

Company announcement 8/2018 August 17, 2018

Financial report for the first six months of 2018

NNIT delivers an operating profit margin of 9.3% and revenue growth of 2.9% in 6M 2018 after a strong revenue growth of 8.3% in Q2 2018, positively impacted with 2pp due to the timing of Easter

Performance highlights for the first six months of 2018

- Revenue from non-Novo Nordisk customers increased by 12% supported by strong growth from both enterprise and international life sciences customers of more than 20%. However, due to a decline in revenue from the Novo Nordisk Group of 9.1% total revenue increased by 2.9% in reported currencies
- The share of revenue from non-Novo Nordisk customers increased from 58% in 6M 2017 to 63% in 6M 2018 becoming less dependent of the Novo Nordisk Group
- Operating profit margin was 9.3% in 6M 2018 in reported currencies compared to 9.6% in 6M 2017
- Net profit of DKK 102m in 6M 2018 was in line with 6M 2017 of DKK 103m
- Free cash flow for 6M 2018 was DKK 58m compared to DKK 19m in 6M 2017
- Order backlog for 2018 at the beginning of Q3 2018 was DKK 2,682m, an increase of 0.4% compared to the same time last year. The backlog for the following two years increased by 1.1%
- Outlook for 2018 is unchanged:
 - Expected revenue growth of 3-6% in constant currencies
 - Expected operating profit margin of 10-10.5% in constant currencies
 - The expected level of investments in 2018 is 6-8% of total revenue
- The Board of Directors has decided to pay an interim dividend for 2018 of DKK 2.00 per share corresponding to DKK 49.1m

Per Kogut, CEO at NNIT comments: *"NNIT experienced a strong Q2 2018 following a revenue decline in Q1 2018, and I am pleased to see a revenue growth of 8.3% and an operating profit margin of 9.9% in Q2 2018. This strong performance continues to be driven by the enterprise, public and international life sciences customer groups."*

Financial Overview

DKK million	Q2 2018 (reported)	Q2 2018 (constant)*	Q2 2017*	Pct./pp Change (reported)	Pct./pp Change (constant)
Revenue	753	755	695	8.3%	8.6%
Gross margin	17.9%	17.4%	17.6%	0.3pp	-0.2pp
Operating profit	75	71	61	22.0%	15.9%
Operating profit margin	9.9%	9.4%	8.8%	1.1pp	0.6pp
Net profit	57	n.a.	47	21.1%	n.a.
Investments	52	n.a.	161	-67.6%	n.a.
Free cash flow	-85	n.a.	-144	-40.9%	n.a.

*Constant currencies measured using average exchange rates for Q2 2017

DKK million	6M 2018 (reported)	6M 2018 (constant)*	6M 2017*	Pct./pp Change (reported)	Pct./pp Change (constant)
Revenue	1,451	1,461	1,410	2.9%	3.6%
Gross margin	17.5%	17.1%	18.3%	-0.7pp	-1.2pp
Operating profit	135	130	136	-0.6%	-4.7%
Operating profit margin	9.3%	8.9%	9.6%	-0.3pp	-0.8pp
Net profit	102	n.a.	103	-0.3%	n.a.
Investments	82	n.a.	228	-64.2%	n.a.
Free cash flow	58	n.a.	19	204.0%	n.a.

*Constant currencies measured using average exchange rates for 6M 2017

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

Guidance 2018

The order backlog for 2018 at the beginning of Q3 2018 increased by DKK 9.5m, or by 0.4%, to DKK 2,682m compared to the order backlog for 2017 at the beginning of Q3 2017. Please note that the revenue reversal of DKK 26m in Q3/Q4 2017 regarding a customer in the public customer group had a negative impact on full year revenue for 2017, which was not reflected in the backlog at the beginning of Q3 2017.

The guidance for 2018 revenue growth is maintained at 3-6% in constant currencies. The growth is based on IFRS 15 restated 2017 revenue of DKK 2,851m. Our guidance for 2018 continues to be impacted by uncertainty regarding the development in sales to the Novo Nordisk Group.

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

	Guidance for 2018	Guidance at Q1 2018	Long-term targets
Revenue growth			
In constant currencies*	3-6%	3-6%	
as reported**	Around 0.3pp lower	Around 0.3pp lower	≥ 5%
Operating profit margin			
In constant currencies*	10-10.5%	10-10.5%	-
as reported**	Around 0.2pp higher	Around 0.2pp higher	≥ 10%
Investments / Revenue***	6-8%	6-8%	

*Constant currencies measured using average exchange rates for 6M 2017

**Based on exchange rates as of August 10, 2018 as illustrated under key currency assumptions on page 24

*** Investments and data center investments are in 2018 expected to be between 6-8 percent of total revenue. Around 1pp relates to the data center. The total data center investment is expected to be around DKK 250m in the period 2016 to 2018.

The expectations are further based on a number of important assumptions, including that relevant macroeconomic trends will not significantly change business conditions for NNIT during 2018, that business performance, customer and competitor actions will remain stable and that key currency exchange rates will remain at the current levels versus Danish kroner (as of August 10, 2018).

About NNIT

NNIT A/S is one of Denmark's leading IT service providers and consultancies. NNIT A/S offers a wide range of IT services and solutions to its customers, primarily in the life sciences sector in Denmark and internationally and to customers in the public, enterprise and finance sectors in Denmark. As of June 30, 2018 NNIT A/S had 3,122 employees. NNIT has approximately 400 clients of which around 150 are located outside Denmark. Some 20% are international life sciences clients (June 2018). For more information please visit www.nnit.com.

Conference call details

NNIT will host a teleconference August 17, 2018 at 14:00 CET about the financial report for Q2 2018. Please visit the NNIT webpage at www.nnit.com to access the teleconference, which can be found under 'Investors – Events & presentations'. Presentation material will be available on the website approximately one hour prior to the start of the presentation.

Conference call details

<https://nnit.eventcdn.net/20180817>

Participant telephone numbers:

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

Financial Calendar 2018

August 22, 2018	Interim dividend ex dividend date
August 23, 2018	Interim dividend record date
August 24, 2018	Interim dividend payment date
October 25, 2018	Interim report for the first nine months of 2018

Forward-looking statements

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

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

Contacts for further information

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Financial figures and highlights

