			
Earnings per share (DKK)	4.2	1.20	(8.13)
Diluted earnings per share (DKK)	4.2	1.20	(8.13)

Statement of Comprehensive Income

for the year ended December 31

DKK million	Note	**2023**	2022
Net profit/(loss) for the year		**30**	**(202)**
Other comprehensive income:			
Items that will not subsequently be reclassified to the income statement:			
Remeasurement related to defined benefit pension obligations	3.7	(1)	14
Tax on other comprehensive income related to defined benefit pension obligations		-	(1)
Items that may be reclassified subsequently to the income statement, when specific conditions are met:			
Exchange rate adjustments related to subsidiaries (net)		(19)	22
Tax related to exchange rate adjustments related to subsidiaries (net)		2	(5)
Recycled to financial items		-	*21*
Unrealized value adjustments		-	*(32)*
Cash flow hedges			(11)
Tax on other comprehensive income related to cash flow hedges	2.6	-	3
Other comprehensive income, net of tax		**(18)**	**22**
Total comprehensive income		**12**	**(180)**
Total comprehensive income arises from:			
Discontinued operations		24	58
Continuing operations		(12)	(238)

Cash Flows

Cash flow from operating activities

In 2023, the cash flow from operating activities was an outflow of DKK 202 million (2022: Outflow of 106 million). The cash flow was positively impacted by the earnings improvement in 2023, whereas changes in working capital contributed to the outflow. The continuing business generated a cash outflow of DKK 105 million (2022: Outflow of DKK 212 million) from operating activities.

Cash flow from investing activities

The cash flow from investing activities increased significantly to an inflow of DKK 900 million (2022: Outflow of DKK 197 million) in 2023 due to the divestment of the infrastructure business completed in April. The continuing business generated a moderate cash outflow of DKK 4 million (2022: Outflow of DKK 80 million) from investing activities in 2023.

Free cash flow

NNIT generated a free cash inflow of DKK 698 million (2022: Outflow of DKK 303 million) in 2023 due to the divestment of the infrastructure business. The continuing business generated a free cash outflow of DKK 109 million (2022: Outflow of DKK 292 million) in 2023.

Cash flow from financing activities

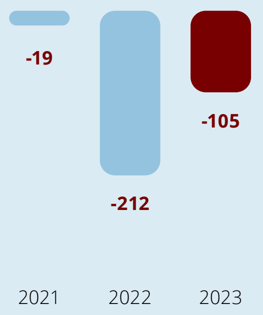
The Group generated a cash outflow from financing activities of DKK 652 million (2022: Inflow of DKK 281 million) in 2023. The Group repaid a credit facility in connection with refinancing of its debt and the divestment of the infrastructure business.

Net cash flow

The net cash flow for 2023 was positive by DKK 46 million (2022: Negative by DKK 22 million).

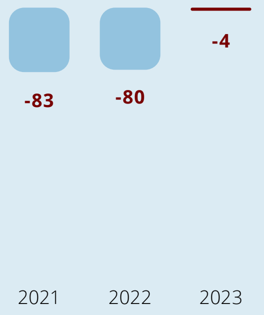
Cash flows from operating activities

DKK million



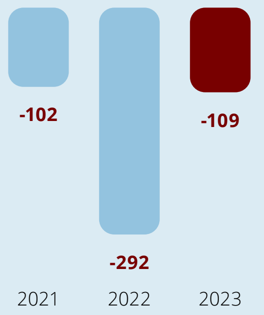
Cash flows from investing activities

DKK million



Free cash flow

DKK million



Statement of Cash Flows

for the year ended December 31

DKK million	Note	2023	2022
Net profit/(loss) for the year		**30**	**(202)**
Reversal of non-cash items	5.3	(14)	250
Interest (paid)/received		(40)	(30)
Income taxes (paid)/received	2.6	36	4
Cash flow before changes in working capital		**12**	**22**
Changes in working capital[1]	5.4	(214)	(128)
Cash flow from operating activities		**(202)**	**(106)**
Hereof cash flow from operating activities, discontinued		(97)	106
Hereof cash flow from operating activities, continuing		**(105)**	**(212)**
Capitalization of intangible assets	3.1	(24)	(23)
Purchase of tangible assets	3.3, 5.4	(46)	(103)
Sale of tangible assets		2	2
Sublease payments received	4.3	18	5
Divestment of instrastructure business	3.9	1,001	-
Paid transaction costs	3.9	(51)	0
Acquisition of subsidiaries	5.5	-	(68)
Adjustment acqusition of subsidaries		-	(1)
Loan related to acquisition of subsidaries		-	(9)
Cash flow investing activities		**900**	**(197)**
Hereof cash flow from investing activities, discontinued		904	(117)
Hereof cash flow from investing activities, continuing		**(4)**	**(80)**

DKK million	Note	2023	2022
Deposit (paid)/received	3.5	4	3
Instalments on lease liabilities	4.3, 4.4	(66)	(83)
Drawn/(repaid) on credit facilities		(590)	361
Cash flow from financing activities		**(652)**	**281**
Cash flow from financing activities, discontinued		-	-
Cash flow from financing activities, continuing		**(652)**	**281**
Net cash flow		**46**	**(22)**
Cash and cash equivalents at the beginning of the year		208	230
Cash and cash equivalents at the end of the year	5.4	**254**	**208**

[1] Of which DKK (248) million relates to factoring (2022: DKK 81 million). Please refer to note 3.6 for more details.

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

Balance sheet and equity

Assets
Total assets have declined to DKK 1,977 million (2022: DKK 2,748 million) at December 31, 2023. The decline was due to the divestment of the infrastructure business and increases in trade receivables and other receivables.

Return on invested capital
NNIT improved the return on invested capital (ROIC) of 2.9% (2022: -19.2%) in 2023 driven by higher earnings and lower invested capital.

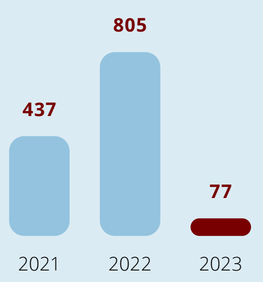
Equity
Equity amounts to DKK 827 million (2022: DKK 814 million) at the end of the year for a solvency ratio of 41.8% (2022: 29.6%). No dividends have been proposed for 2023.

Financing
The Group's net interest-bearing debt declined to DKK 77 million (2022: DKK 805 million) in 2023 following the divestment of the infrastructure business.

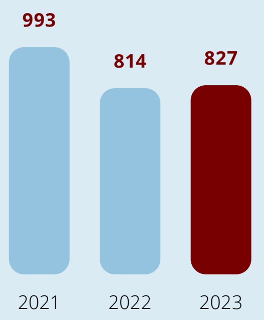
On December 31, 2023, net cash and cash equivalents had increased to DKK 254 million (2022: DKK 208 million) driven by the positive cash flow. NNIT further had undrawn committed credit facilities in the amount of DKK 33 million (2022: DKK 193 million) at the end of 2023.

The Group's credit facility has been reduced to DKK 300 million (2022: DKK 1,050 million) after refinancing in connection with the divestment of the infrastructure business in 2023 and is subject to standard financial covenants, cf. note 4.4.

Net interest-bearing debt
DKK million



Equity
DKK million



Return on invested capital
%

Balance Sheet

as of December 31

ASSETS

DKK million	Note	**2023**	2022
Intangible assets	3.1	704	706
Tangible assets	3.3	8	17
Lease assets	4.3	45	108
Transition cost	3.4	14	7
Deferred taxes	2.6	78	7
Deposits	3.5	31	27
Trade receivables		25	1
Other receivables		214	9
Total non-current assets		**1,119**	**882**
Inventories		2	4
Transition cost	3.4	3	2
Trade receivables	3.6, 5.7	451	383
Work in progress	3.4	67	54
Other receivables		44	26
Prepayments		27	32
Tax receivables	2.6	10	113
Cash and cash equivalents	4.4	254	208
Total current assets		**858**	**822**
Assets classified as held for sale	3.9	**-**	**1,044**
Total assets		**1,977**	**2,748**

EQUITY AND LIABILITIES

DKK million	Note	**2023**	2022
Share capital	4.2	250	250
Treasury shares	4.2	(1)	(1)
Retained earnings		556	526
Other reserves		22	39
Total equity		**827**	**814**
Lease liabilities	4.3	13	83
Employee benefit obligations	3.7	6	13
Provisions	3.8	27	30
Trade payables		12	33
Credit facilities	4.4	267	-
Other non-current liabilities		10	3
Total non-current liabilities		**335**	**162**
Prepayments received, transition cost	3.4	20	15
Prepayments received, work in progress	3.4	74	55
Deferred income	3.4	67	-
Lease liabilities	4.3	51	73
Employee benefit obligations	3.7	57	50
Provisions	3.8	15	-
Trade payables		98	118
Employee costs payables		122	131
Tax payables	2.6	70	33
Credit facilities		-	857
Other current liabilities		241	248
Total current liabilities		**815**	**1,580**
Liabilities directly associated with assets classified as held for sale	3.9	**-**	**192**
Total equity and liabilities		**1,977**	**2,748**

Statement of Changes in Equity

as of December 31

DKK million	Note	Share capital	Treasury shares	Retained earnings	Other reserves: Exchange rate adjustments	Other reserves: Tax	Total other reserves	Proposed dividends	Total
2023									
Balance at the beginning of the year		**250**	**(1)**	**526**	**46**	**(7)**	**39**	**-**	**814**
Net profit for the year				30			-		30
Other comprehensive income for the year				(1)	(19)	2	(17)		(18)
Total comprehensive income for the year		**-**	**-**	**29**	**(19)**	**2**	**(17)**	**-**	**12**
Transactions with owners:									
Transfer of treasury shares			-	-			-		-
Share-based payments	5.1			1			-		1
Balance at the end of the year	4.2	**250**	**(1)**	**556**	**27**	**(5)**	**22**	**-**	**827**

Statement of Changes in Equity

as of December 31

					Other reserves					
DKK million	Note	Share capital	Treasury shares	Retained earnings	Exchange rate adjustments	Cash flow hedges	Tax	Total other reserves	Proposed dividends	Total
2022										
Balance at the beginning of the year		**250**	**(2)**	**714**	**24**	**11**	**(4)**	**31**	**-**	**993**
Net profit for the year		-	-	(202)	-	-	-	-	-	(202)
Other comprehensive income for the year		-	-	14	22	(11)	(3)	8	-	22
Total comprehensive income for the year		**-**	-	**(188)**	**22**	**(11)**	**(3)**	**8**	**-**	**(180)**
Transactions with owners:										
Transfer of treasury shares		-	1	(1)	-	-	-	-	-	-
Share-based payments	5.1	-	-	1	-	-	-	-	-	1
Balance at the end of the year	4.2	**250**	**(1)**	**526**	**46**	**-**	**(7)**	**39**	**-**	**814**

Notes to the Consolidated Financial Statements

1. Basis of preparation

1.1 Summary of significant accounting policies

The consolidated financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish financial statements Act. The Consolidated Financial Statements are prepared in accordance with IFRS standards and interpretations applicable to the 2023 financial year.