DKK million, reported currencies	Q2 2018	Q2 2017 ¹	6M 2018	6M 2017	Change 6M	Total 2017 ¹
Financial performance						
Revenue						
Novo Nordisk Group	278.4	267.2	534.5	588.1	-9.1%	1,185.4
Other Life Sciences	101.7	97.4	201.0	186.0	8.1%	374.6
Enterprise	206.2	164.5	393.4	315.5	24.7%	684.3
Public	103.9	95.6	203.3	181.8	11.8%	353.9
Finance	62.3	70.4	118.9	138.8	-14.4%	253.2
Revenue by customer group	752.6	695.1	1,451.1	1,410.2	2.9%	2,851.4
IT Operation Services	458.3	440.4	884.0	913.1	-3.2%	1,831.9
IT Solution Services	294.2	254.7	567.1	497.1	14.1%	1,019.5
Revenue by business area	752.6	695.1	1,451.1	1,410.2	2.9%	2,851.4
EBITDA	133.2	120.1	255.7	253.2	1.0%	495.5
Depreciations and amortizations	58.6	59.1	120.4	117.2	2.7%	231.9
Operating profit (EBIT)	74.5	61.1	135.2	136.0	-0.6%	263.6
Net financials	-1.4	-3.4	-3.5	-7.1	-51.4%	-10.0
Net profit	56.6	46.7	102.4	102.7	-0.3%	199.5
Investments in tangible assets	49.8	63.0	78.2	128.7	-39.3%	326.6
Investments in intangible assets and acquisition in subsidiaries	2.4	98.0	3.5	99.6	-96.5%	108.3
Total assets	2,267.1	2,168.3	2,267.1	2,168.3	4.6%	2,319.7
Equity	990.9	911.9	990.9	911.9	8.7%	974.0
Dividends paid ²	0.0	0.0	56.4	53.4	5.8%	102.0
Free cash flow	-84.9	-143.9	58.0	19.1	204.0%	-4.4
Earnings per share						
Earnings per share (DKK)	2.27	1.92	4.14	4.22	-1.9%	8.20
Diluted earnings per share (DKK)	2.25	1.91	4.11	4.20	-2.1%	8.00
Employees						
Average number of full-time employees	3,126	2,855	3,086	2,973	3.8%	2,937
Financial ratios						
Gross profit margin	17.9%	17.6%	17.5%	18.3%	-0.7pp	18.1%
EBITDA margin	17.7%	17.3%	17.6%	18.0%	-0.3pp	17.4%
Effective tax rate	22.6%	19.0%	22.3%	20.3%	2pp	21.3%
Investments/Revenue	6.9%	23.2%	5.6%	16.2%	-10.6pp	15.3%
Return on equity ³	20.9%	27.2%	20.9%	27.2%	-6.3pp	21.9%
Solvency ratio	43.7%	42.1%	43.7%	42.1%	1.7pp	42.0%
Return on invested capital (ROIC) ^{3,4}	15.5%	26.3%	15.5%	26.3%	-10.9pp	20.9%
Cash to earnings ³	17.3%	48.2%	17.3%	48.2%	-30.9pp	-2.2%
Cash to earnings (three-year average) ³	64.7%	86.3%	64.7%	86.3%	-21.6pp	62.9%
Long-term financial metrics						
Revenue growth	8.3%	5.5%	2.9%	6.7%	-3.8pp	3.1%
Operating profit margin	9.9%	8.8%	9.3%	9.6%	-0.3pp	9.2%
Additional numbers⁵						
Order entry backlog for the current year	2,682.3	2,672.8	2,682.3	2,672.8	0.4%	-
Order entry backlog for the following years 2+3 ⁶	2,741.9	2,712.3	2,741.9	2,712.3	1.1%	-

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

2) Dividends paid in 2017 included ordinary dividend regarding 2016 and interim dividend for 2017.

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

4) Net profit/Average invested capital.

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

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

Highlights

Below are the key highlights for Q2 2018.

Key wins in Q2 2018:

- Extension of IT infrastructure collaboration with Vestas. The contract is effective as of January 2019 and runs until end 2023, replacing the existing agreement, which expires in 2018, see press release June 8, 2018
- Extension of IT infrastructure operations contract with the Danish Agency for Digitization on the next generation of NemLog-in representing a high double-digit DKK million amount over a seven-year period, see press release May 30, 2018
- New IT infrastructure operations contract with NNE representing a high double-digit DKK million amount over a five-year period, see press release April 26, 2018

GDPR implemented in NNIT

NNIT has in 2017 and 2018 carried out a GDPR program covering NNIT's responsibilities as both data controller and data processor, involving the entire NNIT organization and requiring substantial use of resources, also impacting operating profits. The GDPR program has been finalized and operations have been handed over to a new privacy and data protection organization in NNIT.

NNIT has furthermore in 2017 and 2018 provided consultancy services to around 40 customers (of which two-thirds are in the finance customer group) in relation to GDPR, primarily in the areas of data mapping, organizational change management and technology implementation.

Distribution of interim dividend

Based on the strong underlying cash flow generation in 6M 2018, the Board of Directors has decided to pay out an interim dividend for the calendar year 2018 on August 24, 2018 of DKK 49.1m in cash equal to DKK 2 per share of a nominal value of DKK 10 as also seen in August 2017.

Performance overview

DKK million (reported currencies)	Q2 2018	Q2 2017	Change (reported)
Revenue	752.6	695.1	8.3%
Cost of goods sold	617.5	572.8	7.8%
Gross profit	135.0	122.3	10.4%
<i>Gross profit margin</i>	17.9%	17.6%	0.3pp
Sales and marketing costs	34.7	32.8	5.9%
Administrative expenses	25.8	28.5	-9.4%
Operating profit	74.5	61.1	22.0%
<i>Operating profit margin</i>	9.9%	8.8%	1.1pp
Net financials	-1.4	-3.4	-57.5%
Profit before tax	73.1	57.7	26.7%
Tax	16.5	11.0	50.4%
<i>Effective tax rate</i>	22.6%	19.0%	3.6pp
Net profit	56.6	46.7	21.1%

DKK million (reported currencies)	6M 2018	6M 2017	Change (reported)
Revenue	1,451.1	1,410.2	2.9%
Cost of goods sold	1,196.7	1,152.4	3.8%
Gross profit	254.4	257.8	-1.3%
<i>Gross profit margin</i>	17.5%	18.3%	-0.7pp
Sales and marketing costs	66.7	65.6	1.6%
Administrative expenses	52.5	56.2	-6.5%
Operating profit	135.2	136.0	-0.6%
<i>Operating profit margin</i>	9.3%	9.6%	-0.3pp
Net financials	-3.5	-7.1	51.4%
Profit before tax	131.8	128.9	2.2%
Tax	29.4	26.2	12.1%
<i>Effective tax rate</i>	22.3%	20.3%	2pp
Net profit	102.4	102.7	-0.3%

As expected revenue growth was strong in Q2 2018 following the decline in revenue in Q1 2018 due to the timing of Easter and low sales to the Novo Nordisk Group. Thus, revenue in reported currencies increased by 8.3% in Q2 2018 (8.6% in constant currencies) and 2.9% (3.6% in constant currencies) in 6M 2018 driven by the enterprise, international life sciences and public customer groups. The timing of Easter impacted revenue growth in Q2 2018 positively with approximately 2.0pp.

SCALES was included in the accounts from June 2017. Therefore, SCALES had a positive impact on total revenue growth of 4.3pp in Q2 2018 (April and May) and a positive impact of 5.0pp in 6M 2018 (January to May).

Operating profit margin in reported currencies was 9.9% in Q2 2018 (9.4% in constant currencies) and 9.3% in 6M 2018 (8.9% in constant currencies) compared to 8.8% in Q2 2017 and 9.6% in 6M 2017.

For a detailed performance overview in both reported and constant currencies please see note 7 on page 25. Comparisons in this financial report are hereafter in reported currencies. NNIT's major currencies have depreciated giving operating profit margin in 6M 2018 a tailwind of 0.5pp whereas revenue growth was impacted negatively by 0.3pp.

Cost of goods sold increased by 7.8% in Q2 2018 and 3.8% in 6M 2018 compared to the same periods last year. The gross profit margin was 17.9% in Q2 2018 (17.6% in

Q2 2017) and 17.5% in 6M 2018 (18.3% in 6M 2017). The decrease in gross profit margin for 6M 2018 was primarily driven by the costs including depreciations from the newly established data center due to low utilization as expected in the beginning. Further, the decline in revenue from the Novo Nordisk Group and price reductions in major service level agreements also impacted gross profit margin negatively.

Sales and marketing costs increased by 5.9% in Q2 2018 and 1.6% in 6M 2018 compared to the same periods last year mainly due to a sales force expansion to support future growth, especially in international life sciences, and the opening of a new sales office in Shanghai.

Administrative expenses decreased by 9.4% in Q2 2018 and 6.5% in 6M 2018 compared to the same periods last year mainly due to savings from the layoffs in staff functions in Q4 2017.

Operating profit in Q2 2018 increased by 22% to DKK 74.5m corresponding to an operating profit margin of 9.9% compared to 8.8% in Q2 2017, which was impacted by the timing of Easter. This led to an operating profit in 6M 2018 of DKK 135.2m down by 0.6% compared to 6M 2017. This corresponds to an operating profit margin of 9.3% compared to 9.6% in 6M 2017.

Net financials in Q2 2018 were negative DKK 1.4m corresponding to an improvement of DKK 2.0m compared to Q2 2017. Net financials improved by DKK 3.6m in 6M 2018 compared to 6M 2017. The improvement was mainly due to a gain on cash flow hedges of DKK 2.6m in 6M 2018 compared to a gain of DKK 1.3m in 6M 2017 equivalent to a net improvement of DKK 1.3m. Furthermore, the improvement was effected by a neutral value adjustment of Novo Nordisk shares (covering the long-term incentive program from previous years) of DKK 0.0m compared to a negative value adjustment of DKK 1.6 in 6M 2017 equal to a net impact of DKK 1.6m.

The effective tax rate in Q2 2018 was 22.6% representing an increase of 3.6pp compared to Q2 2017. The effective tax rate in 6M 2018 was 22.3% representing an increase of 2.0pp compared to 6M 2017. The increase is mainly due to a reduction in permanent adjustments as NNIT A/S no longer holds Novo Nordisk shares as well as a non-taxable income regarding energy savings in 6M 2017.

Net profit in Q2 2018 was DKK 56.6m corresponding to an increase of 21% compared to Q2 2017 due to the above development. Net profit in 6M 2018 was DKK 102.4m in line with 6M 2017.

Revenue

Revenue distribution:

DKK m (reported currencies)	Q2 2018	Q2 2017	Pct Change (reported)
Novo Nordisk Group	278.4	267.2	4.2%
Other Life Sciences	101.7	97.4	4.5%
Enterprise	206.2	164.5	25.3%
Public	103.9	95.6	8.6%
Finance	62.3	70.4	-11.5%
Total	752.6	695.1	8.3%

DKK m (reported currencies)	6M 2018	6M 2017	Pct Change (reported)
Novo Nordisk Group	534.5	588.1	-9.1%
Other Life Sciences	201.0	186.0	8.1%
Enterprise	393.4	315.5	24.7%
Public	203.3	181.8	11.8%
Finance	118.9	138.8	-14.4%
Total	1,451.1	1,410.2	2.9%

Revenue growth in Q2 2018 of 8.3% was primarily driven by growth in the enterprise, international life sciences, public and Novo Nordisk Group partly countered by a decline in the finance customer group. Revenue growth in 6M 2018 of 2.9% was driven by the enterprise, public and other life sciences customer groups by 25%, 12% and 8.1%, respectively, while the finance and Novo Nordisk Group declined by 14% and 9.1%, respectively.

As a consequence of the decline in revenue from the Novo Nordisk Group and growth from other customers, the share of NNIT's revenue from customers outside the Novo Nordisk Group increased to 63% in 6M 2018 compared to 58% in 6M 2017.

Novo Nordisk:

NNIT's revenue from the Novo Nordisk Group revenue increased by 4.2% in Q2 2018 compared to Q2 2017 mainly due to the timing of Easter. In 6M 2018 the revenue decreased by DKK 53.6m corresponding to a decrease of 9.1% compared to 6M 2017 mainly due to lower project activity and a high comparison base in Q1 2017, which was impacted by large infrastructure projects.

Other life sciences customers:

Revenue from other life sciences customers increased 4.5% in Q2 2018 and 11.4% in 6M 2018 compared to the same periods last year driven by strong growth from international life sciences customers of more than 20% continuing the development from recent quarters. Revenue from Danish life sciences customers was unchanged due to the finalization of several larger projects.

Enterprise customers:

Revenue in Q2 2018 increased by DKK 41.7m and DKK 77.9m in 6M 2018 corresponding to an increase of 25% in both Q2 2018 and 6M 2018 compared to the same periods last year. Revenue growth was driven by SCALES' customers, PANDORA and STARK. The impact on financials from STARK started in March 2018.

Public customers:

Revenue increased by DKK 8.3m in Q2 2018 and DKK 21.5m in 6M 2018 corresponding to an increase of 8.6% in Q2 2018 and 12% in 6M 2018 compared to the same periods last year. The increase was due to growth from the Danish Tax Agency, the Agency for Digitisation as well as a positive contribution from SCALES' customers in this segment.

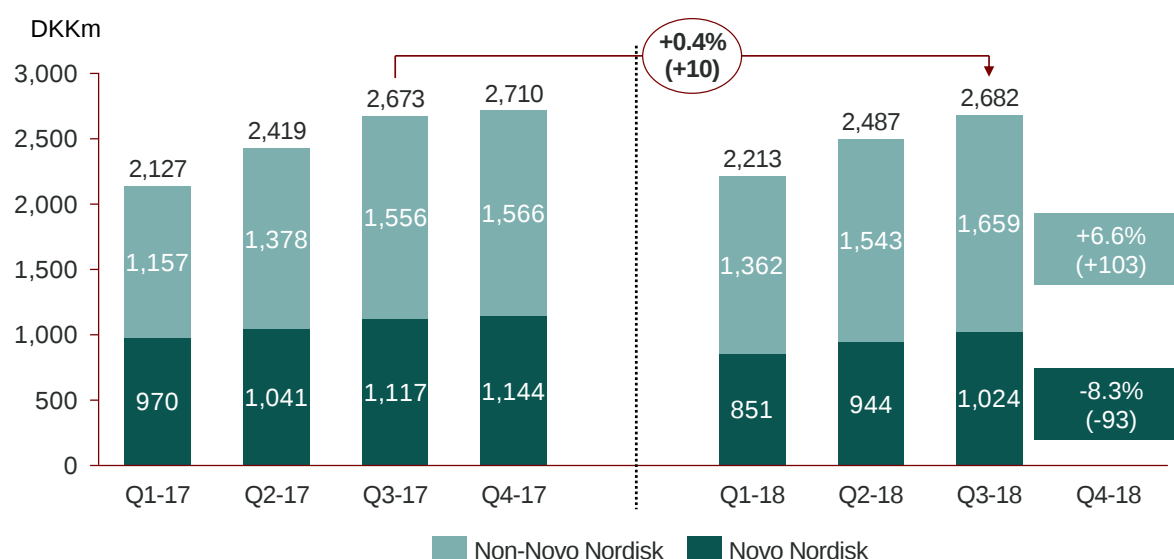
Besides this the growth was positively impacted by a settlement with a customer within IT Operation Services in Q1 2017.