Changes to comparative figures

In connection with the preparation of the Consolidated Financial Statements for 2023, corrections to the comparative figures have been made. The corrections are not considered having any material impact on NNIT's financial position nor in relation to either income statement or equity.

Change in allocation of cost by function

In 2023, NNIT changed the principles behind the allocation of cost by function. Therefore the comparative figures for 2022 have been adjusted using the same principles. The effect is illustrated below:

DKK million	2022 Before adjust-ment	Adjust-ment	2022 After adjust-ment
Cost of goods sold	1,349	(257)	1,092
Sales and marketing costs	81	13	94
Admin-istrative expenses	77	244	321
Total	**1,507**	**0**	**1,507**

The above illustration shows 2022 original figures, adjustment and 2022 adjusted figures, which is presented in the financial statement for 2023.

Measurement basis

The consolidated financial statements have been prepared under the historical cost convention.

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. Refer to note 1.4 General accounting policies for further details.

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 long-term contract will exceed the total revenue on a specific project, the expected loss is recognized immediately in the income statement in the current period.

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:

- Discontinued operations (note 3.9)
- Impairment test, goodwill (note 3.2)

Discontinued operations

On 28 April, NNIT completed the transformative divestment of the Group's infrastructure operations. Discontinued operations (Hybrid Cloud Solutions and selected parts of Cloud & Digital Solutions) therefore covers the first four months of the financial year 2023. Discontinued operations have been assessed in respect of IFRS 5 Discontinued operations, and it represents a significant accounting judgement. Refer to note 1.4 General accounting policies for further details.

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 CGU's and are based on historical data and assumptions of future expected market developments, including expected long-term average market growth rates.

In 2023, the Group re-allocated goodwill to align with the new organisational structure announced in May 2023 and implemented with effect from the release of the interim report for the first six months of 2023. The re-allocation was carried out to reflect the new internal management reporting and consequently how goodwill is monitored.

1.3 Changes in accounting policies, estimates and disclosures

NNIT has applied relevant new or amended standards (IFRS) and interpretations (IFRIC) as applied by the EU and which are effective for the financial year 1 January – 31 December 2023. NNIT has assessed that the new or amended standards and interpretations have not had any material impact on NNIT's Annual Report in 2023.

New 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.

After the completion of the transformative divestment of the Group's infrastructure business, NNIT has changed its financial reporting format to reflect its new regional organization and to ensure consistency with internal reporting. Refer to note 2.1 Segment Information for further details.

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

Continuing and Discontinued operations

Separation of operations into continuing and discontinued operations is based on an identification of contracts and revenues, direct employees and costs as well as identification of time spend by employees in one category related to the other. Shared costs are split based on allocation between the two categories based on estimates future split.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

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 affected, 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.

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 balance 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 in the Group to give a true and fair presentation of the Group's ordinary operations.

1.4 General accounting policies – continued

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 settlement 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.

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 of IT systems

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).

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

1.4 General accounting policies – continued

reflecting the riskfree 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 capitaliztion 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.

Subleases

NNIT has entered into arrangements to sublease part of the Group's property lease agreement, while NNIT retains the primary obligation under the original lease. NNIT acts as such both the lessee and lessor of the same underlying asset.

If a part of the Group's property is subleased under terms transferring substantially all remaining risks and rewards under the head lease to the lessee in the sublease, the right-of-use asset is derecognised, and a lease receivable is recognised at an amount equal to the net investment in the lease. Gain/loss on the derecognised right-of-use asset is recognised in the income statement as special items.

During the term of the sublease, the receivable is adjusted based on a pattern reflecting a constant periodic rate of return on the net investment in the lease.

1.4 General accounting policies – continued

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.

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.

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.

Assets classified as held for sale

Assets classified as held for sale comprise assets and liabilities for which it is highly likely that the value will be recovered through a sale within 12 months rather than through continued use. Assets and liabilities classified as held for sale are measured at the lower of the carrying amount and fair value less cost to sell at the classification date as "held for sale". Assets held for sale are not depreciated. Impairment losses arising on first classification as "held for sale" and gains and losses from the subsequent measurement is recognized in the income statement under the items they concern.

On 22 June 2022 the Board of Directors announced its decision to divest its Hybrid Cloud Solutions business unit as well as select parts of its Cloud & Digital Solutions business unit to funds advised by Agilitas Private Equity LLP. The associated assets and liabilities have been evaluated at year end and found eligible for the carve out and presented as held for sale in the 2022 financial statements.

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.

Contingent Consideration Agreement

The contingent consideration for Excellis Health Solutions, SL Controls and Prime4Services is accrued over the period from the acquisition date until the payment is based on expected achieved performance conditioned on employment (projected unit credit method). The cost is recognized as wages and salaries under special items in the income statement.

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.

1.4 General accounting policies – continued

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 equitysettled arrangement and will be charged to the income statement over the four-year vesting period based on the market price at the grant date.

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 mainly of refurbishment obligations.

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. Further including aqusition of subsidaries.

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 credit facilities.

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	=	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Revenue growth	=	$\frac{\text{(Revenue current year - revenue prior year) x 100}}{\text{Revenue prior year}}$
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
- 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, gains from subleases 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.

Interest-bearing debt, net

Equals interest bearing debt, including lease liabilities less cash.

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

Following the implementation of the new organization on May 2, 2023, NNIT consists of four regions, which individually can be considered an operating segment:

- Region Denmark (excluding life sciences)
- Region Europe (including life sciences in Denmark)
- Region US
- Region Asia

The new regional structure has been introduced to increase customer proximity and enhance global coordination across regions. From a financial perspective, the four regional P&Ls will include allocated corporate cost such as legal, human resources, finance and global delivery centers. A consolidation of the four regional P&Ls will constitute NNIT's group P&L and be supplemented by management commentary to provide increased transparency in respect of financial and business performance for each region.

The operating segments reflect the internal reporting that is reviewed by the "Chief Operating Decision makers" consisting of the Executive Management and the Board of Directors. The internal reporting includes communication of revenue, costs and operating results for each of the operating segments. No reporting is made on assets.

Region Denmark generated 42% of the revenue in the year ended December 31, 2023 (2022: 38%), Region Europe generated 27% of the revenue (2022: 31%) and Region US generated 22% in 2023 (2022: 21%) based on the location of the customer.

Denmark generated 33% of the revenue in the year ended December 31, 2023 (2022: 40%) and the United States of America 25% in 2023 (2022:26%) based on the location of the customer

The Novo Nordisk Group generated 10% of the continuing operations revenue in the year ended December 31, 2023 (2022: 9%), whereof 41% relates to Region Europe (2022: 44%), 31% relates to Region Asia (2022: 28%) and 26% relates to Region Denmark (2022: 24%).

For depreciations and amortizations 48% relates to Region Denmark (2022: 39%), 32% relates to Region Europe (2022: 32%) and 20% relates to Region US (2022: 20%).

65% of tangible assets relates to Region Denmark (2022: 100%). For intangible assets 56% relates to Denmark (2022: Region Denmark 56%) and 44% relates to US (2022: Region US 44%).

DKK million	Region Denmark	Region Europe	Region Asia	Region US	Total
2023					
Revenue	732	465	144	387	1,728
Production cost	566	330	135	252	1,283
Gross profit	**166**	**135**	**9**	**135**	**445**
Gross profit Margin	22.7%	29.0%	6.3%	34.9%	25.8%
Regional operating profit	**133**	**78**	**(4)**	**80**	**287**
Regional operating profit margin	18.2%	16.8%	(2.8)%	20.7%	16.6%
Group operating profit[1]	**60**	**32**	**(18)**	**42**	**116**
Group operating profit margin	8.2%	6.9%	(12.5)%	10.9%	6.7%
2022					
Revenue	564	468	157	311	**1,500**
Production cost	369	364	134	225	**1,092**
Gross profit	**195**	**104**	**23**	**86**	**408**
Gross profit Margin	*34.6%*	*22.2%*	*14.6%*	*27.7%*	*27.2%*
Regional operating profit	**138**	**41**	**11**	**52**	**242**
Regional operating profit margin	*24.5%*	*8.8%*	*7.0%*	*16.7%*	*16.1%*
Group operating profit[1]	**49**	**(33)**	**(14)**	**(9)**	**(7)**
Group operating profit margin	*8.7%*	*(7.1)%*	*(8.9)%*	*(2.9)%*	*(0.5)%*

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

2.2 Employee costs

DKK million	**2023**	2022
Employee costs comprise:		
Wages and salaries	1,383	1,882
Share-based payments	1	2
Pensions – defined contribution plans	91	128
Pensions – defined benefit obligations (note 3.7)	4	4
Other employee costs	132	146
Total employee costs	**1,611**	**2,162**
Total employee costs, discontinued operations	347	794
Total employee costs, continuing operations	**1,264**	**1,368**
Included in the income statement under the following headings:		
Cost of goods sold	977	951
Sales and marketing costs	56	69
Administrative expenses	163	149
Special items	68	199
Total employee costs	**1,264**	**1,368**
Average number of full-time employees, total	1,974	3,169
Average number of full-time employees, continuing	1,773	1,809

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 2022 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	**2023**	2022
Ordinary board member fee	3.6	3.5
Audit Committee	0.3	0.3
Remuneration Committee	0.2	0.2
Total fee to Board of Directors	**4.1**	**4.0**

Group Management's remuneration and share-based payment

	2023		
DKK million	Executive Management	Other members of Group Management	Total
Base salary	7.4	13.6	21.0
Cash Bonus (STIP and employee benefit cost)[1]	4.1	7.3	11.4
One off bonus	3.4	6.0	9.4
Remuneration in connection with redundancy, resignations and release from duty to work	-	11.6	11.6
Pension	0.4	1.6	2.0
Benefits	0.4	1.3	1.7
Share-based incentives [2]	-	0.3	0.3
Group Management total	**15.7**	**41.7**	**57.4**

[1] Employee benefit cost (contingent consideration agreement) related to the acquisition of Excellis Health Solutions. Following a decision by the Danish Business Authority concerning accounting treatment of Employee benefit cost (earn-out payment) related to acquisitions, these payments are to be considered and expensed as salary. NNIT has appealed this decision.
[2] Includes the annually recognized expense on granted share based and launch incentive programmes, which are not released.