Finance customers:

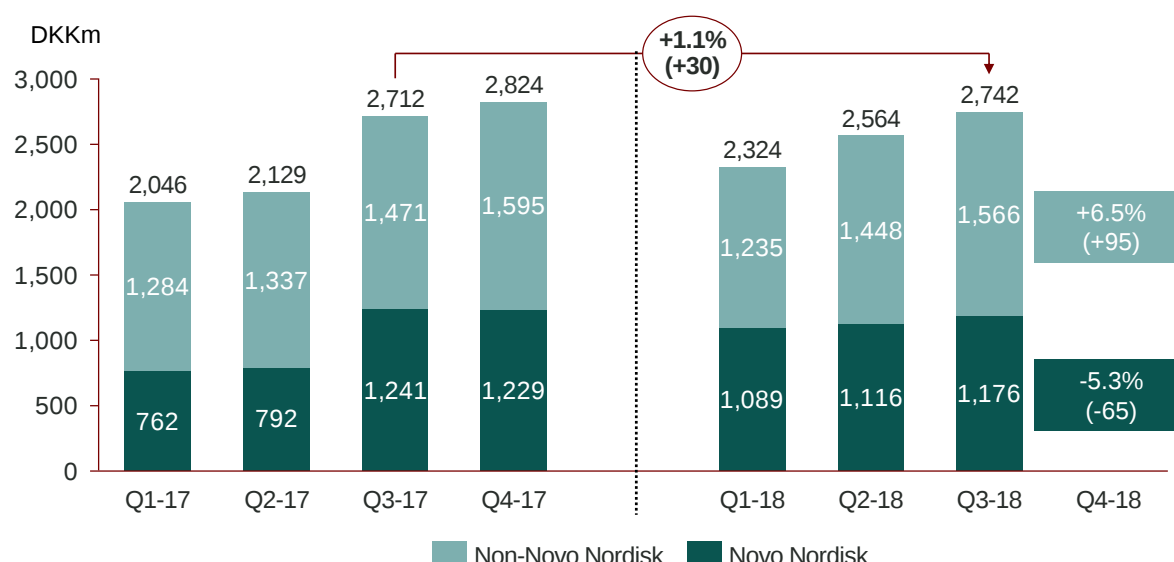
Revenue in Q2 2018 and 6M 2018 decreased by DKK 8.1m and DKK 19.9m corresponding to 12% and 14%, respectively, compared to the same periods last year due to a customer contract within IT Operation Services, which was not extended when it expired in June 2017 partly offset by expansion of existing customers.

Order backlog

Backlog for the year, beginning of quarter



Backlog for the following two calendar years, beginning of quarter

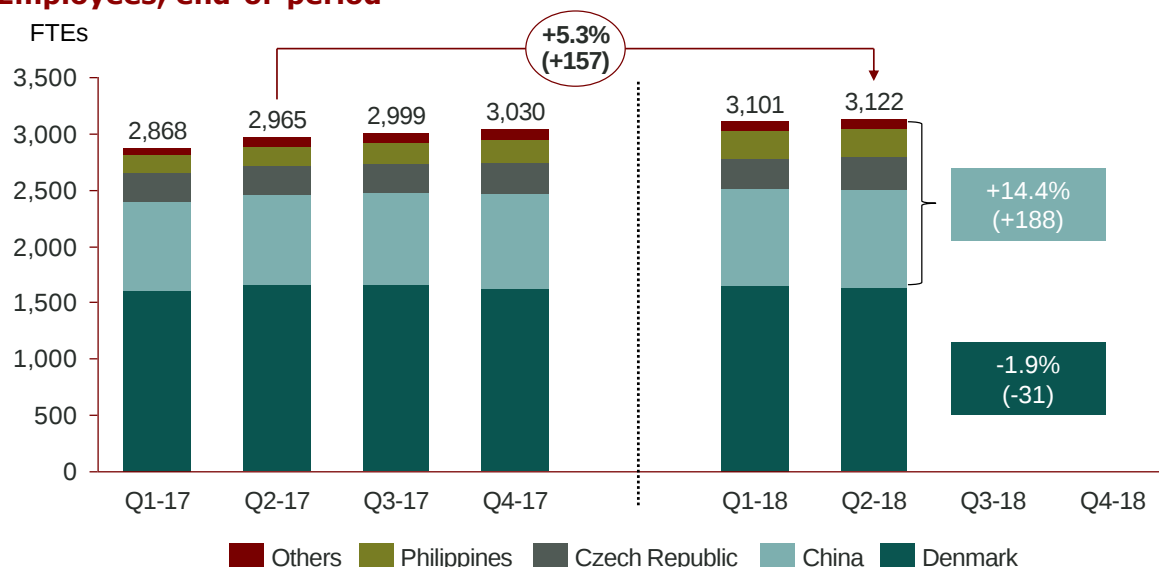


The order backlog for 2018 at the beginning of Q3 2018 increased by DKK 9.5m, or by 0.4%, to DKK 2,682m compared to the order backlog for 2017 at the beginning of Q3 2017. It should be noted that the revenue reversal of DKK 26m in Q3/Q4 2017 regarding a customer in the public customer group had a negative impact on full year revenue for 2017, but was not reflected in the backlog at the beginning of Q3 2017.

Order backlog from the Novo Nordisk Group declined 8.3%, while other customers increased 6.6%. The increase from other customers is mainly driven by SCALES' customers, PANDORA, STARK and international life sciences customers. The decrease in the order backlog from the Novo Nordisk Group is explained by price reductions and lower project activity in the Novo Nordisk Group.

At the beginning of Q3 2018 the order backlog for 2019 and 2020 was 1.1% higher than the order backlog for 2018 and 2019 at the beginning of Q3 2017. The Novo Nordisk Group backlog decreased 5.3% while other customers increased 6.5%. The increase in the order entry backlog is due to the contract extension with Arla, Vestas and the new contract with STARK while other contracts have not yet been prolonged.

Employees, end-of-period



At the end of Q2 2018, the number of employees increased by 157 FTE corresponding to 5.3% compared to the same period last year. The increase was driven by the Philippines (91 FTEs), China (80 FTEs) and Czech Republic (30 FTEs) in-line with the long-term offshoring strategy. Employees in Denmark declined by 1.9% despite the inclusion of around 50 employees taken over from STARK. Excluding the employees from STARK the underlying decline in Denmark was 4.9% and total employee growth was only 3.6%. Switzerland, Germany, United Kingdom, United States and Norway combined declined by 13 FTEs.

Balance sheet

Total assets at June 30, 2018 increased by DKK 98.8m to DKK 2,267.1m compared to DKK 2,168.3m at June 30, 2017 primarily due to an increase in tangible assets due to the new data center and an increase in work in progress.

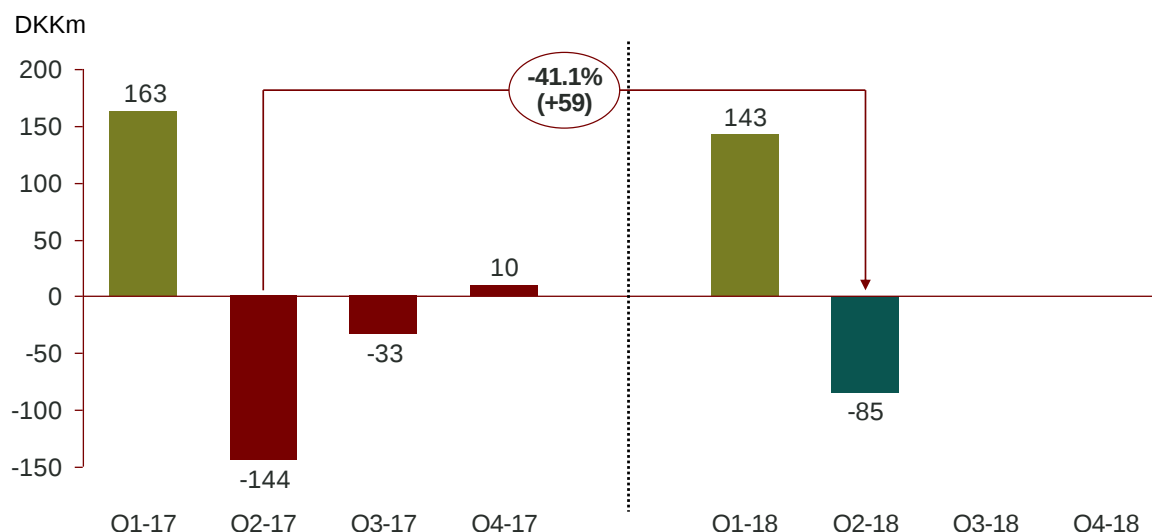
The net of Cash and cash equivalents amounted to DKK -101.2m at June 30, 2018, a decrease of DKK 198.8m compared to June 30, 2017. The decrease was due to increased investments in a new data center (DKK 101.0m), acquisition of treasury shares (DKK 37.3m) and the payment of interim dividend for 2017 (DKK 48.7m) and ordinary dividend for 2017 (DKK 56.4m) partly countered by net profits from operating activities.