	2022		
DKK million	Executive Management	Other members of Group Management	Total
Base salary	7.6	6.5	14.1
Cash Bonus (STIP and one-off)	1.9	1.1	3.0
One off bonus	2.1	0.4	2.5
Remuneration in connection with redundancy, resignations and release from duty to work	-	0.6	0.6
Pension	0.5	0.8	1.3
Benefits	0.4	0.3	0.7
Group Management total	**12.5**	**9.7**	**22.2**

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.

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, 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 2023 by the Board of Directors.

Based on the share price at the end of 2023, the value of the released shares is as follows:

DKK million	Number of shares	Market value
Values at December 31, 2023 of shares to be released February 19, 2024		
Pär Fors	-	-
Carsten Ringius	-	-
Executive Management	**-**	**-**
Other members of Group Management	**3,130**	**0.3**
Group Management total	**3,130**	**0.3**

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

2.3 Development costs

DKK million	2023	2022
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	14	8
Total development costs	**14**	**8**

2.4 Amortization, depreciation and impairment losses

DKK million	**2023**	2022
Amortization	-	29
Depreciation	33	180
Impairment losses	-	13
Total amortization, depreciation, and impairment losses	**33**	**222**
Total amortization, depreciation, and impairment losses, discontinued operations	5	154
Total amortization, depreciation, and impairment losses, continuing operations	**28**	**68**
Amortization, depreciation and impairment losses are recognized in the income statement:		
Cost of goods sold	7	14
Sales and marketing costs	1	1
Administrative expenses	20	39
Special items	-	14
Total amortization, depreciation, and impairment losses	**28**	**68**

2.5 Special items

DKK million	**2023**	2022
Special items relates to:		
Impairment of assets	-	13
Gain from subleases	(15)	-
Employee benefit cost (contingent consideration agreement)	52	56
Restructuring cost	31	126
Cost regarding acquisition and disposal of operations	103	83
Total special items	**171**	**278**
Total special items, discontinued operations	102	-
Total special items, continuing operations	**69**	**278**
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	3	206
– Sales and marketing costs	-	-
– Administrative expenses	66	72
Total special items	**69**	**278**

2.6 Income taxes

DKK million	**2023**	2022
Current tax	67	(40)
Deferred tax	(31)	12
Adjustments recognized for current tax of prior periods	25	10
Adjustments recognized for deferred tax of prior periods	(28)	(4)
Income taxes in the income statement	**33**	**(22)**
Income taxes in the income statement, discontinued operations	22	14
Income taxes in the income statement, continuing operations	**11**	**(36)**
Computation of effective tax rate, continuing operations:		
Statutory corporate income tax rate in Denmark	22.0%	22.0%
Deviation in foreign subsidiaries' tax rates compared to Danish tax rate (net)	3.3%	(0.2%)
Adjustment of current and deferred tax regarding previous years	(17.6%)	(2.0%)
Other adjustments to taxable income	57.0%	(7.6%)
Effective tax rate	**64.7%**	**12.2%**
Tax on other comprehensive income for the year	**2**	**3**

Tax on other comprehensive income for the year relates to tax on exchange rate adjustments and deferred tax on share-based payments.

Due to the ownership of Novo Holding A/S, NNIT is within the scope of the OECD Pillar Two model rules. The Pillar Two legislation will have effect from the financial year starting from 1 January 2024. No material tax exposure is expected. Furthermore, the Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

DKK million	**2023**	2022
Tax (payable)/receivable		
Tax (payable)/receivable at the beginning of the year	72	45
Disposals related to divestment of infrastructure business	2	1
Income tax paid/(received) during the year	11	18
Tax paid/(received) related to previous years	(45)	(21)
Withholding taxes paid/(received) during the year	(2)	(1)
Current tax on profit for the year	(67)	40
Adjustments related to previous years	(25)	(10)
Exchange rate adjustment	(1)	-
Tax (payable)/receivable at the end of the year	**(55)**	**72**
Tax (payable)/receivables, discontinued operations	-	(15)
Tax (payable)/receivables, continuing operations	**(55)**	**87**
Tax payable/receivables are recognized in the balance sheet as follows:		
Tax receivables	10	113
Tax payable	(70)	(33)
Tax on other comprehensive income	5	7
Total tax	**(55)**	**87**

2.6 Income taxes – continued

Net taxes received in 2023 for continuing and discontinued operations amounted to DKK 36 million and were paid/(received) as follows:

DKK million	CH	CN	CZ	DK	DE	ES	GB	IE	IT	PH	PL	SG	US	Total
Income tax paid during the year	-	-	1	1	3	-	2	2	1	1	-	-	-	**11**
Tax paid related to previous years	2	1	-	(50)	-	-	2	-	-	-	-	-	-	**(45)**
Withholding taxes paid during the year	-	-	-	(2)	-	-	-	-	-	-	-	-	-	**(2)**
Total	**2**	**1**	**1**	**(51)**	**3**	**-**	**4**	**2**	**1**	**1**	**-**	**-**	**-**	**(36)**
Effective tax rate	11.6%	29.7%	24.0%	13.4%	31.5%	25.0%	23.4%	18.2%	35.1%	26.9%	0.0%	17.7%	29.0%	

DKK million	Intangible assets	Tangible assets	Current assets	Lease receivables and liabilities	Share based programs	Cash flow hedges	Provisions	Tax losses	Total
2023									
Deferred tax asset									
At the beginning of the year	(12)	-	(19)	12	(1)	-	21	6	7
Transferred from taxes directly associated with assets and liabilities held for sale	(15)	33	(12)	-	-	-	6	-	12
Adjustments related to previous years[1]	(2)	-	30	-	-	-	2	(2)	28
Movements within the year	11	(12)	11	(8)	1	-	32	(4)	31
Movements in other comprehensive income	-	-	-	-	-	-	-	-	-
At the end of the year	**(18)**	**21**	**10**	**4**	**-**	**-**	**61**	**-**	**78**

[1] Adjustments related to previous years is mainly regarding an adjustment of work in progress.

DKK million	Intangible assets	Tangible assets	Current assets	Lease receivables and liabilities	Share based programs	Cash flow hedges	Provisions	Tax losses	Total
2022									
Deferred tax asset									
At the beginning of the year	(27)	40	(30)	10	(1)	(2)	36	-	26
Adjustments related to previous years	5	-	-	2	-	-	(3)	-	4
Movements within the year	(5)	(7)	(1)			-	(5)	6	(12)
Movements in other comprehensive income	-	-	-	-	-	2	(1)	-	1
Transfered to taxes directly associated with assets and liabilities held for sale	15	(33)	12			-	(6)		(12)
At the end of the year	**(12)**	**-**	**(19)**	**12**	**(1)**	**-**	**21**	**6**	**7**

3. Operating assets and liabilities

3.1 Intangible assets

DKK million	Goodwill	Other intangible assets	IT development projects	IT development projects under construction	2023
2023					
Costs at the beginning of the year	696	37	67	2	802
Additions	-	-	9	15	24
Disposals[1]	-	-	(72)	-	(72)
Transfer	-	-	2	(2)	-
Exchange rate adjustment	(10)	-	-	-	(10)
Cost at the end of the year	**686**	**37**	**6**	**15**	**744**
Amortization and impairment loss at the beginning of the year	-	37	59	-	96
Amortization	-	-	-	-	-
Amortizations reversed on disposals[2]	-	-	(56)	-	(56)
Exchange rate adjustment	-	-	-	-	-
Amortization and impairment losses at the end of the year	**-**	**37**	**3**	**-**	**40**
Carrying amount at the end of the year	**686**	**-**	**3**	**15**	**704**
Amortization period		2-5 years	3-5 years		

[1] Whereof DKK 26 Million relates to discontinued operations.
[2]- Whereof DKK 10 Million relates to discontinued operations.

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	**2022**
2022					
Costs at the beginning of the year	600	37	164	27	828
Additions	78	-	4	19	101
Transfer	-	-	24	(24)	-
Transferred to assets classified as held for sale	-	-	(125)	(20)	(145)
Exchange rate adjustment	18	-	-	-	18
Cost at the end of the year	**696**	**37**	**67**	**2**	**802**
Amortization and impairment loss at the beginning of the year	-	35	90	-	125
Amortization	-	1	28	-	29
Transferred to assets classified as held for sale	-	-	(59)	-	(59)
Exchange rate adjustment	-	1	-	-	1
Amortization and impairment losses at the end of the year	**-**	**37**	**59**	**-**	**96**
Carrying amount at the end of the year	**696**	**-**	**8**	**2**	**706**
Amortization period		2-5 years	3-5 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.

3.2 Impairment test

Re-allocation of goodwill

In 2023, the Group re-allocated goodwill to align with the new organisational structure announced in May 2023 and implemented with effect from the release of the interim report for the first six months of 2023. The re-allocation was carried out to reflect the new internal reporting and consequently how goodwill is monitored. No risk of impairment was identified prior to the re-allocation of goodwill.

Goodwill has been re-allocated to the new group's of CGUs (smallest identifiable group of assets) based on the carrying amount of goodwill connected to the individual legal entities. The new CGU's is in all material aspects a grouping of previous CGU's, which lower the estimates and judgements applied by Management in determining the carrying amount of the individual CGU's as per 31 December 2023. As a result of the re-allocation, the CGU Region Denmark consist of Scales, the CGU Region Europe consist of SL Controls, LS EU outside DK ex. Valiance (HGP Group and Prime4Services) and Valiance Europe (part of previous CGU "Valiance Partners"). The CGU Region US consist of Excellis and Valiance US (part of previous CGU "Valiance Partners").