Equity at June 30, 2018 amounted to DKK 990.9m, an increase of DKK 79.0m compared to June 30, 2017. The improvement was mainly due to net profits for the period offset by paid interim dividends for 2017 (DKK 48.7m), ordinary dividends for 2017 (DKK 56.4m).

Investments

Investments amounted to DKK 52m (hereof DKK 2.0m related to the new data center) in Q2 2018 compared to DKK 161m (hereof DKK 45.3m related to the new data center and DKK 98.0m related to the acquisition of SCALES) in Q2 2017. The decrease in investments is mainly related to last year's investments in the data center and the acquisition of SCALES. Investments amounted to DKK 82m in 6M 2018 (hereof DKK 17.3m related to the new data center) compared to DKK 228m in 6M 2017 (hereof DKK 80.0m related to the new data center and DKK 98.0m related to SCALES).

Free cash flow



The free cash flow for Q2 2018 was DKK -84.9m which was DKK 58.9m above Q2 2017 mainly due to lower investments due to the acquisition of SCALES in Q2 2017 and data center investment partly countered by a negative development in working capital. In 6M 2018, the free cash flow was DKK 58.0m which was DKK 38.9m higher than in 6M 2017. The increase was mainly due to lower interim taxes paid on account and lower investments due to the acquisition of SCALES in Q2 2017. The increase is partly countered by a negative change in working capital.

Business areas

IT Operation Services

DKK million (reported currencies)	Q2 2018	Q2 2017	Change
Revenue			
Novo Nordisk Group	189.2	180.2	5.0%
Non-Novo Nordisk Group	269.1	260.2	3.4%
Total	458.3	440.4	4.1%
Costs	415.7	396.0	5.0%
Operating profit	42.7	44.4	-3.9%
<i>Operating profit margin</i>	<i>9.3%</i>	<i>10.1%</i>	<i>-0.8pp</i>

DKK million (reported currencies)	6M 2018	6M 2017	Change
Revenue			
Novo Nordisk Group	359.1	405.2	-11.4%
Non-Novo Nordisk Group	524.9	507.9	3.3%
Total	884.0	913.1	-3.2%
Costs	809.0	817.8	-1.1%
Operating profit	75.0	95.3	-21.3%
<i>Operating profit margin</i>	<i>8.5%</i>	<i>10.4%</i>	<i>-2pp</i>

IT Operation Services revenue increased by 4.1% in Q2 2018 compared to Q2 2017 mainly due to the timing of Easter, PANDORA and STARK. The decrease in 6M 2018 of 3.2% compared to 6M 2017 was driven by a 11% decline in revenue from the Novo Nordisk Group mainly due to lower project activity, price reductions in major service level agreements and a high comparison base in Q1 2017 which was impacted by large infrastructure projects. In 6M 2018, revenue from non-Novo Nordisk Group increased by 3.3% driven by PANDORA, STARK and a settlement with a customer within the public customer group in Q1 2017 partly countered by a customer within the finance customer group which was not extended when it expired in June 2017.

Operating profit in Q2 2018 decreased by 3.9% in Q2 2018 compared to Q2 2017. This decrease can entirely be explained by the costs including depreciations from the newly established data center where utilization is low as expected in the beginning. Operating profit in 6M 2018 decreased by 21% compared to 6M 2017 due to the additional data center costs, price reductions in major service level agreements, the declining revenue from the Novo Nordisk Group and a customer within the finance customer group which was not extended. Operating profit margin in Q2 2018 was 9.3% compared to 10.1% in Q2 2017 while operating profit margin in 6M 2018 was 8.5% compared to 10.4% in 6M 2017.

IT Solution Services

DKK million (reported currencies)	Q2 2018	Q2 2017	Change
Revenue			
Novo Nordisk Group	89.2	87.0	2.6%
Non-Novo Nordisk Group	205.0	167.7	22.2%
Total	294.2	254.7	15.5%
Costs	262.3	238.0	10.2%
Operating profit	31.9	16.7	91.2%
<i>Operating profit margin</i>	<i>10.8%</i>	<i>6.5%</i>	<i>4.3pp</i>

DKK million (reported currencies)	6M 2018	6M 2017	Change
Revenue			
Novo Nordisk Group	175.4	182.9	-4.1%
Non-Novo Nordisk Group	391.7	314.2	24.7%
Total	567.1	497.1	14.1%
Costs	506.8	456.3	11.1%
Operating profit	60.3	40.8	47.8%
<i>Operating profit margin</i>	<i>10.6%</i>	<i>8.2%</i>	<i>2.4pp</i>

IT Solution Services revenue increased by 16% in Q2 2018 and 14% in 6M 2018 compared to the same periods last year driven by non-Novo Nordisk Group customers growing respectively 22% and 25% in Q2 2018 and 6M 2018. Revenue from the Novo Nordisk Group increased by 2.6% in Q2 2018 compared to Q2 2017 due to the timing of Easter, whereas it decreased by 4.1% in 6M 2018 compared to 6M 2017 due to a

decline in project activities. The increase in non-Novo Nordisk Group revenue was due to SCALES' customers, PANDORA, STARK and international life sciences customers.

Operating profit in Q2 2018 increased by 91% compared to Q2 2017 mainly due to the timing of Easter, increased revenue and higher utilization of billable resources. Operating profit in 6M 2018 increased by 48% compared to 6M 2017 due to earnings from SCALES as well as higher utilization of billable resources. Operating profit margin in Q2 2018 was 10.8% compared to 6.8% in Q2 2017. 6M 2018 operating profit margin was 10.6% compared to 8.2% in 6M 2017, an increase of 2.4pp due to the above mentioned reasons.

Events after balance sheet date

There have been no events after the balance sheet date which would have a significant impact on an assessment of NNIT's financial position at June 30, 2018.