Impairment test

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 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 2024-2028 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 2028 onwards, NNIT expects the growth rate to remain in line with the expected longterm 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, 2023. The impairment test did not result in any impairment of the carrying amount. The key assumptions used are stated in the following (DKK million).

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 been carried out in relation to the discount rate (WACC) and terminal growth. The sensitivity analysis did not give rise to any risk of impairment.

CGU[1]

DKK million	Carrying amount	Annual revenue growth rate	Discount rate pre-tax	Discount rate post-tax	Terminal period growth rate
2023					
Region Denmark	113	2-9%	10.8%	8.4%	2%
Region Europe	267	8-14%	10.8%	8.4%	2%
Region US	306	4-14%	10.8%	8.4%	2%

[1] The goodwill has been reallocated to the new business segments in 2023. Therefore, the carrying amounts are not directly comparable with 2022. The difference in the carrying amount compared to last year is due to changes in exchange rates

DKK million	Carrying amount	Annual revenue growth rate	Discount rate pre-tax	Discount rate post-tax	Terminal period growth rate
2022					
SCALES	114	10%	10.9%	8.5%	2%
Valiance Partners	139	10-20%	11.4%	8.5%	2%
LS EU outside DK ex. Valiance (Prime4Services)	77	8-13%	10.9%	8.5%	2%
LS EU outside DK ex. Valiance (HGP Group)	66	8-13%	10.9%	8.5%	2%
Excellis	210	10-20%	11.4%	8.5%	2%
SL Controls	90	10-20%	10.3%	9.0%	2%

3.3 Tangible assets

DKK million	Land and buildings	Other equipment	Leasehold improvements	Payments on account and assets under construction	**2023**
2023					
Cost at the beginning of the year	5	6	55	-	66
Additions	-	10	-	12	22
Disposals [1]	(2)	(13)	-	(12)	(27)
Transfer	(3)	2	1	-	-
Cost at the end of the year	**-**	**5**	**56**	**-**	**61**
Depreciation and impairment loss at the beginning of the year	-	3	46	-	49
Depreciation	-	1	4	-	5
Depreciation reversed on disposals	-	(1)	-	-	(1)
Depreciation and impairment loss at the end of the year	**-**	**3**	**50**	**-**	**53**
Carrying amount at the end of the year	**-**	**2**	**6**	**-**	**8**
Depreciation period	10-50 years	3-10 years	5-10 years		

[1] Whereof DKK 26 million relates to discontinued operations.

3.3 Tangible assets – continued

DKK million	Land and buildings	Other equipment	Leasehold improvements	Payments on account and assets under construction	**2022**
2022					
Cost at the beginning of the year	390	695	60	6	1,151
Additions	2	91	7	19	119
Disposals	-	(85)	(3)	-	(88)
Transfer	6	-	-	(6)	-
Transferred to assets classified as held for sale	(393)	(695)	(9)	(19)	(1,116)
Cost at the end of the year	**5**	**6**	**55**	**-**	**66**
Depreciation and impairment loss at the beginning of the year	125	490	53	-	668
Depreciation	17	91	3	-	111
Depreciation reversed on disposals	-	(85)	(3)	-	(88)
Transferred to assets classified as held for sale	(142)	(492)	(7)	-	(641)
Exchange rate adjustment	-	(1)	-	-	(1)
Depreciation and impairment loss at the end of the year	**-**	**3**	**46**	**-**	**49**
Carrying amount at the end of the year	**5**	**3**	**9**	**-**	**17**
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, continuing operations

DKK million	**2023**	2022
Trade receivables as specified in note 3.6	476	384
Contract assets from continuing operations comprise:		
Work in progress (projects)	67	54
Transition projects (included in trade receivables, note 3.6)	17	9
Contract liabilities from continuing activities comprise:		
Prepayments received, work in progress	(74)	(55)
Prepayments received, transition cost	(20)	(15)
Deferred income	(67)	-

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
2023					
Prepayments received, work in progress	(55)	(69)	47	3	(74)
Prepayments received, transition cost	(15)	(8)	3	-	(20)
Deferred income	0	(69)	-	2	(67)

DKK million	Opening balance	Additions	Revenue recognized from opening balance	Revenue recognized regarding additions	Transferred to liabilities directly associated with assets classified as held for sale	Closing balance
2022						
Prepayments received, work in progress	(116)	(49)	80	-	30	(55)
Prepayments received, transition cost	(30)	(44)	13	-	46	(15)
Deferred income	-	-	-	-	-	-

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.

3.4 Contract balances – continued

DKK million	Opening balance	Additions	Amortized cost from opening balance	Amortized cost from additions	Impairment loss	Transferred to assets classified as held for sale	Closing balance
2023							
Transition cost	9	13	(2)	(3)	-	-	17

DKK million	Opening balance	Additions	Amortized cost from opening balance	Amortized cost from additions	Impairment loss	Transferred to assets classified as held for sale	Closing balance
2022							
Transition cost	70	52	(33)	-	-	(80)	9

Transition cost for the continuing operations are recognized in the balance sheet as follows:

DKK million	2023	2022
Transition cost, non-current	14	7
Transition cost, current	3	2
Total transition cost	**17**	**9**

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

DKK million	2023	2022
Aggregated amount of transaction price allocated to contracts that will be satisfied in the future as at December 31	1,257	1,352

2023 and 2022 balances reflects continuing operations.

Management expects that DKK 1,025 million of the transaction price allocated to the future contract obligations as of December 31, 2023 will be recognized during 2024. 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	2023	2022
Cost at the beginning of the year	27	34
Additions	5	-
Disposal	(1)	-
Transferred to assets classified as held for sale	-	(7)
Carrying amount at the end of the year	**31**	**27**

3.6 Trade receivables

DKK million	2023	2022
Total trade receivables (gross)	482	618
Allowances for bad debt in the year	6	-
Total trade receivables (net)	**476**	**618**
Total trade receivables (net), discontinued operations	-	234
Total trade receivables (net), continuing operations	**476**	**384**
Trade receivables is recognized in the balance sheet as follows:		
Trade receivables, non-current	25	1
Trade receivables, current	451	383
Total trade receivables	**476**	**384**

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.

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. NNIT A/S has based on an individual assessment recognised expected credit loss of DKK 6 million as of 31 December 2023 (2022: DKK 0.3 million).

3.6 Trade receivables – continued

DKK million	2023	2022
Aging of non-impaired trade receivables:		
Non-invoiced trade receivables	60	208
Not due at balance sheet date	281	300
Overdue between 1 and 30 days	81	59
Overdue between 31 and 60 days	34	23
Overdue by more than 60 days	20	28
Total trade receivables	**476**	**618**
Total trade receivables, discontinued operations	-	234
Total trade receivables, continuing operations	**476**	**384**

Part of the non-invoiced trade receivables are regarding 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 49 million as of 31 December 2023 (2022: DKK 23 million), of these 24 million will be invoiced in 2024.

3.7 Employee benefit obligations

Defined benefit pension obligations

DKK million	Pension liability	Plan asset	Net liability
2023			
At the beginning of the year	61	59	2
Current service costs	(4)	-	(4)
Interest cost	(2)	1	(3)
Employer contributions	2	5	(3)
Benefits paid from plan asset	13	(13)	26
Remeasurement gains/(losses) recognized in other comprehensive income	(1)	(1)	-
Plan participant contribution etc.	(2)	2	(4)
Exchange rate adjustments	(5)	3	(8)
At the end of the year	**62**	**56**	**6**

DKK million	Pension liability	Plan asset	Net liability
2022			
At the beginning of the year	79	62	17
Current service costs	5	-	5
Employer contributions	-	5	(5)
Benefits paid from plan asset	(12)	(12)	-
Remeasurement gains/(losses) recognized in other comprehensive income	(14)	-	(14)
Plan participant contribution etc.	2	2	-
Transferred to liabilities directly associated with assets classified as held for sale	(5)	(4)	(1)
Exchange rate adjustments	6	6	-
At the end of the year	**61**	**59**	**2**

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 11.5 years (2022: 11.7 years).

3.7 Employee benefit obligations – continued

DKK million	**2023**	2022
Assumptions used for valuation[1]		
Discount rate	1.75%	2.46%
Price inflation	1.25%	0.91%
Projected future remuneration increases	1.75%	1.80%
Interest crediting rate	1.75%	1.83%

[1] Assumptions are calculated and presented as the Defined Benefit Plans in NNIT Switzerland AG. In 2022 the assumptions include NNIT Switzerland AG and NNIT Philippines Inc.

Actuarial valuations are performed annually. The most recent actuarial valuation is dated November 2023.

DKK million	**2023**	2022
Defined benefit pension obligations	4	4
Employee benefit obligations (contingent consideration agreement)	59	60
Total employee benefit obligations	**63**	**64**
Total employee benefit obligations, non-current discontinued operations	-	1
Total employee benefit obligations, continuing operations	**63**	**63**

Employee benefit obligation is recognized in the balance sheet as followed:

DKK million	**2023**	2022
Non-current liabilities (1-5 years)	6	13
Current liabilities	57	50
Total employee benefit obligation	**63**	**63**

3.8 Provisions

DKK million	**2023**	2022
Provision for refurbishment obligation*		
At the beginning of the year	30	25
Additions	3	5
Disposals	(6)	
At the end of the year	**27**	**30**

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

Other provisions*		
At the beginning of the year	-	-
Additions for the year	15	-
At the end of the year	**15**	**0**

* Other provisions mainly consist of provisions for risks related to projects.

Provision are recognized in the balance sheet as follows:		
Non-current liabilities	27	30
Current liabilities	15	0
Total liability	**42**	**30**

3.9 Discontinued operations

June 22, 2022 it was announced that NNIT was divesting the infrastructure operations and in December 2022 it qualified for recognition as Discontinuing operations according to IFRS 5.

DKK million	2023	2022
Revenue	**504**	**1,451**
Cost of goods sold	405	1,244
Gross profit	**99**	**207**
Sales and marketing costs	15	71
Administrative expenses	54	68
Operating profit before special items	**30**	**68**
Gain from discontinuing operations	76	-
Special items	102	-
Operating profit/(loss)	**4**	**68**
Financial income	-	2
Financial expenses	2	-
Profit/(loss) before income taxes	**2**	**70**
Income taxes	(22)	14
Profit for the year of discontinued operations	**24**	**56**
Earnings per share		
Earnings per share (DKK)	0.96	2.25
Diluted earnings per share (DKK)	0.96	2.24
Cash Flows from discontinued operations		
Cash flow from operating activities	(97)	106
Cash flow from investing activities	904	(117)
Cash flow from financing activities	-	-
Cash flow from discontinued operations	**807**	**(11)**

Assets held for sale

DKK million	2023	2022
Intangible assets	-	86
Tangible assets	-	475
Deferred taxes	-	12
Deposits	-	7
Transition cost	-	80
Trade receivables	-	234
Work in progress	-	82
Prepayments	-	68
Assets classified as held for sale	**-**	**1,044**
Employee benefit obligations	-	1
Prepayments received, transition cost	-	46
Prepayments received, work in progress	-	30
Employee costs payables	-	85
Tax payables	-	15
Other current liabilities	-	15
Liabilities directly associated with assets classified as held for sale	**-**	**192**
Net assets classified as held for sale	**-**	**852**

Assets and liabilities directly associated with assets classified as held for sale in 2022 solely relates to the discontinued operations in relation to Hybrid Cloud Solutions and selected parts of Cloud & Digital Solutions.

3.9 Discontinued operations – continued

Divestment of infrastructure business

DKK million	2023
Consideration received/receivable:	
Cash	1,001
Fair value of contingent consideration	200
Net working capital/Net interest bearing debt adj. and other adjustments	(209)
Sales price for discontinued operations incl. adjustments	**992**
Transaction costs	51
Sales price for discontinued operations, after transaction costs	**941**
Carrying amount of net assets sold	821
Gain on sale of discontinued operations before tax	**120**
Tax on divestment	44
Gain on sale of discontinued operations after tax	**76**
Assets and liabilities in the business sold comprise of:	
Intangible assets	102
Tangible assets	501
Lease assets	38
Deferred taxes	1
Deposits	7
Transition cost	80
Trade receivables	96
Work in progress	28
Other receivables	7
Prepayments	114
Cash	21
Total assets	**995**

DKK million	2023
Employee benefit obligations	1
Lease liabilities	34
Prepayments received, transition cost	40
Prepayments received, work in progress	16
Employee costs payables	62
Tax payables	2
Other current liabilities	14
Provisions	5
Total liabilities	**174**
Net assets	**821**

On 28 April, NNIT completed the transformative divestment of the Group's infrastructure operations to funds advised by Agilitas Private Equity LLP as initially described in company announcement no. 9/2022 on June 22, 2022.

Financial information relating to the discontinued operation is set out in the table.

4. Capital structure and financing items

4.1 Financial income and expenses

DKK million	2023	2022
Financial income		
Fair value adjustments of cash flow hedges (net) recycled from other comprehensive income	-	21
Realized/unrealized loss on currency	-	2
Interest income	15	-
Tax related interests	1	-
Total financial income	**16**	**23**
Total financial income, dicontinued operations	-	2
Total financial income, continuing operations	**16**	**21**
Financial expenses		
Realized/unrealized loss on currency	4	-
Interest expenses lease liability	2	4
Interest expenses	32	12
Bank charges and other fees	10	10
Guarantee commission	-	1
Other financial expenses	-	3
Total financial expenses	**48**	**30**
Total financial expenses, dicontinued operations	2	-
Total financial expenses, continuing operations	**46**	**30**

4.2 Share capital, distribution to shareholder and earnings per share

DKK million	2023	2022
Profit/(loss) from continuing operations	6	(258)
Profit/(loss) from discontinued operations	24	56
Net profit/(loss) for the year	**30**	**(202)**
Number '000		
Average number of shares outstanding	24.869	24,838
Dilutive effect of share-based payments	112	120
Average number of shares outstanding, including dilutive effect of share-based payments	24.981	24,958
Earnings per share from continuing operations		
Earnings per share (DKK)	0.24	(10.39)
Diluted earnings per share (DKK)	0.24	(10.39)
Earnings per share from discontinued operations		
Earnings per share (DKK)	0.96	2.25
Diluted earnings per share (DKK)	0.96	2.24
Earnings per share		
Earnings per share (DKK)	1.20	(8.13)
Diluted earnings per share (DKK)	1.20	(8.13)

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.

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

DKK	Nominal value	Market value (million)	As % of share capital	Number of shares (thousand)
2023				
Treasury shares				
Holding at the beginning of the year	1	11	0.6%	162
Disposal	-	(3)	(0.1%)	(31)
Value adjustments	-	3	0.0%	-
Holding at the end of the year	**1**	**11**	**0.5%**	**131**

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	**2023**	2022
Net cash distribution to shareholders	-	-
Ordinary dividends Interim dividends	-	-
Total	**-**	**-**

No interim dividend was declared in 2023 and no dividend will be declared at the end of 2023.

4.3 Leases

Lease assets

DKK million	Rental of premises	IT-equipment	Company cars	2023
2023				
Costs at the beginning of the year	617	17	19	653
Additions[1]	29	-	5	34
Disposals	(395)	(17)	(2)	(414)
Exchange rate adjustment	(5)			(5)
Costs at the end of the year	**246**	**-**	**22**	**268**
Depreciation and impairment loss at the beginning of the year	520	17	8	545
Depreciation	22	-	6	28
Impairment loss	-	-	-	-
Depreciation reversed on disposals	(329)	(17)	(2)	(348)
Exchange rate adjustments	(2)	-	-	(2)
Depreciation and impairment loss at the end of the year	**211**	**-**	**12**	**223**
Carrying amount at the end of the year	**35**	**-**	**10**	**45**

[1] Whereof DKK 15 million relates to gain on subleases.

4.3 Leases – continued

Lease assets

DKK million	Rental of premises	IT-equipment	Company cars	2022
2022				
Costs at the beginning of the year	673	17	19	709
Additions	33	-	6	39
Disposals	(89)	-	(6)	(95)
Transferred to assets held for sale	-	-	-	-
Costs at the end of the year	**617**	**17**	**19**	**653**
Depreciation and impairment loss at the beginning of the year	522	17	8	547
Depreciation	63	-	6	69
Impairment loss	13	-	-	13
Depreciation reversed on disposals	(74)	-	(6)	(80)
Exchange rate adjustments	(4)	-	-	(4)
Transferred to assets held for sale	-	-	-	-
Depreciation and impairment loss at the end of the year	**520**	**17**	**8**	**545**
Carrying amount at the end of the year	**97**	**-**	**11**	**108**

Lease liabilities

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

DKK million	**2023**	2022
Within 1 year	53	83
Between 1 and 5 years	15	80
After 5 years	-	-
Total lease liability, non-discounted	**68**	**163**
Lease liabilities are recognized in the balance sheet as follows:		
Non-current liabilities	13	83
Current liabilities	51	73
Total lease liabilities	**64**	**156**
Recognized in the profit and loss statement		
Interest expenses related to lease liabilities	3	4
Expense relating to short term leases, not capitalized	-	-
Expense relating to leases of low-value assets, not capitalized	-	-
	3	**4**

In 2023 the Group has paid 66 million (2022: 87 million) regarding lease agreements where of interest expenses related to lease liabilities amount to DKK 3 million (2022: 4 million) and repayment of lease liability amount to DKK 61 million (2022: 83 million)

As of 31 December 2023, 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.

4.3 Leases – continued

Subleases

NNIT has entered into arrangements to sublease part of the Group's property lease agreement. In accordance with IFRS 16, the right-of-use asset covering the subleases is derecognised, and a lease receivable is recognised.

DKK million	**2023**	2022
Amounts recognised in the income statement		
Rent from subleases	18	4
Amounts recognised in the statement of cash flows		
Installment on sublease receivables	18	5
Receivables from subleasing		
Receivables from subleases at 1 January	18	11
Additions	26	12
Disposals	-	-
Payments received	(18)	(5)
Receivables from subleases	**26**	**18**

4.4 Financial assets and liabilities, continuing operations

Depending on the purpose of each asset and liability, NNIT classifies these into the following categories:

- Cash and cash equivalents
- Financial assets at amortized cost
- Financial liabilities measured at amortized cost

DKK million	Cash and cash equivalents	Financial assets at amortized cost	Total
2023			
Financial assets by category			
Deposits	-	31	31
Trade receivables	-	476	476
Work in progress	-	67	67
Other receivables	-	258	258
Prepayments	-	27	27
Cash and cash equivalents	254	-	254
Total financial assets at the end of the year	**254**	**859**	**1,113**

DKK million	Cash and cash equivalents	Financial assets at amortized cost	Total
2022			
Financial assets by category			
Deposits	-	27	27
Trade receivables	-	384	384
Work in progress	-	54	54
Other receivables	-	35	35
Prepayments	-	32	32
Cash and cash equivalents	208	-	208
Total financial assets at the end of the year	**208**	**532**	**740**

4.4 Financial assets and liabilities – continued

DKK million	Financial liabilities measured at amortized cost	Financial liabilities measured at undiscounted paymentsl
2023		
Financial liabilities by category		
Lease liabilities	64	68
Credit Facilities	267	267
Trade payables	110	110
Other non-curret and current liabilities	251	251
Total financial liabilities at the end of the year	**692**	**696**

DKK million	Financial liabilities measured at amortized cost	Financial liabilities measured at undiscounted paymentsl
2022		
Financial liabilities by category		
Lease liability	156	163
Credit Facilities	857	857
Trade payables	151	151
Other non-curret and current liabilities	251	251
Total financial liabilities at the end of the year	**1,415**	**1,422**

DKK million	Credit Facilities	Lease liability	Total
2023			
Financial liabilities included in finance activities			
Financing liabilities included in finance activities at the beginning of the year	857	156	1,013
Cash flows:			
Instalments	-	(66)	(66)
Ingoing/outgoing payments during the year	(590)	-	(590)
Non-cash flows:			
Addition	-	15	15
Disposals	-	(40)	(40)
Exchange rate adjustment	-	(1)	(1)
Total financial liabilities included in finance activities at the end of the year	**267**	**64**	**331**

DKK million	Credit Facilities	Lease liability	Total
2022			
Financial liabilities included in finance activities			
Financing liabilities included in finance activities at the beginning of the year	496	207	703
Cash flows:			
Instalments	-	(83)	(83)
Ingoing/outgoing payments during the year	361	-	361
Non-cash flows:			
Addition	-	36	36
Disposals	-	(4)	(4)
Exchange rate adjustment	-	-	-
Total financial liabilities included in finance activities at the end of the year	**857**	**156**	**1,013**

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 at all times is to limit the Company's financial risks.