Management statement

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

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

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

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

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

Prague, August 17, 2018

Executive management

Per Kogut
CEO

Board of Directors

Carsten Krogsgaard Thomsen
CFO

Carsten Dilling
Chairman

Peter H. J. Haahr
Deputy Chairman

Anne Broeng

Eivind Kolding

Christian Kanstrup

Caroline Serfass

Anders Vidstrup

Henrik Vienberg Andersen

Consolidated financial statements

Income statement and Statement of comprehensive income

	Note	Q2 2018 DKK '000	Q2 2017 ¹⁾ DKK '000	6M 2018 DKK '000	6M 2017 ¹⁾ DKK '000	12M 2017 ¹⁾ DKK '000
Income statement						
	1					
Revenue	2	752,556	695,089	1,451,058	1,410,201	2,851,387
Cost of goods sold		617,521	572,752	1,196,666	1,152,449	2,336,296
Gross profit		135,035	122,337	254,392	257,752	515,091
Sales and marketing costs		34,675	32,759	66,650	65,570	135,226
Administrative expenses		25,825	28,502	52,506	56,151	116,301
Operating profit		74,535	61,076	135,236	136,031	263,564
Financial income		1,840	-310	2,702	1,745	5,059
Financial expenses		3,272	3,058	6,156	8,845	15,105
Profit before income taxes		73,103	57,708	131,782	128,931	253,518
Income taxes		16,521	10,984	29,390	26,226	53,993
Net profit for the period		56,582	46,724	102,392	102,705	199,525
		DKK	DKK	DKK	DKK	DKK
		2.27	1.92	4.14	4.22	8.20
		2.25	1.91	4.11	4.20	8.00

Statement of comprehensive income

	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Net profit for the period	56,582	46,724	102,392	102,705	199,525
Other comprehensive income:					
Items that will not be reclassified subsequently to the Income statement:					
Remeasurement related to pension obligations	-62	260	-77	784	-1,015
Tax on other comprehensive income	11	220	18	-671	-338
Items that will be reclassified subsequently to the Income statement, when specific conditions are met:					
Currency revaluation related to subsidiaries (net)	2,257	3,062	1,093	-1,028	820
Recycled to financial items	1,817	-8,476	2,621	1,440	-3,362
Unrealized value adjustments	-3,179	7,126	231	-193	5,942
Cash flow hedges	-1,362	-1,350	2,852	1,247	2,580
Tax on other comprehensive income related to cash flow hedges	300	-619	-627	16	-626
Other comprehensive income, net of tax	1,144	1,573	3,259	348	1,421
Total comprehensive income	57,726	48,297	105,651	103,053	200,946

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

Balance sheet

	Note	June 30, 2018 DKK '000	June 30, 2017 ¹⁾ DKK '000	Dec 31, 2017 ¹⁾ DKK '000
Intangible assets	3	209,281	207,836	212,057
Tangible assets		924,789	876,181	940,697
Contract assets		168,156	153,060	179,330
Deferred tax		59,156	58,695	65,017
Deposits		32,835	32,127	32,637
Total non-current assets		1,394,217	1,327,899	1,429,738
Inventories		1,729	2,352	1,566
Trade receivables	4	487,885	485,979	574,808
Work in progress	4	119,336	84,512	56,069
Other receivables and pre-payments		173,204	155,348	164,432
Tax receivable		0	0	0
Shares		0	11,627	13,950
Derivative financial instruments		8,162	2,970	4,598
Cash and cash equivalents		82,551	97,582	74,577
Total current assets		872,867	840,370	890,000
Total assets		2,267,084	2,168,269	2,319,738

Equity and liabilities

		June 30, 2018 DKK '000	June 30, 2017 ¹⁾ DKK '000	Dec 31, 2017 ¹⁾ DKK '000
Share capital		250,000	250,000	250,000
Treasury shares		-4,676	-6,567	-6,567
Retained earnings		684,529	612,608	665,914
Other reserves		11,990	7,169	8,654
Proposed dividends		49,070	48,687	55,990
Total equity		990,913	911,897	973,991
Leasing liability		272,746	335,423	295,950
Employee benefit obligation		16,376	19,350	15,397
Contingent consideration (earn out)		54,345	54,345	54,345
Provisions	3	24,719	24,052	24,722
Total non-current liabilities		368,186	433,170	390,414
Prepayments received	4	242,029	277,921	293,653
Leasing liability		74,759	77,734	80,920
Bank overdraft		183,789	0	93,194
Trade payables		73,843	74,713	58,948
Employee cost payable		213,443	253,674	255,421
Tax payables		9,251	12,653	18,096
Other current liabilities	4	107,752	108,398	132,083
Derivative financial instruments		2,903	3,197	1,164
Employee benefit obligation		0	14,912	21,694
Provisions		216	0	160
Total current liabilities		907,985	823,202	955,333
Total equity and liabilities		2,267,084	2,168,269	2,319,738

Contingent liabilities and legal proceedings

5

Currency hedging

6

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

Statement of cash flow

		Q2 2018	Q2 2017 ¹⁾	6M 2018	6M 2017 ¹⁾	12 M 2017 ¹⁾
		DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Net profit for the period	Note	56,582	46,724	102,392	102,705	199,525
Reversal of non-cash items		97,918	77,159	177,536	145,747	328,308
Interest received		23	30	81	103	171
Interest paid		-1,020	-1,427	-1,864	-2,188	-3,750
Income taxes paid		-2,282	-3,989	-36,698	-47,264	-80,220
Cash flow before change in working capital		151,221	118,497	241,447	199,103	444,034
Changes in working capital		-183,916	-99,063	-101,686	50,614	-10,753
Cash flow from operating activities		-32,695	19,434	139,761	249,717	433,281
Capitalization of intangible assets		-2,402	0	-3,485	-1,579	-10,279
Purchase of tangible assets		-31,110	-65,235	-83,130	-133,586	-323,710
Change in trade payables related to investments		-18,669	2,226	4,937	4,849	-2,887
Dividends received		0	0	0	192	317
Sale/(purchase) of shares (net)		0	0	89	0	0
Payment of deposits		-69	-2,284	-198	-2,530	-3,142
Acquisition of subsidiary	3	0	-97,991	0	-97,991	-97,991
Cash flow from investing activities		-52,250	-163,284	-81,787	-230,645	-437,692
Dividends paid		0	0	-56,418	-53,350	-102,037
Purchase of treasury shares		0	0	-37,345	0	0
Repayments of lease liability		-23,475	-21,283	-46,832	-42,052	-86,081
Cash flow from financing activities		-23,475	-21,283	-140,595	-95,402	-188,118
Net cash flow		-108,420	-165,133	-82,621	-76,330	-192,529
Cash and cash equivalents at the beginning of the period		7,182	262,715	-18,617	173,912	173,912
Cash and cash equivalents at the end of the period (net)		-101,238	97,582	-101,238	97,582	-18,617
Additional information²⁾:						
Cash and cash equivalents, assets		82,551	97,582	82,551	97,582	74,577
Bank overdraft		-183,789	0	-183,789	0	-93,194
Cash and cash equivalents at the end of the period		-101,238	97,582	-101,238	97,582	-18,617
Committed credit facilities		400,000	400,000	216,211	400,000	400,000
Financial resources at the end of the period		298,762	497,582	298,762	497,582	381,383
Cash flow from operating activities		-32,695	19,434	139,761	249,717	433,281
Cash flow from investing activities		-52,250	-163,284	-81,787	-230,645	-437,692
Free cash flow		-84,945	-143,850	57,974	19,072	-4,411

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

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

Statement of changes in equity

DKK '000	Share capital	Treasury shares	Retained earnings	Other reserves			Total other reserves	Proposed dividends	Total
				Currency revaluation	Cash flow hedges	Tax			
June 30, 2018									
Balance at the beginning of the period	250,000	-6,567	665,914	5,190	3,521	-57	8,654	55,990	973,991
Net profit for the period	0	0	102,392	0	0	0	0	0	102,392
Other comprehensive income for the period	0	0	-77	1,093	2,852	-609	3,336	0	3,259
Total comprehensive income for the period	0	0	102,315	1,093	2,852	-609	3,336	0	105,651
Transactions with owners:									
Transfer of treasury shares	0	-2,030	-35,315						-37,345
Share-based payments	0	3,921	5,211	0	0	0	0	0	9,132
Deferred tax on share-based payments	0	0	-4,098	0	0	0	0	0	-4,098
Adjustment to proposed dividend			-428					428	0
Dividends paid	0	0	0	0	0	0	0	-56,418	-56,418
Proposed interim dividend for 2018	0	0	-49,070	0	0	0	0	49,070	0
Total dividends for 2018	0	0	-49,070	0	0	0	0	49,070	0
Balance at the end of the period	250,000	-4,676	684,529	6,283	6,373	-666	11,990	49,070	990,913