Financing and sufficient liquidity are fundamental to NNIT´s continuing operations and future growth. Liquidity is managed centrally from the Parent Company.

To cover the Group's liquidity needs, an agreement on credit facilities for a total of DKK 300 million has been entered (DKK 1,050 million in 2022 as interim facility in connection with carve-out costs). The Group's credit facilities are subject to standard financial covenants.

The liquidity risk is countered by consistent focus on budgeted and realized cash flow.

NNIT is exposed to exchange rate risks in the countries where NNIT has its main activities. The majority part 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 Philippines peso, US Dollar, Czech Koruna and to a lesser extent Chinese yuan and the Swiss franc.

Most of the foreign exchange risk in the Chinese yuan and US dollar and all of the foreign exchange risk in the Czech koruna and the Philippines are due to intercompany transactions.

Foreign exchange sensitivity analysis

NNIT estimates that all other variables being constant, a 10% depreciation of the average 2023 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 2023. The following sensitivity analysis addresses hypothetical situations and is provided for illustrative purposes only:

DKK million	**2023**	2022
EUR	10	25
CNY	(2)	(18)
CZK	(6)	(12)
USD	12	18
CHF	-	-
PHP	(9)	(11)

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

Currency sensitivities[1]

Estimated annual impact on NNIT´s operating profit of a 10% increase in the outlined currencies against DKK

DKK million	**2024**
EUR	2
CNY	3
CZK	(3)
PHP	(7)
CHF	1
USD	15

[1] The above sensitivities addresses hypothetical situations and are provided for illustrative purpose only. The sensitivities assume our business develops consistently with our current 2023 business plan.

As of December 31, 2023 NNIT, A/S' net balance position (trade receivables minus trade payables) divided on currency amounted to a short-term outflow primarily in Chinese yuan and Czech koruna and a short term inflow on US dollars and Euro. A 10% depreciation of the exchange rate of the Danish kroner against NNIT A/S' transaction exposures (net balance position) will have the below illustrated impact (in Danish kroner) on the net profit before tax for the year ended December 31, 2023.

4.4 Financial assets and liabilities – continued

Million	Trade Receivables	Trade Payables	Net balance position	Transaction exposure[1]	10% sensitivity[2]
December 31, 2023					
CNY	0.2	0.6	(0.4)	(0.4)	0.0
CZK	-	11.1	(11.1)	(11.1)	(1.1)
CHF	0.3	1.8	(1.5)	(1.5)	(0.1)
USD	3.6	7.9	(4.3)	(4.3)	(0.4)
EUR[3]	3.6	11.7	(8.1)	(8.1)	(0.8)

Million	Trade Receivables	Trade Payables	Net balance position	Transaction exposure[1]	10% sensitivity[2]
December 31, 2022					
CNY	0.3	49.2	(48.9)	(48.9)	(4.9)
CZK	-	35.5	(35.5)	(35.5)	(3.5)
CHF	0.1	0.1	-	-	-
USD	11.2	4.5	6.7	6.7	0.7
EUR[3]	7.6	2.9	4.7	4.7	0.5

Credit risk

NNIT's credit risk principally arises from trade receivables, which amounted to DKK 474 million as of December 31, 2023 (December 31, 2022: DKK 618 million). The maximum credit risk corresponds to the carrying amount. For many years, NNIT has not realised any significant losses on receivables. The classification of trade receivables according to maturity date is set out in the note 3.6.

Cash management

NNIT is committed to maintain a flexible capital structure. As of December 31, 2023, NNIT had undrawn committed credit facilities in the amount of DKK 33 million (2022: DKK 193 million). The credit facility includes financial covenants with reference to the ratio between net debt and EBITDA, Available liquidity and minimum EBITDA.

The facility has been decreased to DKK 300 million (December 2022: 1,050) after completion of the divestment.

The total credit facility of DKK 266 million is classified as long-term, as the maturity of the facility is beyond one year from reporting date, experation in 2026. As of December 31, 2023, NNIT had 'cash and cash equivalents' DKK 254 million outside Denmark and 'bank facilities', net of DKK 266 million in Denmark.

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 40.4% (2022: 29.6%).

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	**2023**	2022
Long-term incentive program (LTIP) in NNIT shares - share based	1	1
Incentive program charged to income statement	**1**	**1**
Recognized in the income statement:		
Cost of goods sold	1	1
Total	**1**	**1**

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	**2023**	2022
Outstanding at the beginning of the year	141	190
Long-term incentive program (LTIP)[2]	125	17
Retention Program (RP)	-	3
Transfer to employees	(31)	(62)
Committed to employees	(9)	-
Forfeiture during the year	(17)	(7)
Outstanding at the end of the year (in NNIT shares)	**209**	**141**
Fair value of the RSU's end of period (DKK million)[1]	**18**	**9**

[1] The share price as of December 31, 2023 has been used when calculating the fair value of the RSU's.
[2] Key management has been in total granted 87,657 shares with a fair value of DKK 7.4 million as of December 31, 2023

5.2 Fee to statutory auditors

DKK million	**2023**	2022
Statutory audit	2.6	7.2
Audit-related services	0.1	0.1
Tax advisory services	1.2	0.3
Other services	1.3	0.9
Total fee to statutory auditors	**5.2**	**8.5**

Fees for services other than statutory audit of the financial statements provided by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab to the Group consists of carve-out services and related tax services.

5.3 Reversal of non-cash items

DKK million	**2023**	2022
Income taxes	33	(22)
Amortization, depreciation and impairment losses	33	222
Gain/loss on disposed assets	(1)	(2)
Gain on sublease	(15)	-
Gain on divestment	(120)	-
Increase/(decrease) in provisions, non-current transition cost	8	(19)
Provision share-based payments NNIT shares	1	2
Allowances for bad debt	6	4
Third party financing agreement	-	35
Interests	28	30
Sublease addition	26	12
Other adjustments for non-cash items	(13)	(12)
Total	**(14)**	**250**

5.4 Statement of cash flows – specifications

DKK million	**2023**	2022
Changes in working capital		
Increase/(decrease) in current receivables less non-current transition cost and tax receivables	3	(70)
Increase/(decrease) in current liabilities less provisions and tax payables	(241)	(42)
Change in trade payables related to investments	24	(16)
Total	**(214)**	**(128)**
Purchase of tangible assets		
Purchase of tangible assets	(22)	(119)
Change in trade payables related to purchase of tangible assets	(24)	16
Total	**(46)**	**(103)**
Additional cash flow information[1]		
Cash and equivalents, assets	254	208
Drawn on credit facilities	(267)	(857)
Undrawn committed credit facilities	300	1,050
Financial resources at the end of the year	**287**	**401**
Cash flow from operating activities	(202)	(106)
Cash flow from investing activities	900	(197)
Free cash flow	**698**	**(303)**

[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 total credit facility of DKK 300 million with Nordea, consisting of DKK 100 million as line of credit and revolving credit facility of DKK 200 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	**2023**	2022
Acquisition cost		
Cash paid	-	81
Deferred consideration	-	6
Total acquisition cost	**-**	**87**
Fair value of net assets acquired		
Intangible assets	-	-
Other non-current assets	-	-
Trade receivables and work in progress[1]	-	16
Tax receivable	-	1
Cash and cash equivalents	-	13
Loan from NNIT A/S	-	(9)
Non-current liabilities	-	-
Employee costs payable	-	(8)
Other current liabilities	-	(3)
Net assets acquired	**-**	**10**
Goodwill	-	77
Acquisition cost	**-**	**87**
Of which cash and cash equivalents	-	(13)
Deferred consideration	-	(6)
Paid acquisition cost, net	**-**	**68**

[1] All contractual receivables are expected to be collected.

Acquisitions during 2023
No acquisitions during 2023.

Acquisitions during 2022
On March 11, 2022, NNIT acquired full ownership and control of Prime4Service (P4S), a company operating solely within the Life Science industry.

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	**2023**	2022
Within 1 year	18	30
Between 1 and 5 years	5	28
Total	**23**	**58**
Other contractual obligations recognized as an expense	28	30

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 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 regarding ordinary business 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'.

The figures for related parties are for the continuing business. Comparison figures are not split between continuing and discontinued operations for the balancesheet statement.

5.7 Related party transactions and ownership – continued

DKK million	**2023**	2022
Net sales, continuing operations		
Novo Nordisk Group	178	183
Novo Holdings A/S	-	-
Novo Nordisk Foundation	2	-
Total Novo Nordisk Group	**180**	**183**
Novozymes Group	4	35
Total Novo Group	**184**	**218**
Trade receivables		
Novo Nordisk Group	63	57
Novozymes Group	1	7
Novo Holding A/S	-	-
Total	**64**	**64**
Work in progress		
Novo Nordisk Group	2	2
Total	**2**	**2**
Liabilities from related parties		
Novo Nordisk Group	1	-
Liabilities from related parties	**1**	-
Prepayments from related parties		
Novo Nordisk Group	17	10
Total	**17**	**10**
Dividends		
Novo Holdings A/S	-	-
Novo Nordisk A/S	-	-
Total	**-**	**-**

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 Switzerland AG	Switzerland	2010	CHF 100,000	100
NNIT Germany GmbH	Germany	2011	EUR 25,000	100
NNIT Inc.	USA	2011	USD 3,250,000	100
NNIT UK Ltd.[1]	UK	2015	GBP 50,000	100
SCALES A/S	Denmark	2017	DKK 600,000	100
NNIT Ireland 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
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
NNIT Italy S.r.l	Italy	2022	EUR 40,000	100
NNIT España Consultoria Tecnologica y de la informaction siciedad limitada	Spain	2022	EUR 50,000	100
NNIT Czech Republic 2022 s.r.o.	Czech Republic	2023	EUR 20,000	100
NNIT Digital & Life Sciences Philippines Inc.	Philippines	2023	PHP 11,200,000	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 events after the balance sheet date which would have a significant impact on an assessment of NNIT's financial position as of December 31, 2023.

Parent Company Financial Statements

Income Statement

for the year ended December 31

DKK million	Note	**2023**	2022
Revenue		**690**	**476**
Production cost	2.1	648	639
Gross profit		**42**	**(163)**
Distribution cost	2.1	34	30
Administration cost	2.1	97	93
Operating profit before special items		**(89)**	**(286)**
Special items, income	2.2	3	(185)
Operating profit		**(86)**	**(471)**
Financial income	4.1	140	171
Financial expenses	4.1	55	25
Profit before income taxes		**(1)**	**(325)**
Income taxes		(27)	(88)
Profit/(loss) from continuing operations		**26**	**(237)**
Profit/(loss) from discontinued operations	3.7	18	44
Net profit for the year	4.2	**44**	**(193)**

Balance Sheet

as of December 31

ASSETS

DKK million	Note	2023	2022
Intangible assets	3.1	12	10
Tangible assets	3.2	5	11
Lease assets	4.3	31	64
Transition cost		14	7
Financial assets	3.3	921	687
Financial assets – related parties	3.3	351	342
Total non-current assets		**1,334**	**1,121**
Inventories		2	4
Trade receivables	3.4	245	188
Trade receivables – related parties		54	5
Work in progress		2	5
Work in progress – related parties		1	1
Contract assets		3	2
Other receivables		24	25
Prepayments		13	15
Deferred taxes	3.5	69	-
Tax receivables		1	100
Financial assets – related parties		28	20
Cash and cash equivalents		29	-
Total current assets		**471**	**365**
Assets related to discontinued operations	3.7	**-**	**1,038**
Total assets		**1,805**	**2,524**

EQUITY AND LIABILITIES

DKK million	Note	2023	2022
Share capital		250	250
Retained earnings		437	326
Reserve IT-development projects		9	75
Total equity		**696**	**651**
Lease liabilities	4.3	3	55
Employee benefit obligations		2	1
Provisions	3.6	26	26
Deferred tax	3.5	-	5
Trade payable		12	31
Loan - related parties		97	62
Credit facilities		267	0
Other non-current liabilities		10	3
Total non-current liabilities		**417**	**183**
Prepayments received		29	7
Prepayments received – related parties		6	11
Deferred income		67	-
Lease liabilities	4.3	45	54
Employee benefit obligations		13	19
Provisions		15	-
Trade payables		77	105
Trade payables – related parties		138	158
Loan - related parties		13	40
Employee costs payable		63	69
Tax payables		29	-
Credit facilities		-	856
Other current liabilities		197	200
Total current liabilities		**692**	**1,519**
Liabilities related to discontinued operations	3.7	**-**	**171**
Total equity and liabilities		**1,805**	**2,524**

Statement of Changes in Equity

as of December 31

DKK million	Share capital	Treasury share	Retained earnings	Reserve IT development projects	Proposed dividends	Total
2023						
Balance at the beginning of the year	**250**	**(1)**	**327**	**75**	**-**	**651**
Net profit for the year	-	-	44	-	-	44
Capitalized IT development projects	-	-	66	(66)	-	-
Share-based payments	-	-	1	-	-	1
Balance at the end of the year	**250**	**(1)**	**438**	**9**	**-**	**696**

Statement of Changes in Equity

as of December 31

DKK million	Share capital	Treasury share	Retained earnings	Reserve IT development projects	Reserve cash flow hedges	Proposed dividends	Total
2022							
Balance at the beginning of the year	**250**	**(2)**	**516**	**79**	**8**	**-**	**851**
Net profit for the year	-	-	(193)	-	-	-	(193)
Capitalized IT development projects	-	-	4	(4)	-	-	-
Transfer of treasury shares	-	1	(1)	-	-	-	-
Share-based payments	-	-	1	-	-	-	1
Cash flow hedges	-	-	-	-	(11)	-	(11)
Tax on cash flow hedges	-	-	-	-	3	-	3
Balance at the end of the year	**250**	**(1)**	**327**	**75**	**-**	**-**	**651**

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.

The parent company also applies IFRS 16, IFRS 15, IFRS 2 and IFRS 9 in accordance with IFRS Accounting Standards as adopted by the EU.

Special items are shown separately in the parent company to give a true and fair presentation of the company's ordinary operations.

The parent company financial statements are continuously presented according to the same practice as the consolidated financial statements, except for the following deviations.

Changes to comparative figures
In connection with the preparation of the Financial Statements for 2023, corrections to the comparative figures have been made. The corrections are not considered having any material impact on NNIT's financial position nor in relation to either income statement or equity.

Change in allocation of cost by function
In 2023, NNIT changed the principles behind the allocation of cost by function. Therefore the comparative figures for 2022 have been adjusted using the same principles. The effect is illustrated below:

DKK million	2022 Before adjustment	Adjustment	2022 After adjustment
Production cost	683	(44)	639
Distribution cost	47	(17)	30
Administration cost	32	61	93
Total	**762**	**-**	**762**

The above illustration shows 2022 original figures, adjustment and 2022 adjusted figures, which is presented in the financial statement for 2023.

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 subsidaries
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.

The contingent consideration for Excellis Health Solutions, SCALES, Valiance Partner, HGP Group and SL Controls is recognized as an employee benefit obligation and is accrued over the period from the acquisition date until the payment is unconditional based on expected achieved performance. The cost is recognized as an addition in investment in subsidiaries.

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 42.

2. Results for the year

2.1 Employee costs

DKK million	**2023**	2022
Wages and salaries	582	917
Pensions	55	88
Other employee costs	21	26
Total employee costs	**658**	**1,031**
Employee costs, discontinued operations	287	589
Total employee costs, continuing operations	**371**	**442**
Included in the income statement:		
Production cost	299	299
Capitalized under IT development projects	3	9
Distribution cost	27	30
Administration cost	37	46
Special items	5	58
Total employee costs	**371**	**442**
Average number of full-time employees, total	745	1,225
Average number of full-time employees, continuing operations	544	688

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	**2023**	2022
Special items relates to:		
Impairment of assets	-	13
Restructuring cost	12	89
Gain from subleases	(15)	-
Cost regarding acquisition and disposal of operations	99	83
Total special items	**96**	**185**
Total special items, discontinued operations	99	-
Total special items, continuing operations	**(3)**	**185**
If special items had been recognized in operating profit before special items, they would have been included in the following line items:		
Production cost	-	115
Distribution cost	-	-
Administration cost	(3)	70
Total special items	**(3)**	**185**

3. Operating assets and liabilities

3.1 Intangible assets

DKK million	IT development projects	IT development projects under construction	**2023**	2022
Costs at the beginning of the year	67	2	69	191
Additions	9	9	18	23
Disposals[1]	(72)	-	(72)	-
Transfer	2	(2)	-	-
Transferred to assets classified as held for sale			-	(145)
Cost at the end of the year	**6**	**9**	**15**	**69**
Amortization and impairment loss at the beginning of the year	59	-	59	90
Amortization	-	-	-	28
Amortizations reversed on disposals[2]	(56)	-	(56)	-
Transferred to assets classified as held for sale	-	-	-	(59)
Amortization and impairment loses at the end of the year	**3**	**-**	**3**	**59**
Carrying amount at the end of the year	**3**	**9**	**12**	**10**
Amorization period	3-5 years			

[1] Whereof DKK 26 Million relates to discontinued operations.
[2] Whereof DKK 10 Million relates to discontinued operations.

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	**2023**	2022
Costs at the beginning of the year	1	2	46	-	49	1,124
Additions	-	11	-	12	23	118
Disposals[1]	-	(12)	(1)	(12)	(25)	(83)
Transfer	(1)	-	1	-	-	-
Transferred to assets classified as held for sale	-	-	-	-	-	(1,110)
Cost at the end of the year	**-**	**1**	**46**	**-**	**47**	**49**
Depreciation and impairment losses at the beginning of the year	-	1	37	-	38	647
Depriciation	-	-	4	-	4	109
Depriciation reversed on disposals during the year	-	-	-	-	-	(83)
Transferred to assets classified as held for sale	-	-	-	-	-	(635)
Depreciation and impairment losses at the end of the year	**-**	**1**	**41**	**-**	**42**	**38**
Carrying amount at the end of the year	**-**	**-**	**5**	**-**	**5**	**11**
Depriciation period	10-50 years[2]	3-10 years	5-10 years			

[1] Where of DKK 25 Million relates to discontinued operations.
* Land is not depreciated

3.3 Financial assets

DKK million	Other receivables	Deposits	Investments in subsidiaries	2023	2022
Cost					
Cost at the beginning of the year	-	23	664	687	536
Additions	212	2	20	234	160
Disposals	-	-	-	-	(1)
Adjustment	-	-	-	-	(1)
Transferred to assets classified as held for sale	-	-	-	-	(7)
Carrying amount at the end of the year	**212**	**25**	**684**	**921**	**687**

Please refer to note 5.7 in the consolidated financial statements for a listing of subsidiaries in the NNIT Group.

3.3 Financial assets (Financial assets - related parties)

DKK million	2023	2022
Long term loan beginning of the year	342	304
Additions	20	20
Installment	-	(2)
Exchange rate adjutstment	(11)	20
Cost at the end of the year	**351**	**342**
Carrying amount at the end of the year	**351**	**342**

3.4 Trade receivables

DKK million	2023	2022
Total trade receivables (gross)	251	296
Allowances for bad debt in the year	6	-
Total trade receivables	**245**	**296**
Total trade receivables (net), discontinued operations	-	108
Total trade receivables (net), continuing operations	**245**	**188**

3.5 Deferred taxes

DKK million	2023	2022
Intangible assets	(1)	(1)
Tangible assets	21	-
Current assets	1	(23)
Lease receivable and liabilities	4	12
Provisions	44	8
Share based programs	-	(1)
At the end of the year	**69**	**(5)**

Deferred tax has been calculated based on current tax rate of 22%.