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

DKK '000	Share capital	Treasury shares	Retained earnings	Other reserves			Total other reserves	Proposed dividends	Total
				Currency revaluation	Cash flow hedges	Tax			
June 30, 2017									
Balance at the beginning of the period	250,000	-7,500	542,833	6,784	-1,321	2,322	7,785	53,350	846,468
Effect of IFRS 15 and IFRS 16			-21,509						-21,509
Taxeffect of IFRS 15 and 16			6,979						6,979
Adjusted balance at the beginning of the period			528,303						831,938
Net profit for the period	0	0	102,705	0	0	0	0	0	102,705
Other comprehensive income for the period	0	0	784	-1,028	1,247	-655	-436	0	348
Total comprehensive income for the period	0	0	103,489	-1,028	1,247	-655	-436	0	103,053
Transfer of treasury shares		933	18,190						19,123
Transactions with owners:									
Share-based payments	0	0	10,491	0	0	0	0	0	10,491
Deferred tax on share-based payments	0	0	642	0	0	0	0	0	642
Dividends paid								-53,350	-53,350
Proposed dividend	0	0	-48,687	0	0	0	0	48,687	0
Balance at the end of the period	250,000	-6,567	612,428	5,756	-74	1,667	7,349	48,687	911,897

Notes

Note 1

Accounting policies

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

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

Changes in accounting policies

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

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

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

IFRS 15

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

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

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

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

IFRS 16

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

IFRS 9

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

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

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

DKK '000	December 31, 2017			June 30, 2017		
	Previous practice	Effect of change	New practice	Previous practice	Effect of change	New practice
Assets						
Tangible assets	573,982	366,715	940,697	472,205	403,976	876,181
Contract assets	0	179,330	179,330	0	153,060	153,060
Deferred tax	52,548	12,469	65,017	51,031	7,664	58,695
Total non-current assets	871,224	558,514	1,429,738	763,199	564,700	1,327,899
Work in progress	122,868	-66,799	56,069	98,888	-14,376	84,512
Total current assets	956,799	-66,799	890,000	854,746	-14,376	840,370
Total assets	1,828,023	491,715	2,319,738	1,617,945	550,324	2,168,269
Equity and liabilities						
Total equity	1,005,314	-31,323	973,991	926,930	-15,033	911,897
Leasing liability	0	295,950	295,950	0	335,423	335,423
Provisions	13,245	11,477	24,722	12,434	11,618	24,052
Total non-current liabilities	82,987	307,427	390,414	86,129	347,041	433,170
Prepayments received	158,428	135,225	293,653	136,952	140,969	277,921
Leasing liability	0	80,920	80,920	0	77,734	77,734
Other current liabilities	132,617	-534	132,083	108,785	-387	108,398
Total current liabilities	739,722	215,611	955,333	604,886	218,316	823,202
Total equity and liabilities	1,828,023	491,715	2,319,738	1,617,945	550,324	2,168,269
Income statement						
DKK '000	2017			Jan - June 2017		
	Previous practice	Effect of change	New practice	Previous practice	Effect of change	New practice
Revenue	2,891,878	-40,491	2,851,387	1,404,019	6,182	1,410,201
Cost of goods sold	2,362,506	-26,210	2,336,296	1,148,715	3,734	1,152,449
Gross profit	529,372	-14,281	515,091	255,304	2,448	257,752
Sales and marketing costs	135,563	-337	135,226	65,744	-174	65,570
Administrative expenses	116,986	-685	116,301	56,533	-382	56,151
Operating profit	276,823	-13,259	263,564	133,027	3,004	136,031
Financial income	5,059	0	5,059	1,745	0	1,745
Financial expenses	5,993	9,112	15,105	4,547	4,298	8,845
Profit before income taxes	275,889	-22,371	253,518	130,225	-1,294	128,931
Income taxes	59,410	-5,417	53,993	26,837	-611	26,226
Net profit for the period	216,479	-16,954	199,525	103,388	-683	102,705
Earnings per share						
Earnings per share	8.89	-0.70	8.20	4.25	-0.03	4.22
Diluted earnings per share	8.68	-0.68	8.00	4.23	-0.03	4.20
Earnings per share, effect of IFRS 15		-0.70			-0.05	
Diluted earnings per share, effect of IFRS 15		-0.68			-0.05	
Earnings per share, effect of IFRS 16		0.00			0.02	
Diluted earnings per share, effect of IFRS 16		0.00			0.02	

Note 2

Quarterly numbers

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

Segment disclosures

DKK '000	2018		2017			
	Q2	Q1	Q4	Q3	Q2	Q1
Revenue by business area						
Operations	458,344	425,611	480,475	438,310	440,405	472,703
hereof Novo Nordisk Group	189,197	169,884	220,909	192,634	180,207	224,993
hereof non-Novo Nordisk Group	269,147	255,727	259,566	245,676	260,198	247,710
Solutions	294,212	272,891	299,247	223,154	254,684	242,409
hereof Novo Nordisk Group	89,237	86,200	97,547	86,220	86,955	95,936
hereof non-Novo Nordisk Group	204,975	186,691	201,699	136,933	167,729	146,473
Total revenue	752,556	698,502	779,722	661,464	695,089	715,112
Revenue by customer group						
Novo Nordisk Group	278,434	265,084	318,457	278,854	267,162	322,227
Other Life Sciences	101,726	90,237	95,409	93,209	97,365	87,321
Enterprise	206,183	187,251	191,300	177,458	164,497	151,034
Public	103,902	99,379	114,992	57,104	95,641	86,114
Finance	62,311	56,551	59,564	54,839	70,424	68,416
Total revenue	752,556	698,502	779,722	661,464	695,089	715,112
Operating profit by business area						
Operations	42,659	32,313	62,362	47,167	44,407	50,856
Solutions	31,876	28,388	37,134	-19,130	16,670	24,098
Total operating profit	74,535	60,701	99,496	28,037	61,077	72,828
Amortization, depreciation and impairment losses						
Operations	48,475	52,790	47,773	48,764	51,288	50,967
Solutions	10,160	8,999	9,285	8,859	7,771	7,180
Total amortization, depreciation and impairment losses	58,635	61,789	57,058	57,623	59,059	58,148

The Danish operations generated 88.0% of NNIT's revenue in 6M 2018 and 93.4% in 6M 2017 based on the location of customer purchase orders. As a consequence of the predominantly Danish revenue, we will not disclose a geographical revenue split.

Note 3

Related party transactions

DKK'000	June 30, 2018	June 30, 2017	Dec 31, 2017
Assets			
Receivables from related parties	146,276	136,862	216,151
Work in progress related parties	61,885	19,131	37,652
Liabilities			
Liabilities to related parties	13,322	826	1,264
Prepayments from related parties	37,668	53,959	48,760

Note 4

Contingent liabilities and legal proceedings

Contingent liabilities

None

Legal proceedings

None

Note 5

Currency hedging

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

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

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

Cumulative profit on derivative financial instruments regarding future cash flow per June 30, 2018 is recognized in Equity (Other comprehensive income) with an amount of DKK 2.9m before tax (DKK 2.2m after tax).