At the beginning of the year	(5)	10
Taxes related to discontinued operations	12	(12)
Adjustments related to previous years	30	3
Movements within the year	32	(9)
Movement in equity	-	3
At the end of the year	**69**	**(5)**

3.6 Provisions

DKK million	2023	2022
Provision for refurbishment obligation*		
At the beginning of the year	26	23
Additions	3	3
Disposals	(3)	
At the end of the year	**26**	**26**

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

DKK million	2023	2022
Other provisions		
At the beginning of the year	-	-
Additions for the year	15	-
At the end of the year	**15**	**0**
Provision are recognized in the balance sheet as follows:		
Non-current liabilities	26	26
Current liabilities	15	0
Total liability	**41**	**26**

3.7 Discontinued operations

June 22, 2022 it was announced that NNIT was divesting the infrastructure operations (Hybrid Cloud Solutions and selected parts of Cloud & Digital Solutions) and in December 2022 it qualified for recognition as Discontinuing operations according to IFRS 5 which also has retrospective impact.

DKK million	2023	2022
Revenue	**504**	**1,451**
Production cost	439	1,270
Gross profit	**65**	**181**
Distribution cost	16	77
Administration cost	56	54
Operating profit before special items	**(7)**	**50**
Gain from discontinuing operations	101	-
Special items	99	-
Operating profit	**(5)**	**50**
Financial income	-	4
Financial expenses	-	-
Profit before income taxes	**(5)**	**54**
Income taxes	(23)	10
Profit/(loss) for the year of discontinued operations	**18**	**44**

3.7 Discontinued operations – continued

Assets and liabilities related to discontinued operations

DKK million	2023	2022
Intangible assets	-	86
Tangible assets	-	475
Financial assets	-	7
Deferred taxes	-	12
Transition cost	-	57
Trade receivables	-	108
Trade receivables - related parties	-	127
Work in progress	-	65
Work in progress - related parties	-	16
Contracts assets	-	23
Prepayments	-	62
Assets related to discontinued operations	**-**	**1,038**
Prepayments received, transition cost	-	46
Prepayments received, work in progress	-	30
Employee costs payables	-	69
Tax payables	-	11
Other current liabilities	-	15
Liabilities related to discontinued operations	**-**	**171**
Net assets related to discontinued operations	**-**	**867**

Divestment of infrastructure business

DKK million	2023
Consideration received/receivable:	
Cash	1,001
Fair value of contingent consideration	200
Net working capital/Net interest bearing debt adj. and other adjustments	(209)
Sales price for discontinued operations incl. adjustments	**992**
Transaction costs	51
Sales price for discontinued operations, after transaction costs	**941**
Carrying amount of net assets sold	796
Gain on sale of discontinued operations before tax	**145**
Tax on divestment	44
Gain on sale of discontinued operations after tax	**101**
Assets and liabilities in the business sold comprise of:	
Intangible assets	102
Tangible assets	501
Lease assets	16
Financial assets	5
Deposits	3
Transition cost	80
Trade receivables	96
Work in progress	28
Prepayments	107
Total assets	**938**
Lease liabilities	12
Provisions	3
Prepayments received, transition cost	40
Prepayments received, work in progress	16
Trade payables related parties	27
Employee costs payables	43
Other current liabilities	1
Total liabilities	**142**
Net assets	**796**

4. Capital structure and financing items

4.1 Financial income and expenses

DKK million	**2023**	2022
Financial income		
Dividends from subsidaries	108	128
Realized/Unrealized loss on currency	-	21
Fair value adjustments of financial instruments (net)	-	21
Interest income from related parties	17	5
Interest income - other external	14	-
Interest related to tax	1	-
Total financial income	**140**	**175**
Total financial income, discontinued operations	-	4
Total financial income, continuing operations	**140**	**171**
Financial expenses		
Interest expense – other related parties	34	12
Interest expenses lease liability	2	3
Bank charges and other fees	9	8
Realized /Unrealized gain on currency	10	-
Guarantee commission	-	1
Other financial expenses	-	1
Total financial expenses	**55**	**25**
Total financial expenses, discontinued operations	-	-
Total financial expenses, continuing operations	**55**	**25**

4.2 Proposed allocation of Net profit for the year

DKK million	**2023**	2022
Reserve IT-development projects	(66)	(4)
Retained earnings	110	(189)
Total allocated Net profit	**44**	**(193)**

4.3 Leases

Lease assets

DKK million	Rental of premises	IT-equipment	Company cars	2023
2023				
Costs at the beginning of the year	471	17	13	501
Additions	21	0	3	24
Disposals	(318)	(17)	(2)	(337)
Costs at the end of the year	**174**	**0**	**14**	**188**
Depreciation and impairment loss at the beginning of the year	416	17	4	437
Depreciation	10	-	5	15
Impairment loss[1]	-	-	-	-
Depreciation reversed on disposals	(276)	(17)	(2)	(295)
Depreciation and impairment loss at the end of the year	**150**	**-**	**7**	**157**
Carrying amount at the end of the year	**24**	**-**	**7**	**31**

DKK million	Rental of premises	IT-equipment	Company cars	2022
2022				
Costs at the beginning of the year	549	17	15	581
Additions	4	-	4	8
Disposals	(82)	-	(6)	(88)
Costs at the end of the year	**471**	**17**	**13**	**501**
Depreciation and impairment loss at the beginning of the year	435	17	5	457
Depreciation	41	-	5	46
Impairment loss[1]	13	-	-	13
Depreciation reversed on disposals	(73)	-	(6)	(79)
Depreciation and impairment loss at the end of the year	**416**	**17**	**4**	**437**
Carrying amount at the end of the year	**55**	**-**	**9**	**64**

[1] Please refer to note 3.2 'Impairment test' in the Consolidated Financial Statements for further details.

Lease liabilities

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

DKK million	2023	2022
Within 1 year	47	64
Between 1 and 5 years	10	52
After 5 years	-	-
Total lease liability, non-discounted	**57**	**116**
Lease liabilities are recognized in the balance sheet as follows:		
Non-current liabilities	3	55
Current liabilities	45	54
Total lease liabilities	**48**	**109**
Recognized in the profit and loss statement		
Interest expenses related to lease liabilities	2	3
Expense relating to leases of low-value assets, not capitalized	-	-
	2	**3**

In 2023, NNIT has paid DKK 47 million (2022: DKK 66 million) regarding lease agreements where of interest expenses related to lease liabilities amount to DKK 2 million (2022: 3 million) and repayment of lease liability amount to 45 million (2022: 63 million).

The lease obligation does not include an extension option. The extending option amounts to DKK 193 million regarding rental of premises.

Subleases

For information regarding subleases, please refer to note 4.3 in the consolidated financial statements. Subleases relates only to the Parent Company.

5. Other disclosures

5.1 Fee to statutory auditors

DKK million	**2023**	2022
Statutory audit	1.9	6.6
Other assurance engagements	0.1	0.1
Tax advisory services	1.0	0.2
Other services	1.1	0.9
Total fee to statutory auditors	**4.1**	**7.8**

Fees for services other than statutory audit of the financial statements provided by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab to the Company consists of carve-out services and tax services.

5.2 Contingent liabilities, other contractual obligations and legal proceeding

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 proceeding – continued

DKK million	**2023**	2022
Other contractual obligations expiring within the following periods from balance sheet date		
Within 1 year	18	30
Between 1 and 5 years	5	28
Total	**23**	**58**
Other contractual obligations in the income statement for the year	28	30

Other contractual obligations include services 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 statement

Statements

Management's Statement

The Board of Directors and the Executive Management (the "Management") have today considered and adopted the Annual Report of NNIT A/S (NNIT A/S together with its subsidiaries the "Group") for the financial year 1 January - 31 December 2023.

The Consolidated Financial Statements have been prepared in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act. Management's Review has been prepared in accordance with the Danish Financial Statements Act and Article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation).

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 January - 31 December 2023.

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 1 January to 31 December 2023 with the file name nnit-2023-12-31-en.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, February 19, 2024

NNIT A/S

EXECUTIVE MANAGEMENT

Pär Fors
President and CEO

Carsten Ringius
Executive Vice President and CFO

BOARD OF DIRECTORS

Carsten Dilling
Chairman

Eivind Kolding
Deputy Chairman

Anne Broeng

Nigel Govett

Christian Kanstrup

Caroline Serfass

Frederik Sparre Willumsen
Employee-elected representative

Kim Høyer
Employee-elected representative

Dorte Broch Pedersen
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 2023 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2023 in accordance with IFRS Accounting 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 2023 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2023 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 2023 comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, the statement cash flows and the notes,including material accounting policy information. The Parent Company Financial Statements of NNIT A/S for the financial year 1 January to 31 December 2023 comprise the income statement, the balance sheet, the statement of changes in equity and the notes,including material accounting policy information.

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 shares of NNIT A/S for listing on Nasdaq OMX Copenhagen, we were first appointed auditors of NNIT A/S on 11 March 2016 for the financial year 2016. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 8 years including the financial year 2023.

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 2023.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

Revenue is recognised when control is passed to the customer and if the revenue criteria for recognised revenue at a point of time or at a point of time have been met

Recognition of revenue is significant due to the volume of transactions and the significance of amounts involved.

We focused on the revenue because recognition of revenue involves estimates and judgements made by Management. Estimates mainly relate to valuation of fixed price projects and judgements relate to recognition as principal or agent for contracts involving sub-suppliers.

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

How our audit addressed the key audit matter

We performed risk assessment procedures with the purpose of achieving an understanding of it-systems, business procedures and relevant controls regarding the revenue recognition. In respect of controls, we assessed whether they were designed and implemented effectively to address the risk of material misstatement.

We assessed the appropriateness of revenue recognition policies and assessed compliance with applicable accounting standards.

Further, we considered whether revenue from the contracts selected, including amendments, change orders and classification was recognized and presented in accordance with these policies.

We assessed the sales prices 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 has been made.

We assessed the presentation of revenue for contracts involving significant use of subcontractors.

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 and Article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation).

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 and the disclosure requirements of Article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation). We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting 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.

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 2023 with the filename nnit-2023-12-31-en.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 including notes.

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 including notes;

- 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 2023 with the file name nnit-2023-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Hellerup, 19 February 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No. 33 77 12 31

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Bringing Digital Transformation to Life

Design and production: **Noted**

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