Note 6

Currency sensitivity and development

Currency sensitivities

Estimated annual impact on NNIT's operating profit of a 10% increase in the outlined currencies against DKK*		Hedging period (months)
EUR	DKK 30 million	-
CNY	DKK -20 million	14
CZK	DKK -12 million	14
PHP	DKK -5 million	14
USD	DKK -2 million	-

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

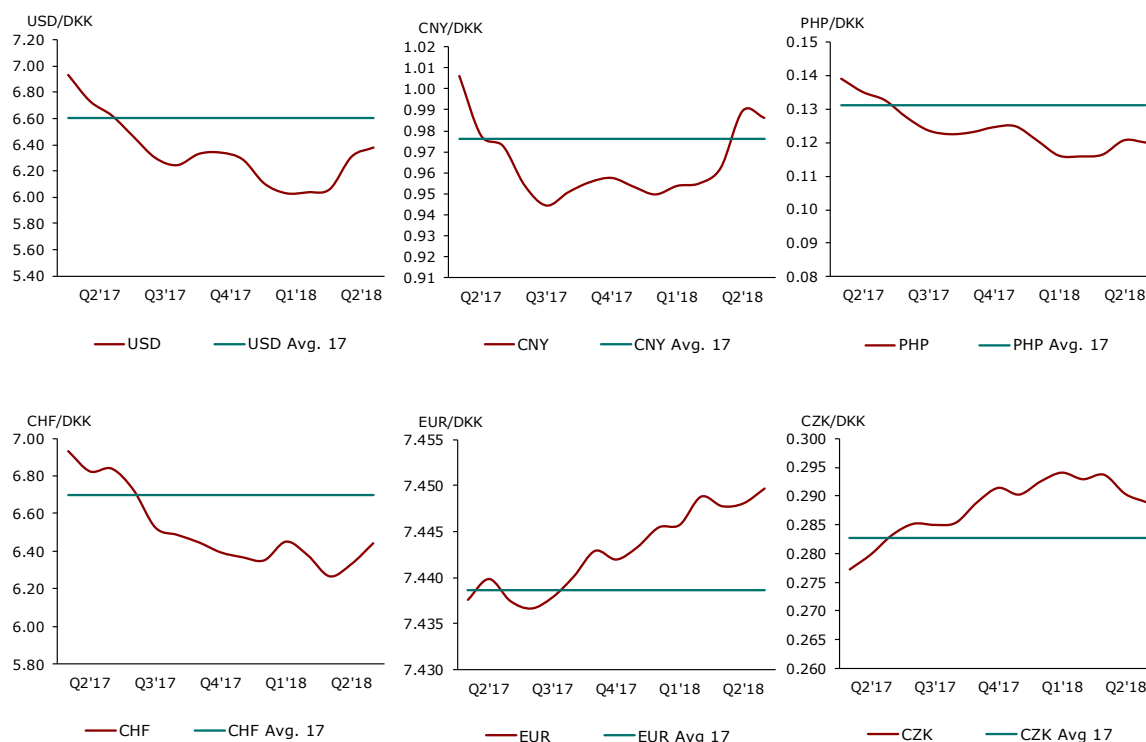
* The above sensitivities address hypothetical situations and are provided for illustrative purposes only. The sensitivities assume the business develops consistent with the current 2018 business plan.

Key currency assumptions

DKK per 100	2016 average exchange rates	2017 average exchange rates	YTD 2018 average exchange rates at August 10, 2018	Current exchange rates at August 10, 2018
CNY	101.29	97.57	96.20	95.00
EUR	744.52	743.86	744.85	745.44
CZK	27.54	28.27	29.15	29.08
PHP	14.17	13.08	11.87	12.25
CHF	683.13	669.63	638.22	654.41
USD	673.27	659.53	620.05	650.70

Currency development

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



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

Note 7

Performance in constant and reported currencies

Performance overview

DKK million (reported currencies)	Q2 2018	Q2 2018 (constant*)	Q2 2017	Change (reported)	Change (constant)
Revenue	752.6	754.6	695.1	8.3%	8.6%
Cost of goods sold	617.5	623.0	572.8	7.8%	8.8%
Gross profit	135.0	131.5	122.3	10.4%	7.5%
Gross profit margin	17.9%	17.4%	17.6%	0.3pp	-0.2pp
Sales and marketing costs	34.7	34.9	32.8	5.9%	6.5%
Administrative expenses	25.8	25.9	28.5	-9.4%	-9.2%
Operating profit	74.5	70.8	61.1	22.0%	15.9%
Operating profit margin	9.9%	9.4%	8.8%	1.1pp	0.6pp
Net financials	-1.4	n.a.	-3.4	-57.5%	n.a.
Profit before tax	73.1	n.a.	57.7	26.7%	n.a.
Tax	16.5	n.a.	11.0	50.4%	n.a.
Effective tax rate	22.6%	n.a.	19.0%	3.6pp	n.a.
Net profit	56.6	n.a.	46.7	21.1%	n.a.

DKK million (reported currencies)	6M 2018	6M 2018 (constant*)	6M 2017	Change (reported)	Change (constant)
Revenue	1,451.1	1,461.2	1,410.2	2.9%	3.6%
Cost of goods sold	1,196.7	1,211.6	1,152.4	3.8%	5.1%
Gross profit	254.4	249.6	257.8	-1.3%	-3.1%
Gross profit margin	17.5%	17.1%	18.3%	-0.7pp	-1.2pp
Sales and marketing costs	66.7	67.2	65.6	1.6%	2.4%
Administrative expenses	52.5	52.8	56.2	-6.5%	-6.0%
Operating profit	135.2	129.7	136.0	-0.6%	-4.7%
Operating profit margin	9.3%	8.9%	9.6%	-0.3pp	-0.8pp
Net financials	-3.5	n.a.	-7.1	51.4%	n.a.
Profit before tax	131.8	n.a.	128.9	2.2%	n.a.
Tax	29.4	n.a.	26.2	12.1%	n.a.
Effective tax rate	22.3%	n.a.	20.3%	2pp	n.a.
Net profit	102.4	n.a.	102.7	-0.3%	n.a.

*Constant currencies measured using average exchange rates for 6M 2017.

Revenue distribution

DKKm (reported currencies)	Q2 2018	Q2 2018 (constant*)	Q2 2017	Pct Change (reported)	Pct Change (constant)
Novo Nordisk Group	278.4	278.6	267.2	4.2%	4.3%
Other Life Sciences	101.7	103.8	97.4	4.5%	6.6%
Enterprise	206.2	205.9	164.5	25.3%	25.2%
Public	103.9	103.9	95.6	8.6%	8.6%
Finance	62.3	62.3	70.4	-11.5%	-11.5%
Total	752.6	754.6	695.1	8.3%	8.6%

DKKm (reported currencies)	6M 2018	6M 2018 (constant*)	6M 2017	Pct Change (reported)	Pct Change (constant)
Novo Nordisk Group	534.5	538.6	588.1	-9.1%	-8.4%
Other Life Sciences	201.0	207.2	186.0	8.1%	11.4%
Enterprise	393.4	393.3	315.5	24.7%	24.7%
Public	203.3	203.3	181.8	11.8%	11.8%
Finance	118.9	118.9	138.8	-14.4%	-14.4%
Total	1,451.1	1,461.2	1,410.2	2.9%	3.6%

*Constant currencies measured using average exchange rates for 6M 2017.